EMLE 2017: Course Outline for Law and Economics of Development
Indira Gandhi Institute of Development Research (IGIDR), Mumbai, India

Part I (Vikas Kumar)

Course outline along with the readings are in a separate file, to be sent to you along with the readings either through email or Google drive.

Lecture Schedule: 2017 April 10, 12, 13, 17, 24, 25
Time Slot: 9.30 to 11 a.m. sharp
Lecture Room: SEANZA Hall a.k.a. Conference Hall

Part II (P.G. Babu)

Overview: Lives of Poor, Vicious cycle of Poverty, Classical ideas such as Balanced and Unbalanced Growth, Nurkse equilibrium, Solow Growth Model, Arthur Lewis Model, Harris-Todaro Model of Migration, and Stiglitz labor turnover model.

Child labor, Sexual harassment and Free Contract, Role of Property Rights in Economic Development: Basic model, optimal assignment of property rights, state capacity and property rights; Focal point approach to Law in Developing Countries: Coordination and Information.


Lecture Schedule: 2017 April 21, April 26, April 28, May 3, May 5, May 8
Time Slot: 9.30 sharp to 11 a.m. sharp
Lecture Room: SEANZA Hall a.k.a. Conference Hall
Readings will be forwarded along with the lecture notes.
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Preliminary readings


Note: I hope you will flip through these papers before the first lecture. These papers will provide all of us a common point of departure. If you disagree with the arguments, claims, etc in one or more of these papers, we will discuss your concerns before we begin the first lecture.

Lecture 1: Introduction


Davis, Kevin E. and Michael Trebilcock (1999), ‘What Role do Legal Institutions Play in Development?’; pp. 10-32


Lecture 2: Finance and Economic Growth


Optional reading: Obstfeld, Maurice (2009), ”International Finance and Growth in Developing Countries: What Have We Learned?” NBER Working Paper Series, Working Paper 14691

Lecture 2 - 3: Law, Finance, and Economic Growth


**Lecture 4: Long run/Multi-country studies**


**Lecture 5: Country/regional case studies**

Note: Asterisk identifies the papers/chapters that will be discussed in the class. You can choose one of the readings from the rest of this section for your in-class presentation.


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**Lecture 6: Law and Society**


**Assessment**

(a) Review essay (1000 words): review of a paper or book chapter that is part of the reading list (see entries under Lectures 2-6), including optional/related readings. If you want to review something that is going to be discussed in Lecture N, then you have to email me your review before that lecture starts. (15 per cent)

(b) Group presentation: Form groups of two and present a paper from those listed under Lecture 5 (excluding the papers marked with an asterisk). The paper you review and the one that you present should be different. (15 per cent)

(c) In-class assignment: A short quiz at the end of Lecture 3 or 4. (10 per cent)

(d) End-semester examination (60 per cent)

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2 **Optional readings**


LAW AND ECONOMICS OF INSTITUTIONS

EMLE Third Term: April – June 2017

Indira Gandhi Institute of Development Research, Mumbai, INDIA

Course Description
Economists have become increasingly aware of the importance of institutions in influencing economic and social development. This course is designed to provide a broad overview of the different theoretical perspectives that have developed over the years to study the emergence and functions of institutions, with special emphasis placed on law as an institution. The course will expose the student to the fundamental theoretical perspectives of institutional economics. These include the logic of collective action, the emergence and role of property rights, rent-seeking and pressure groups, transaction cost economics and organization theory, and the emergence of social norms and conventions in the shadow of the law. Insights gained in the course will be helpful in understanding the role of institutions in development, and in analysing the process of economic change.

Course Requirement
The reading list for the course is divided for each topic into required readings (R), and supplementary (S) readings. The core readings will be usually covered in class. Students are strongly recommended to at least scan the supplementary readings for a deeper understanding of the subject. The final exam will be based only on class lectures and the required readings.

Course grade will be based on a final exam.

Course Policies

Attendance requirements as per EMLE rules.

Academic dishonesty in any form will be penalized according to EMLE rules.
Course Outline and Readings

I. WHY INSTITUTIONS MATTER

http://www.jstor.org/stable/2138479


http://www.jstor.org/stable/30024194

http://www.nber.org/papers/w10481.pdf?new_window=1


II. THE ECONOMICS OF INSTITUTIONS


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III. HOW INSTITUTIONS MATTER

III A. Collective Action and the Elimination of the Free-Rider Problem


R: Todd Sandler (1992), Collective action: theory and applications, Ann Arbor: University of Michigan Press, Chapter 1 (pages 1-18), Chapter 2 (Section 2.3 – pages 35-44; Section 2.4 – pages 54-58; Section 2.5 – pages 58-62.


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III B. Rent Seeking, Interest Groups and Policy Formulation


http://www.jstor.org/stable/725070


III C. Reduction of Transaction Costs: Markets and Economic Organization


III D. Coordination and Protection of Expectations: The Role of Norms and Conventions

R: Edna Ulmann-Margalit (1981). *The emergence of norms*, chapters 1 and 2


S: Bicchieri, Cristina , “Norms of Cooperation” www.academia.edu/193479/ Norms_of_cooperation

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