

# Legal Institutions & Global Economic Development

Law 253.3

U.C. Berkeley Law School

Fall 2012

**Room:** 115 Boalt Hall

**Time:** Monday, 10:00-12:40 a.m.

**Instructor:** Prasad Krishnamurthy

**Office Hours:** Tues/Wed 10:30 a.m.-12:00 p.m., 685 Simon Hall

## **Course Description:**

This course will cover readings on the relationship between legal institutions and economic development. Topics in the past have included the role of legal and colonial origins, rights in property and contract, natural resources, political stability, governance/corruption, and positive rights. Readings will be chosen in partial consultation with students, but will emphasize the empirical literature in this area, including case studies, comparative history, and statistical studies. No prior background in empirical methods is necessary or required.

I will set the reading topics for the first few weeks, after which the syllabus will respond organically to the interests of the students in the course. Students will submit their paper topics partway through the course. The remainder of the course will be organized around these topics. Students will propose the readings for their topic in consultation with me. They will lead the discussion, along with me, on class sessions that correspond to their topics.

## **Course Requirements:**

Students are required to submit a paper of at least 20 pages on a topic of their choosing. The topic should be chosen in consultation with me. The canvas of this course is very broad, so almost any topic that plausibly fits under the law and development rubric is fair game. All students will be required to submit a detailed, paragraph level outline of their paper. This outline will be due the week of November 12, 2012. Final papers are due the last day of the semester, December 14, 2012.

Students may use this course to satisfy the Berkeley Law writing requirement. Student submitting their paper to satisfy the Berkeley Law writing requirement will be required to submit a draft of at least 20 pages this semester. The final draft should conform to the Berkeley Law graduation requirements. Please see Appendix B at

<http://www.law.berkeley.edu/184.htm>. Students pursuing the Berkeley Law writing requirement may, if they so choose, turn in their final draft during the spring semester of 2013 and receive a separate (Law 299) grade for the paper then. However, the paper they submit this semester will determine their course grade. This is to ensure that the curve and all grades for the course are determined at the end of the semester. Doing otherwise defeats the policy behind the Berkeley Law curve.

Students in the course are expected to, in groups, lead the discussion along with me for at least one of the class sessions.

### **Attendance:**

Students are expected to attend every class, and attendance will be taken. If you are unable to attend class, please send me an email in advance and let me know.

### **Grades:**

Grades for the course will be based on a combination of the final paper and class participation. The final paper will determine an initial grade. This grade will be adjusted up or down on the basis of class participation for students who are on a border between grades. The curve will be determined according to the Berkeley Law guidelines for a seminar course.

### **Use of Computers/Internet in Class:**

I consider it to be unprofessional to use your computer in class for any purpose that is unrelated to the class. This is a view that I believe ought to be a general norm for us as students of the law and as members of the U.C. Berkeley community. As such, I am also unwilling to attempt to enforce it with incentives, for the same reason that our honor code at Berkeley Law turns on ethics as opposed to incentives.

### **Email/Bspace:**

My email address is [prasad@law.berkeley.edu](mailto:prasad@law.berkeley.edu). I will respond to emails within a day or two, unless traveling. If I do not respond, please do follow up. I am happy to clarify issues that arise in the course, but for weighty, substantive questions, I will usually ask you to come to office hours. If you have a time conflict with office hours, let me know and we can set up a separate time to meet.

### **Calendar:**

<b>Week Number</b>	<b>Date</b>	<b>Topics</b>
Week 1	Aug. 27 (M)	Development Narratives 1
Week 2	Sept. 3 (M)	<i>Labor Day (No Class)</i>
Week 3	Sept. 10 (M)	Development Narratives 2
Week 4	Sept. 17 (M)	The Legal Origins Debate
Week 5	Sept. 24 (M)	Microfinance (Contracts)

Week 6	Oct. 1 (M)	Property 1 (Title and Ownership)
Week 7	Oct. 8 (M)	Property 2 (Title and Ownership)
Week 8	Oct. 15 (M)	TBD
Week 9	Oct. 22 (M)	TBD
Week 10	Oct. 29 (M)	TBD
Week 11	Nov. 5 (M)	TBD
Week 12	Nov. 12 (M)	<i>Veterans Day (No Class)</i>
Week 13	Nov. 19 (M)	TBD
Week 14	Nov. 26 (M)	TBD
Week 14	Nov. 28 (W)	TBD
Week 14	Nov. 29 (Th)	TBD

\* Will need to reschedule

## **Syllabus:**

### **Week 1 – Development Narratives 1**

David Kennedy, “The ‘Rule of Law,’ Political Choices, and Development Common Sense,” in David M. Trubek and Alvaro Santos eds. *The New Law and Economic Development* (2008)

Martha Nussbaum, “Capabilities as Fundamental Entitlements: Sen and Social Justice” (2003)

Abhijit Bannerjee, “Inside the Machine” (2007)

### **Week 3 – Development Narratives 2**

Kevin Davis and Michael Trebilcock, “The Relationship Between Law & Development: Optimists Versus Skeptics” (2008)

Daron Acemoglu, Simon Johnson, and James Robinson, “Institutions as Long Run Causes of Economic Growth” (2005)

Abhijit Bannerjee and Esther Duflo, “The Experimental Approach to Development Economics” (2009) pg. 1-26

### **Week 4 – The Legal Origins Debate**

Required:

Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shleifer, “The Economic Consequences of Legal Origins” (2008).

Mark Roe, “Legal Origins and Modern Stock Markets” (2006)

Recommended:

Daron Acemoglu, Simon Johnson, and James Robinson, “The Colonial Origins of Comparative Development: An Empirical Investigation” (2001)

Michael DaCosta, “Colonial Origins, Institutions, and Economic Performance in the Caribbean: Guyana and Barbados” (2007)

Ralf Michaels, “Comparative Law by Numbers? Legal Origins Thesis, Doing Business Reports, and the Silence of Traditional Comparative Law” (2009)

### **Week 5 – Microfinance (Contracts)**

Required:

Rajdeep Sengupta and Craig P. Aubuchon, “The Microfinance Revolution: An Overview” (2008)

Sogol Zand, “The Impact of Microfinance Programs on Women’s Lives: A Case Study in Kabul Province” (2011)

Connie Bruck, “Millions for Millions” (2006)

Robert Cull, Asli Demirguc Kunt, and Jonathan Morduch, “Microfinance Meets the Market” (2009)

Recommended:

Ian Davis, “Rural Banking: Designing an Effective Legal Framework for Microfinance” (2009)

### **Week 6 – Property 1 (Title and Ownership)**

Required:

Hernando de Soto, “Law and Property Outside the West: A Few New Ideas about Fighting Poverty” (2002)

Hernando de Soto and Robert E. Litan, “Effective Property Rights and Economic Development: Next Steps” (2001)

Christopher Woodruff, “Review of de Soto's "The Mystery of Capital"” (2001)

John L. Hammond, “Law and Disorder: The Brazilian Landless Farmworkers' Movement” (1999)

S.F. Joireman, “The Mystery of Capital Formation in Sub-Saharan Africa: Women, Property Rights and Customary Law” (2008)

Recommended:

Hernando de Soto, “The Challenge of Connecting Informal and Formal Property Systems” (No Date)

**Week 7 – Property 2 (Title and Ownership)**

Required:

Abhijit V. Banerjee and Esther Duflo, “The Economic Lives of the Poor” (2007)

Sebastian Galiani and Ernesto Schargrodsky, “Property rights for the poor: Effects of land titling” (2010)

Rafael di Tella, Sebastian Galiani and Ernesto Schargrodsky, “The Formation of Beliefs: Evidence from the Allocation of Land Titles to Squatters” (2007)

Recommended:

Erica Field, “Property Rights and Investment In Urban Slums” (2005)