

Course 2: The Role of Law in Economic and Financial Development

The role of law in economic and financial development is a multifaceted topic that encompasses various dimensions, including the establishment of legal frameworks, the protection of property rights, and the facilitation of economic transactions. Secure property rights incentivize investment by ensuring that individuals and businesses can reap the benefits of their investments without fear of expropriation (Beck et al., 2003).

**Theoretical Frameworks**

Several theoretical frameworks help to understand the relationship between law and economic development:

- o **New Institutional Economics (NIE):** This framework emphasizes the importance of institutions, including legal systems, in shaping economic performance.

**Introduction to the Role of Law in Economic Development**

Law serves as a foundational element in structuring economic relationships and providing a framework within which economic activities can occur. This course will explore the significance of law in promoting economic growth, examining key theories, empirical evidence, and practical implications. NIE posits that legal institutions can reduce transaction costs and enhance cooperation among economic agents (North, 1990). Well-designed regulations can promote competition, protect consumers, and ensure fair practices within markets (Himawan, 1998).

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