

Seminar: Law and Finance (21697)

Jun. Prof. Stefano Colonnello

Summer Semester 2019

Contact details

Junior Professor Stefano Colonnello

Otto-von-Guericke University & Halle Institute for Economic Research (IWH)

Email: stefano.colonnello@iwh-halle.de

Course website: Access through E-Learning

Course description

This seminar will give a finance-perspective about current research on legal (and political) institutions and their consequences for financial development and corporate policies. Covered topics include, but are not limited to, investor protection, shareholder vs. creditor rights, labor protection, and courts.

Prerequisites

Elementary knowledge of econometrics and corporate finance

Suggested readings

Recent surveys of the academic literature and seminal papers. For instance:

- Djankov, Simeon, Rafael La Porta, Florencio López-de-Silanes, and Andrei Shleifer, 2003. Courts. *Quarterly Journal of Economics* 118, 453-517.
- Glaeser, Edward L., and Andrei Shleifer, 2002. Legal Origins. *Quarterly Journal of Economics* 117, 1193-1229.
- Johnson, Simon, Rafael La Porta, Florencio López-de-Silanes, and Andrei Shleifer, 2000. Tunneling. *American Economic Review Papers and Proceedings* 90.
- La Porta, Rafael, Florencio López-de-Silanes, Andrei Shleifer, and Robert W. Vishny, 1998. Law and Finance. *Journal of Political Economy* 106, 1113-1155.
- La Porta, Rafael, Florencio López-de-Silanes, and Andrei Shleifer, 1999. Corporate Ownership around the World." *Journal of Finance* 54, 471-517.
- La Porta, Rafael, Florencio López-de-Silanes, and Andrei Shleifer, 2006. What Works in Securities Laws? *Journal of Finance* 61, 1-32.
- Pagano, Marco, and Paolo Volpin, 2001. The Political Economy of Finance, *Oxford Review of Economic Policy* 17, 502-519
- Perotti, Enrico C., 2014. The Political Economy of Finance, *Capitalism and Society*

- Shleifer, Andrei, and Robert W. Vishny, 1997. A Survey of Corporate Governance, *Journal of Finance* 52, 737-783.

Useful to understand the empirical methods used in the literature:

- Angrist Joshua D., and Jörn-Steffen Pischke, 2008. *Mostly Harmless Econometrics: An Empiricists Companion*, Princeton University Press
- Roberts, Michael R., and Toni M. Whited., 2013. Endogeneity in Empirical Corporate Finance, *Handbook of the Economics of Finance* 2, 493-572 (working paper version available on SSRN)

Preliminary outline

- Initial lecture: **05.04**
- Assignment of topics: **12.04**
- Following meetings to discuss work-in-progress seminar papers
- Student presentations: From **31.05** to **05.07**

Registration

A maximum of **15 students** can register for the seminar. Places will be allocated on a **first come-first served** basis. To secure a slot, students can **pre-register** by sending an email to stefano.colonnello@iwh-halle.de by **April 4**. If by the time you send the email 15 students or more have already pre-registered, you will be put on a **waiting list**.

Registration must be completed by signing the official sheet on April 5. If you are among the first 15 to pre-register but do not sign this sheet on April 5, the place will be assigned to a student on the waiting list.

Seminar papers and presentations

Each group of students is requested to write and present a seminar paper. The seminar paper should be no more than 15 pages. It should be on one of the topics distributed on the E-Learning. The goal of the seminar paper is to survey and discuss the relevant literature, singling out the main unanswered questions. *N.B. Please identify a few important papers and discuss them in detail rather than mentioning superficially many papers.*

The presentations should be prepared in groups of **two or three** students. Please communicate the composition of the groups (with names and student IDs) and the desired topic by writing an email no later than **April 11** to stefano.colonnello@iwh-halle.de. Please indicate also a second and a third choice, and your preferred date for the final presentation. Topics will be assigned in class during the second meeting on **April 12**.

Evaluation

$$\text{Final grade} = 0.8 \cdot \text{Seminar paper} + 0.2 \cdot \text{Presentation}$$