

**Bargaining on Law and Bureaucracies:
A Constitutional Theory of Development**

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Publié dans : *Journal of Comparative Economics*, 38 (3), sept. 2010. pp. 253-266.

Abstract

The process of development is linked to the rise of an integrated and competitive economy and polity that allow a maximal division of labor and innovation. This process relies on two intertwined dynamics. First, in the establishment of the rule of law, legal instruments are appropriated by those who call for more autonomy, resulting in a progressive equalization of rights. Second, development of a capable and impartial state is a prerequisite to implementation of rights, including their translation into services delivered to citizens. The mutual expansion of these dynamics relies on a vertical negotiation between the elite and the governed. The governed call for rights that are more firmly established and more extended. The ruling elite can grant these rights to maintain its legitimacy and hence its recognized authority. This model allows discussing the sustainability of various paths of institutional change in processes of development by identifying the potential virtuous dynamics and hindering factors—and how the latter may be overcome.