

nomics did not rest there; it sought out further innovations. Thus was called into existence the vast superstructure of financial institutions and markets that now forms an essential part of the livelihood of the great financial capitals. And of course, in turn, these economic developments spawned another layer of legal development: thus do we arrive at the full complexity of modern banking and securities laws.

The enforcement of contracts, a quintessentially legal concept, is seen by the Peruvian economist Hernan De Soto as an essential element of economic development. He observes that gold is traded on the London Exchange and on the streets of Lima. What distinguishes London, he argues, is the large volumes and low cost of trading, which are made possible by the legal framework in which the London Gold Exchange operates which gives confidence to traders. One market flourishes and the other does not because of the legal infrastructure that the one possesses and the other does not. And here as well, economics continues to build, once a sound basis is established: witness the activities of commodities exchanges which produce exotic contracts such as puts and calls in pork belly futures contracts and so forth.

The notion of private property is couched and circumscribed in legal language. Yet it is at the heart of economic frameworks. China's modern economic miracle is widely held to have been kicked off by a policy change that effectively created property rights in the agricultural sphere—the so-called family responsibility system. In other words, in a socioeconomic system without property rights, the introduction of such rights unleashes economic energies previously held in check as we have seen since the reforms that began in 1978.

Conversely, economics concerns itself deeply with normative, indeed moral, issues and thus invades territory that the law might consider properly within its own domain. In the early development of economics, there was no border between it and philosophy. David Hume and Adam Smith had one foot firmly planted in each discipline; their economics was situated in a moral universe. John Stuart Mill's reworking of classical economics was in good measure based on the notion that the distri-