

Table 1: The variables

This table describes the variables collected for the 49 countries included in our study. The first column gives the name of the variable. The second column describes the variable and gives the range of possible values. The third column provides the sources from which the variable was collected.

Variable	Description	Sources
Origin	Identifies the legal origin of the Company Law or Commercial Code of each country. Equals 1 if the origin is English Common Law; 2 if the origin is the French Commercial Code; and 3 if the origin is the German Commercial Code.	Foreign Law Encyclopedia Commercial Laws of the World.
One share - one vote	Equals one if the Company Law or Commercial Code of the country requires that ordinary shares carry one vote per share, and zero otherwise. Equivalently, this variable equals one when the law prohibits the existence of both multiple-voting and non-voting ordinary shares and does not allow firms to set a maximum number of votes per shareholder irrespective of the number of shares she owns, and zero otherwise.	Company Law or Commercial Code
Proxy by mail	Equals one if the Company Law or Commercial Code allows shareholders to mail their proxy vote to the firm, and zero otherwise.	Company Law or Commercial Code
Shares not blocked before meeting	Equals one if the Company Law or Commercial Code does not allow firms to require that shareholders deposit their shares prior to a General Shareholders Meeting thus preventing them from selling those shares for a number of days, and zero otherwise.	Company Law or Commercial Code
Cumulative voting or proportional representation	Equals one if the Company Law or Commercial Code allows shareholders to cast all of their votes for one candidate standing for election to the board of directors (cumulative voting) or if the Company Law or Commercial Code allows a mechanism of proportional representation in the board by which minority interests may name a proportional number of directors to the board, and zero otherwise.	Company Law or Commercial Code
Oppressed minorities mechanism	Equals one if the Company Law or Commercial Code grants minority shareholders either a judicial venue to challenge the decisions of management or of the assembly or the right to step out of the company by requiring the company to purchase their shares when they object to certain fundamental changes, such as mergers, assets dispositions and changes in the articles of incorporation. The variable equals zero otherwise. Minority shareholders are defined as those shareholders who own 10 percent of share capital or less.	Company Law or Commercial Code
Preemptive rights	Equals one when the Company Law or Commercial Code grants shareholders the first opportunity to buy new issues of stock and this right can only be waived by a shareholders' vote, and zero otherwise.	Company Law or Commercial Code
Percentage of share capital to call an extraordinary shareholders' meeting	It is the minimum percentage of ownership of share capital that entitles a shareholder to call for an Extraordinary Shareholders' Meeting. It ranges from one to 33 percent.	Company Law or Commercial Code
Anti-director rights	An index aggregating the shareholder rights which we labeled as "anti-director rights." The index is formed by adding 1 when: (1) the country allows shareholders to mail their proxy vote to the firm; (2) shareholders are not required to deposit their shares prior to the General Shareholders' Meeting; (3) cumulative voting or proportional representation of minorities in the board of directors is allowed; (4) an oppressed minorities mechanism is in place; (5) the minimum percentage of share capital that entitles a shareholder to call for an Extraordinary Shareholders' Meeting is less than or equal to 10 percent (the sample median); or (6) shareholders have preemptive rights that can only be waived by a shareholders' vote. The index ranges from 0 to 6.	Company Law or Commercial Code
Mandatory dividend	Equals the percentage of net income that the Company Law or Commercial Code requires firms to distribute as dividends among ordinary stockholders. It takes a value of zero for countries without such restriction.	Company Law or Commercial Code
Restrictions for going into reorganization.	Equals one if the reorganization procedure imposes restrictions, such as creditors' consent, to file for reorganization. It equals zero if there are no such restrictions.	Bankruptcy and Reorganization Laws
No automatic stay on secured assets	Equals one if the reorganization procedure does not impose an automatic stay on the assets of the firm upon filing the reorganization petition. Automatic stay prevents secured creditors to gain possession of their security. It equals zero if such restriction does exist in the law.	Bankruptcy and Reorganization Laws
Secured creditors first	Equals one if secured creditors are ranked first in the distribution of the proceeds that result from the disposition of the assets of a bankrupt firm. Equals zero if non-secured creditors, such as the Government and workers, are given absolute priority.	Bankruptcy and Reorganization Laws

Variable	Description	Sources
Management does not stay	Equals one when an official appointed by the court, or by the creditors, is responsible for the operation of the business during reorganization. Equivalently, this variable equals one if the debtor does not keep the administration of its property pending the resolution of the reorganization process, and zero otherwise.	Bankruptcy and Reorganization Laws
Creditor Rights	An index aggregating different creditor rights. The index is formed by adding 1 when: (1) the country imposes restrictions, such as creditors' consent or minimum dividends to file for reorganization; (2) secured creditors are able to gain possession of their security once the reorganization petition has been approved (no automatic stay); (3) secured creditors are ranked first in the distribution of the proceeds that result from the disposition of the assets of a bankrupt firm; and (4) the debtor does not retain the administration of its property pending the resolution of the reorganization. The index ranges from 0 to 4.	Bankruptcy and Reorganization Laws
Legal reserve	It is the minimum percentage of total share capital mandated by Corporate Law to avoid the dissolution of an existing firm. It takes a value of zero for countries without such restriction.	Company Law or Commercial Code
Efficiency of judicial system	Assessment of the "efficiency and integrity of the legal environment as it affects business, particularly foreign firms" produced by the country-risk rating agency <i>Business International Corporation</i> . It "may be taken to represent investors' assessments of conditions in the country in question". Average between 1980-1983. Scale from 0 to 10, with lower scores lower efficiency levels.	Business International Corporation.
Rule of law	Assessment of the law and order tradition in the country produced by the country-risk rating agency <i>International Country Risk</i> (ICR). Average of the months of April and October of the monthly index between 1982 and 1995. Scale from 0 to 10, with lower scores for less tradition for law and order.(We changed the scale from its original range going from 0 to 6).	International Country Risk Guide
Corruption	ICR's assessment of the corruption in government. Lower scores indicate "high government officials are likely to demand special payments" and "illegal payments are generally expected throughout lower levels of government" in the form of "bribes connected with import and export licenses, exchange controls, tax assessment, policy protection, or loans". Average of the months of April and October of the monthly index between 1982 and 1995. Scale from 0 to 10, with lower scores for higher levels of corruption. (We changed the scale from its original range going from 0 to 6).	International Country Risk Guide
Risk of expropriation	ICR's assessment of the risk of "outright confiscation" or "forced nationalization". Average of the months of April and October of the monthly index between 1982 and 1995. Scale from 0 to 10, with lower scores for higher risks	International Country Risk Guide
Repudiation of contracts by government	ICR's assessment of the "risk of a modification in a contract taking the form of a repudiation, postponement, or scaling down" due to "budget cutbacks, indigenization pressure, a change in government, or a change in government economic and social priorities." Average of the months of April and October of the monthly index between 1982 and 1995. Scale from 0 to 10, with lower scores for higher risks.	International Country Risk Guide
Accounting standards	Index created by examining and rating companies' 1990 annual reports on their inclusion or omission of 90 items. These items fall into 7 categories (general information, income statements, balance sheets, funds flow statement, accounting standards, stock data and special items). A minimum of 3 companies in each country were studied. The companies represent a cross-section of various industry groups where industrial companies numbered 70 percent while financial companies represented the remaining 30 percent.	International Accounting and Auditing Trends, Center for International Financial Analysis & Research, Inc.
Ownership, 10 largest private firms	The average percentage of common shares owned by the three largest shareholders in the ten largest non-financial, privately-owned domestic firms in a given country. A firm is considered privately owned if the State is not a known shareholder in it.	<i>Moody's International</i> , <i>CIFAR</i> , <i>EXTEL</i> , <i>WorldScope</i> , <i>20-Fs</i> , <i>Price-Waterhouse</i> and various country sources.
GNP and GNP per capita	Gross National Product and Gross National Product per capita in constant dollars of 1994.	World Bank and IMF
Gini coefficient	Gini coefficient for income inequality in each country. When the 1990 coefficient is not available, we use the most recent available.	Deininger and Squire (1996); World Bank

Table 2: Shareholder rights around the world

This table classifies countries by legal origin. Definitions for each of the variables can be found in Table 1. Panel B reports the test of means for the different legal origins.

<i>Panel A: Shareholder rights</i> (1=investor protection is in the law)									
Country	One share - one vote	Proxy by mail allowed	Shares not blocked before meeting	Cumulative voting/ proportional reprtn.	Oppressed minority	Preemptive right to new issues	% of share capital to call an ESM	Anti-director rights	Mandatory dividend
Australia	0	1	1	0	1	0	0.05 ^d	4	0.00
Canada	0	1	1	1	1	0	0.05	5	0.00
Hong Kong	0	1	1	0	1	1	0.10	5	0.00
India	0	0	1	1	1	1	0.10	5	0.00
Ireland	0	0	1	0	1	1	0.10	4	0.00
Israel	0	0	1	0	1	0	0.10	3	0.00
Kenya	0	0	1	0	1	0	0.10	3	0.00
Malaysia	1	0	1	0	1	1	0.10	4	0.00
New Zealand	0	1	1	0	1	0	0.05	4	0.00
Nigeria	0	0	1	0	1	0	0.10	3	0.00
Pakistan	1	0	1	1	1	1	0.10	5	0.00
Singapore	1	0	1	0	1	1	0.10	4	0.00
South Africa	0	1	1	0	1	1	0.05	5	0.00
Sri Lanka	0	0	1	0	1	0	0.10	3	0.00
Thailand	0	0	1	1	0	0	0.20 ^e	2	0.00
UK	0	1	1	0	1	1	0.10	5	0.00
US	0	1	1	1	1	0	0.10	5	0.00
Zimbabwe	0	0	1	0	1	0	0.05	3	0.00
English origin avg.	0.17	0.39	1.00	0.28	0.94	0.44	0.09	4.00	0.00
Argentina	0	0	0	1	1	1	0.05	4	0.00
Belgium	0	0	0	0	0	0	0.20	0	0.00
Brazil	1	0	1	0	1	0	0.05	3	0.50
Chile	1	0	1	1	1	1	0.10	5	0.30
Colombia	0	0	1	1	0	1	0.25	3	0.50
Ecuador	0	0	1	0	0	1	0.25	2	0.50
Egypt	0	0	1	0	0	0	0.10	2	0.00
France	0	1	0	0	0	1	0.10	3	0.00
Greece	1	0	0	0	0	1	0.05	2	0.35
Indonesia	0	0	1	0	0	0	0.10	2	0.00
Italy	0	0	0	0	0	1	0.20	1	0.00
Jordan	1	0	1	0	0	0	0.25	1	0.00
Mexico	0	0	0	0	0	1	0.33	1	0.00
Netherlands	0	0	0	0	0	1	0.10	2	0.00
Peru	1	0	1	1	0	1	0.20	3	0.00
Philippines	0	0	1	1	1	0	open	3	0.00
Portugal	0	0	1	0	0	1	0.05	3	0.00
Spain	0	0	0	1	1	1	0.05	4	0.00
Turkey	0	0	1	0	0	0	0.10	2	0.00
Uruguay	1	0	0	0	1	1	0.20	2	0.20
Venezuela	0	0	1	0	0	0	0.20	1	0.00
French origin avg.	0.29	0.05	0.57	0.29	0.29	0.62	0.15	2.33	0.11
Austria	0	0	0	0	0	1	0.05	2	0.00
Germany	0	0	0	0	0	0	0.05	1	0.00
Japan	1	0	1	1	1	0	0.03	4	0.00
South Korea	1	0	0	0	1	0	0.05	2	0.00
Switzerland	0	0	0	0	0	1	0.10	2	0.00
Taiwan	0	0	0	1	1	0	0.03	3	0.00
German origin avg.	0.33	0.00	0.17	0.33	0.50	0.33	0.05	2.33	0.00
Denmark	0	0	1	0	0	0	0.10	2	0.00
Finland	0	0	1	0	0	1	0.10	3	0.00
Norway	0	1	1	0	0	1	0.10	4	0.00
Sweden	0	0	1	0	0	1	0.10 ^e	3	0.00
Scandinavian origin avg.	0.00	0.25	1.00	0.00	0.00	0.75	0.10	3.00	0.00
Sample average	0.22	0.18	0.71	0.27	0.53	0.53	0.11	3.00	0.05
<i>Panel B: Tests of means (t-statistics)</i>									
Common vs. civil law	-0.72	3.03 ^a	4.97 ^a	0.15	5.59 ^a	-0.91	1.48	5.00 ^a	-2.55 ^b
English vs. French origin	-0.87	2.82 ^a	3.87 ^a	-0.05	5.45 ^a	-1.08	-2.53 ^b	4.73 ^a	-2.67 ^b
English vs. German origin	-0.85	3.29 ^a	5.00 ^a	0.00	2.83 ^a	0.46	2.54 ^b	3.59 ^a	0.00
English vs. Scand. origin	1.84 ^c	0.50	0.00	2.55 ^b	17.00 ^a	-1.09	-1.00	1.91 ^c	0.00
French vs. German origin	-0.22	1.00	-1.78 ^c	-0.22	-0.96	1.23	2.64 ^b	0.00	2.67 ^b
French vs. Scand. origin	2.83 ^b	-1.37	-3.87 ^a	2.82 ^b	2.83	-0.48	2.43 ^b	-1.06	2.67 ^b
German vs. Scand. origin	1.58	-1.00	-5.00 ^a	1.58	2.23 ^c	-1.27	-4.62 ^a	-1.08	0.00

a=Significant at 1% level; b= Significant at 5% level ; c=Significant at 10% level; d=as a percentage of votes; e= as a percentage of the number of shares

Table 3: Creditor rights around the world

This table classifies countries by legal origin. Definitions for each variable can be found in Table 1. Panel B reports tests of means for the different legal origins.

<i>Panel A: Creditor rights</i> (1 = creditor protection is in the law)						
Country	No automatic stay on assets	Secured creditors first paid	Restrictions for going into reorganization	Management does not stay in reorganization	Creditor rights	Legal reserve required as a % of capital
Australia	0	1	0	0	1	0.00
Canada	0	1	0	0	1	0.00
Hongkong	1	1	1	1	4	0.00
India	1	1	1	1	4	0.00
Ireland	0	1	0	0	1	0.00
Israel	1	1	1	1	4	0.00
Kenya	1	1	1	1	4	0.00
Malaysia	1	1	1	1	4	0.00
New Zealand	1	0	1	1	3	0.00
Nigeria	1	1	1	1	4	0.00
Pakistan	1	1	1	1	4	0.00
Singapore	1	1	1	1	4	0.00
South Africa	0	1	1	1	3	0.00
Sri Lanka	1	0	1	1	3	0.00
Thailand	1	1	0	1	3	0.10
UK	1	1	1	1	4	0.00
US	0	1	0	0	1	0.00
Zimbabwe	1	1	1	1	4	0.00
English origin avg.	0.72	0.89	0.72	0.78	3.11	0.01
Argentina	0	1	0	0	1	0.20
Belgium	1	1	0	0	2	0.10
Brazil	0	0	1	0	1	0.20
Chile	0	1	1	0	2	0.20
Colombia	0	0	0	0	0	0.50
Ecuador	1	1	1	1	4	0.50
Egypt	1	1	1	1	4	0.50
France	0	0	0	0	0	0.10
Greece	0	0	0	1	1	0.33
Indonesia	1	1	1	1	4	0.00
Italy	0	1	1	0	2	0.20
Jordan	na	na	na	na	na	0.25
Mexico	0	0	0	0	0	0.20
Netherlands	0	1	1	0	2	0.00
Peru	0	0	0	0	0	0.20
Philippines	0	0	0	0	0	0.00
Portugal	0	1	0	0	1	0.20
Spain	1	1	0	0	2	0.20
Turkey	0	1	1	0	2	0.20
Uruguay	0	1	0	1	2	0.20
Venezuela	na	1	na	na	na	0.10
French origin avg.	0.26	0.65	0.42	0.26	1.58	0.21
Austria	1	1	1	0	3	0.10
Germany	1	1	1	0	3	0.10
Japan	0	1	0	1	2	0.25
South Korea	1	1	0	1	3	0.50
Switzerland	0	1	0	0	1	0.50
Taiwan	1	1	0	0	2	1.00
German origin avg.	0.67	1.00	0.33	0.33	2.33	0.41
Denmark	1	1	1	0	3	0.25
Finland	0	1	0	0	1	0.00
Norway	0	1	1	0	2	0.20
Sweden	0	1	1	0	2	0.20
Scandinavian origin avg.	0.25	1.00	0.75	0.00	2.00	0.16
Sample average	0.49	0.81	0.55	0.45	2.30	0.15
<i>Panel B: Tests of means</i> (t-statistics)						
Common vs. civil law	2.65 ^a	1.04	1.86 ^c	4.13 ^a	3.61 ^a	-4.82 ^a
English vs. French origin	3.06 ^a	1.75 ^b	1.89 ^c	3.55 ^a	3.61 ^a	-5.75 ^a
English vs. German origin	0.25	-1.46	1.74 ^c	2.10 ^b	1.43	-5.21 ^a
English vs. Scand. origin	1.83 ^c	-1.46	-0.11	7.71 ^a	1.71 ^c	-5.90 ^a
French vs. German origin	-1.85 ^c	-3.20 ^a	0.37	-0.32	-1.29	-2.14 ^b
French vs. Scand. origin	0.05	-3.20 ^a	-1.18	2.54 ^b	-0.60	0.59
German vs. Scand. origin	1.27	0.00	-1.26	1.58	0.63	1.37

a = Significant at 1% level ; b = Significant at 5% level ; c = Significant at 10% level.

TABLE I

List of Procedures for Starting-up a Company

This table provides a list of common procedures required to start-up a company in the eighty-five countries of the sample.

1. Screening procedures

- Certify business competence
- Certify a clean criminal record
- Certify marital status
- Check the name for uniqueness
- Notarize company deeds
- Notarize registration certificate
- File with the Statistical Bureau
- File with the Ministry of Industry and Trade, Ministry of the Economy, or the respective ministries by line of business
- Notify municipality of start-up date
- Obtain certificate of compliance with the company law
- Obtain business license (operations permit)
- Obtain permit to play music to the public (irrespective of line of business)
- Open a bank account and deposits start-up capital
- Perform an official audit at start-up
- Publish notice of company foundation
- Register at the Companies Registry
- Sign up for membership in the Chamber of Commerce or Industry or the Regional Trade Association

2. Tax-related requirements

- Arrange automatic withdrawal of the employees' income tax from the company payroll funds
- Designate a bondsman for tax purposes
- File with the Ministry of Finance
- Issue notice of start of activity to the Tax Authorities
- Register for corporate income tax
- Register for VAT
- Register for state taxes
- Register the company bylaws with the Tax Authorities
- Seal, validate, rubricate accounting books

3. Labor/social security-related requirements

- File with the Ministry of Labor
- Issue employment declarations for all employees
- Notarize the labor contract
- Pass inspections by social security officials
- Register for accident and labor risk insurance
- Register for health and medical insurance
- Register with pension funds

- Register for Social Security
- Register for unemployment insurance
- Register with the housing fund

4. Safety and health requirements

- Notify the health and safety authorities Obtain authorization to operate from the Health Ministry
- Pass inspections and obtain certificates related to work safety, building, fire, sanitation, and hygiene

5. Environment-related requirements

- Issue environmental declaration
- Obtain environment certificate
- Obtain sewer approval
- Obtain zoning approval
- Pass inspections from environmental officials
- Register with the water management and water discharge authorities

TABLE II
The Variables

This table describes the variables collected for the eighty-five countries included in our study. The first column gives the name of the variable. The second column describes the variable and provides the sources from which it was collected.

Variable	Description
Number of procedures	The number of different procedures that a start-up has to comply with in order to obtain a legal status, i.e. to start operating as a legal entity. Source: <i>Authors' own calculations</i> .
Safety & Health	The number of different safety and health procedures that a start-up has to comply with to start operating as a legal entity. Source: <i>Authors' own calculations</i> .
Environment	The number of different environmental procedures that a start-up has to comply with to start operating as a legal entity. Source: <i>Authors' own calculations</i> .
Taxes	The number of different tax procedures that a start-up has to comply with to start operating as a legal entity. Source: <i>Authors' own calculations</i> .
Labor	The number of different labor procedures that a start-up has to comply with to start operating as a legal entity. Source: <i>Authors' own calculations</i> .
Screening	The number of different steps that a start-up has to comply with in order to obtain a registration certificate that are not associated with safety and health issues, the environment, taxes, or labor. Source: <i>Authors' own calculations</i> .
Time	The time it takes to obtain legal status to operate a firm, in business days. A week has five business days and a month has twenty two. Source: <i>Authors' own calculations</i> .
Cost	The cost of obtaining legal status to operate a firm as a share of per capita GDP in 1999. It includes all identifiable official expenses (fees, costs of procedures and forms, photocopies, fiscal stamps, legal and notary charges, etc). The company is assumed to have a start-up capital of ten times per capita GDP in 1999. Source: <i>Authors' own calculations</i> .
Cost+time	The cost of obtaining legal status to operate a firm as a share of per capita GDP in 1999. It includes all identifiable official expenses (fees, costs of procedures and forms, photocopies, fiscal stamps, legal and notary charges, etc) as well as the monetized value of the entrepreneur's time. The time of the entrepreneur is valued as the product of Time and per capita GDP in 1999 expressed in per business day terms. The company is assumed to have a start-up capital of ten times the GDP per capita level in 1999. Source: <i>Authors' own calculations</i> .
GDP/POP ₁₉₉₉	Gross domestic product per capita in current U.S. dollars in 1999. Source: <i>World Bank [2001]</i> .
Quality standards	Number of ISO 9000 certifications per thousand inhabitants issued by the International Organization for Standardization as of 1999 to each country in the sample. "ISO standards represent an international consensus on the state of the art in the technology concerned....ISO 9000 is primarily concerned with quality management...ISO develops voluntary technical standards that contribute to making the development, manufacturing and supply of products and services more efficient, safer and cleaner....ISO standards also serve to safeguard consumersWhen an organization has a management system certified to an ISO 9000..., this means that the process influencing quality (ISO 9000)conforms to the relevant standard's requirements". Source: <i>International Organization for Standardization (www.iso.ch)</i>
Water pollution	Emissions of organic water pollutants (kilograms per day per worker) for 1998. Measured in terms of biochemical oxygen demand, which refers to the amount of oxygen that bacteria in water will consume in breaking down waste. Emissions per worker are total emissions divided by the number of industrial workers. Source: <i>World Bank [2001]</i> .

Variable	Description
Deaths from accidental poisoning	Log of the number of deaths caused by accidental poisonings (including by drugs, medications, bio-products, solid and liquid substances, gases and vapors) per million inhabitants. Average of the years 1981 through 1994 (the most recent available figure). Source: The number of accidental deaths from poisoning is taken from <i>World Health Organization [1998]</i> . Population figures are taken from <i>World Bank [2001]</i> .
Deaths from intestinal infections	Log of the number of deaths caused by intestinal infections (including digestive disorders) per million inhabitants. Average of the years 1981 through 1994 (the most recent available figure). Source: The number of deaths from intestinal infections is taken from <i>World Health Organization [1998]</i> . Population figures are taken from <i>World Bank [2001]</i> .
Size of the unofficial economy	Size of the shadow economy as a percentage of GDP (varying time periods). Source: <i>Authors owns computations based on averaging over all estimates reported in Schneider and Enste (2000) for any given country as well as Sananikone [1996] for Burkina Faso, Chidzero [1996] for Senegal, Turnham and Schwartz [1990] for Indonesia and Pakistan, and Kasnakoglu and Yayla [2000] for Turkey.</i>
Employment in the unofficial economy	Share of the labor force employed in the unofficial economy in the capital city of each country as a percent of the official labor. Figures are based on surveys and, for some countries, on econometric estimates. Source: <i>Schneider [2000] and the Global Urban Indicators Database [2000] (www.urbanobservatory.org/indicators/database).</i>
Product market competition	Survey measure of the extent to which respondents agree with the following statement: "Competition in the local market is intense and market shares fluctuate constantly". Scale from 1 (strongly disagree) through 7 (strongly agree). Source: <i>IMD [2001]</i> .
Corruption	Corruption perception index for 1999. Corruption is defined broadly as "the misuse of public power for private benefits, e.g., bribing of public officials, kickbacks in public procurement, or embezzlement of public funds." The index averages the corruption scores given by the following sources: (1) Freedom House Nations in Transit (FH); (2) Gallup International (GI); (3) the Economist Intelligence Unit (EIU); (4) the Institute for Management Development, Lausanne (IMD); (5) the International Crime Victim Survey (ICVS); (6) the Political and Economic Risk Consultancy, Hong Kong (PERC); (7) The Wall Street Journal, Central European Economic Review (CEER); (8) the World Bank and University of Basel (WB/UB), (9) the World Economic Forum (WEF). Descending score from 1 (most corrupt) to 10 (least corrupt). Source: <i>Transparency International (www.transparency.de/).</i>
Executive de facto independence	Index of "operation (de facto) independence of chief executive." Descending scale from 1 to 7 (1=pure individual; 2=intermediate category; 3=slight to moderate limitations; 4=intermediate category; 5=substantial limitations; 6=intermediate category; 7=executive parity or subordination). Average of the years 1945 through 1998. Source: <i>Jaggers and Marshall, [2000]</i> .
Constraints on executive power	Index of constraints on the executive power based on the number of effective veto points in a country. Veto points include: (1) an effective legislature (represents two veto points in the case of bicameral systems); (2) an independent judiciary; and (3) a strong federal system. Average of the years 1945 through 1998. Source: <i>Henisz [2000]</i> .
Effectiveness of legislature	Index of the effectiveness of the legislature. Ascending scale from 1 to 4 (1=no legislature; 2=largely ineffective; 3=partly effective; 4=effective;). Average of the years 1945 through 1998. Source: <i>The Cross-National Time-Series Data Archive (www.databanks.sitesting.net/www/main.htm).</i>
Competition in the legislature's nominating process	Index of the competitiveness of the nominating process for seats in the legislature. Ascending scale from 1 to 4 (1=no legislature; 2=non-competitive; 3=partly competitive; 4=competitive). Average of the years 1945 through 1998. Source: <i>The Cross-National Time-Series Data Archive (www.databanks.sitesting.net/www/main.htm).</i>
Autocracy	Indicates the "general closedness of political institutions." Scale from 0 to 10 with 0 being low in autocracy and 10 being high in autocracy. Average of the years 1945 through 1998. Source: <i>Jaggers and Marshall, [2000]</i> .

Variable	Description
Political rights	Index of political rights. Higher ratings indicate countries that come closer “to the ideals suggested by the checklist questions of: (1) free and fair elections; (2) those elected rule; (3) there are competitive parties or other competitive political groupings; (4) the opposition has an important role and power; and (5) the entities have self-determination or an extremely high degree of autonomy. Average of the years 1972 through 1998. Source: <i>Freedom House [2001]</i> .
Legal origin	Identifies the legal origin of each Company Law or Commercial Code of each country. There are five possible origins: (1) English Common Law; (2) French Commercial Code; (3) German Commercial Code; (4) Scandinavian Commercial Code; and (5) Socialist/Communist laws. Source: <i>La Porta et al. [1998], Reynolds and Flores [1989], CIA World Factbook [2001]</i> .

TABLE III
The Data

Panel A reports the total number of procedures and their breakup in the following five categories: (1) safety and health; (2) environment; (3) taxes; (4) labor; and (5) screening. The table also reports the time, direct cost (as a fraction of GDP per capita in 1999) associated with meeting government requirements, and direct cost plus the monetized value of the entrepreneur's time (as a fraction of GDP per capita in 1999) as well as the level of GDP per capita in dollars in 1999. Countries are sorted in ascending order on the basis : (1) of the total number of procedures; (2) time; and (3) cost. Panel B presents means of the variables by quartiles of GDP per capita in 1999. Panel C presents t-statistics for differences in means across quartiles of per capita GDP in 1999. Table II describes the variables in detail.

	Number of Procedures	Safety & Health	Environment	Taxes	Labor	Screening	Time	Cost	Cost+time	GDP/POP ₁₉₉₉
<i>Panel A: Data</i>										
Canada	2	0	0	1	0	1	2	0.0145	0.0225	19,320
Australia	2	0	0	1	0	1	2	0.0225	0.0305	20,050
New Zealand	3	0	0	1	0	2	3	0.0053	0.0173	13,780
Denmark	3	0	0	1	0	2	3	0.1000	0.1120	32,030
Ireland	3	0	0	1	0	2	16	0.1157	0.1797	19,160
United States	4	0	0	1	1	2	4	0.0049	0.0169	30,600
Norway	4	0	0	1	1	2	18	0.0472	0.1192	32,880
United Kingdom	5	0	0	1	1	3	4	0.0143	0.0303	22,640
Hong Kong	5	0	0	0	1	4	15	0.0333	0.0933	23,520
Mongolia	5	0	0	1	0	4	22	0.0331	0.1211	350
Finland	5	0	0	1	3	1	24	0.0116	0.1076	23,780
Israel	5	0	0	2	1	2	32	0.2132	0.3412	15,860
Zimbabwe	5	0	0	2	1	2	47	0.1289	0.3169	520
Sweden	6	0	0	1	1	4	13	0.0256	0.0776	25,040
Jamaica	6	0	0	2	1	3	24	0.1879	0.2839	2,330
Zambia	6	0	0	2	1	3	29	0.6049	0.7209	320
Panama	7	0	0	1	1	5	15	0.3074	0.3674	3,070
Switzerland	7	0	0	2	1	4	16	0.1724	0.2364	38,350
Singapore	7	0	0	1	2	4	22	0.1191	0.2071	29,610
Latvia	7	0	0	2	1	4	23	0.4234	0.5154	2,470
Malaysia	7	0	0	1	1	5	42	0.2645	0.4325	3,400
Sri Lanka	8	0	0	1	1	6	23	0.1972	0.2892	820
Netherlands	8	0	1	2	0	5	31	0.1841	0.3081	24,320
Belgium	8	0	0	1	2	5	33	0.0998	0.2318	24,510

	Number of Procedures	Safety & Health	Environment	Taxes	Labor	Screening	Time	Cost	Cost+time	GDP/POP ₁₉₉₉
Taiwan, China	8	0	0	1	2	5	37	0.0660	0.2140	13,248
Hungary	8	0	0	1	1	6	39	0.8587	1.0147	4,650
Pakistan	8	0	0	2	1	5	50	0.3496	0.5496	470
Peru	8	0	0	2	2	4	83	0.1986	0.5306	2,390
South Africa	9	0	0	2	2	5	26	0.0844	0.1884	3,160
Kyrgyz Republic	9	0	0	1	1	7	32	0.2532	0.3812	300
Thailand	9	0	0	3	2	4	35	0.0639	0.2039	1,960
Nigeria	9	0	1	2	1	5	36	2.5700	2.7140	310
Austria	9	0	0	2	1	6	37	0.2728	0.4208	25,970
Tunisia	9	0	0	0	2	7	41	0.1722	0.3362	2,100
Slovenia	9	0	0	0	1	8	47	0.2103	0.3983	9,890
Lebanon	9	0	0	1	1	7	63	1.5672	1.8192	3,700
Uruguay	10	0	0	1	4	5	23	0.4949	0.5869	5,900
Bulgaria	10	0	0	2	0	8	27	0.1441	0.2521	1,380
Chile	10	0	0	3	2	5	28	0.1308	0.2428	4,740
Germany	10	0	0	1	2	7	42	0.1569	0.3249	25,350
Ghana	10	0	1	1	4	4	45	0.2175	0.3975	390
Lithuania	10	2	0	2	1	5	46	0.0546	0.2386	2,620
Czech Republic	10	0	0	1	2	7	65	0.0822	0.3422	5,060
India	10	0	0	3	3	4	77	0.5776	0.8856	450
Japan	11	0	0	2	2	7	26	0.1161	0.2201	32,230
Uganda	11	2	0	2	1	6	29	0.3040	0.4200	320
Egypt, Arab Rep.	11	0	0	2	1	8	51	0.9659	1.1699	1,400
Kenya	11	0	0	2	3	6	54	0.5070	0.7230	360
Armenia	11	0	0	1	1	9	55	0.1267	0.3467	490
Poland	11	2	0	3	1	5	58	0.2546	0.4866	3,960
Spain	11	0	0	4	2	5	82	0.1730	0.5010	14,000
Indonesia	11	0	0	2	1	8	128	0.5379	1.0499	580
Croatia	12	1	0	2	3	6	38	0.4503	0.6023	4,580
Kazakhstan	12	0	0	1	3	8	42	0.4747	0.6427	1,230
Portugal	12	0	0	2	2	8	76	0.1844	0.4884	10,600
Slovak Republic	12	0	0	2	3	7	89	0.1452	0.5012	3,590
China	12	0	0	5	2	5	92	0.1417	0.5097	780
Korea, Rep.	13	0	0	2	4	7	27	0.1627	0.2707	8,490
Tanzania	13	1	0	5	2	5	29	3.3520	3.4680	240
Ukraine	13	0	0	2	3	8	30	0.2569	0.3769	750

	Number of Procedures	Safety & Health	Environment	Taxes	Labor	Screening	Time	Cost	Cost+time	GDP/POP ₁₉₉₉
Turkey	13	0	0	2	2	9	44	0.1932	0.3692	2,900
Malawi	13	5	2	1	1	4	52	0.1886	0.3966	190
Morocco	13	1	0	3	3	6	57	0.2126	0.4406	1,200
Georgia	13	2	0	1	1	9	69	0.6048	0.8808	620
Burkina Faso	14	0	0	3	2	9	33	3.1883	3.3203	240
Philippines	14	0	0	5	1	8	46	0.1897	0.3737	1,020
Argentina	14	0	0	4	5	5	48	0.1019	0.2939	7,600
Jordan	14	1	0	2	1	10	64	0.5369	0.7929	1,500
Venezuela	14	1	1	3	3	6	104	0.1060	0.5220	3,670
Greece	15	0	0	4	2	9	36	0.5860	0.7300	11,770
France	15	0	0	3	1	11	53	0.1430	0.3550	23,480
Brazil	15	0	0	7	5	3	63	0.2014	0.4534	4,420
Mexico	15	1	2	2	3	7	67	0.5664	0.8344	4,400
Mali	16	1	0	3	2	10	59			240
Italy	16	0	0	5	3	8	62	0.2002	0.4482	19,710
Senegal	16	0	0	3	2	11	69	1.2331	1.5091	510
Ecuador	16	2	0	2	4	8	72	0.6223	0.9103	1,310
Romania	16	1	2	1	3	9	97	0.1531	0.5411	1,520
Vietnam	16	0	1	1	5	9	112	1.3377	1.7857	370
Madagascar	17	0	0	7	3	7	152	0.4263	1.0343	250
Colombia	18	2	0	4	5	7	48	0.1480	0.3400	2,250
Mozambique	19	4	0	1	3	11	149	1.1146	1.7106	230
Russian Federation	20	0	0	2	5	13	57	0.1979	0.4259	2,270
Bolivia	20	0	1	2	7	10	88	2.6558	3.0078	1,010
Dominican Republic	21	0	0	2	3	16	80	4.6309	4.9509	191

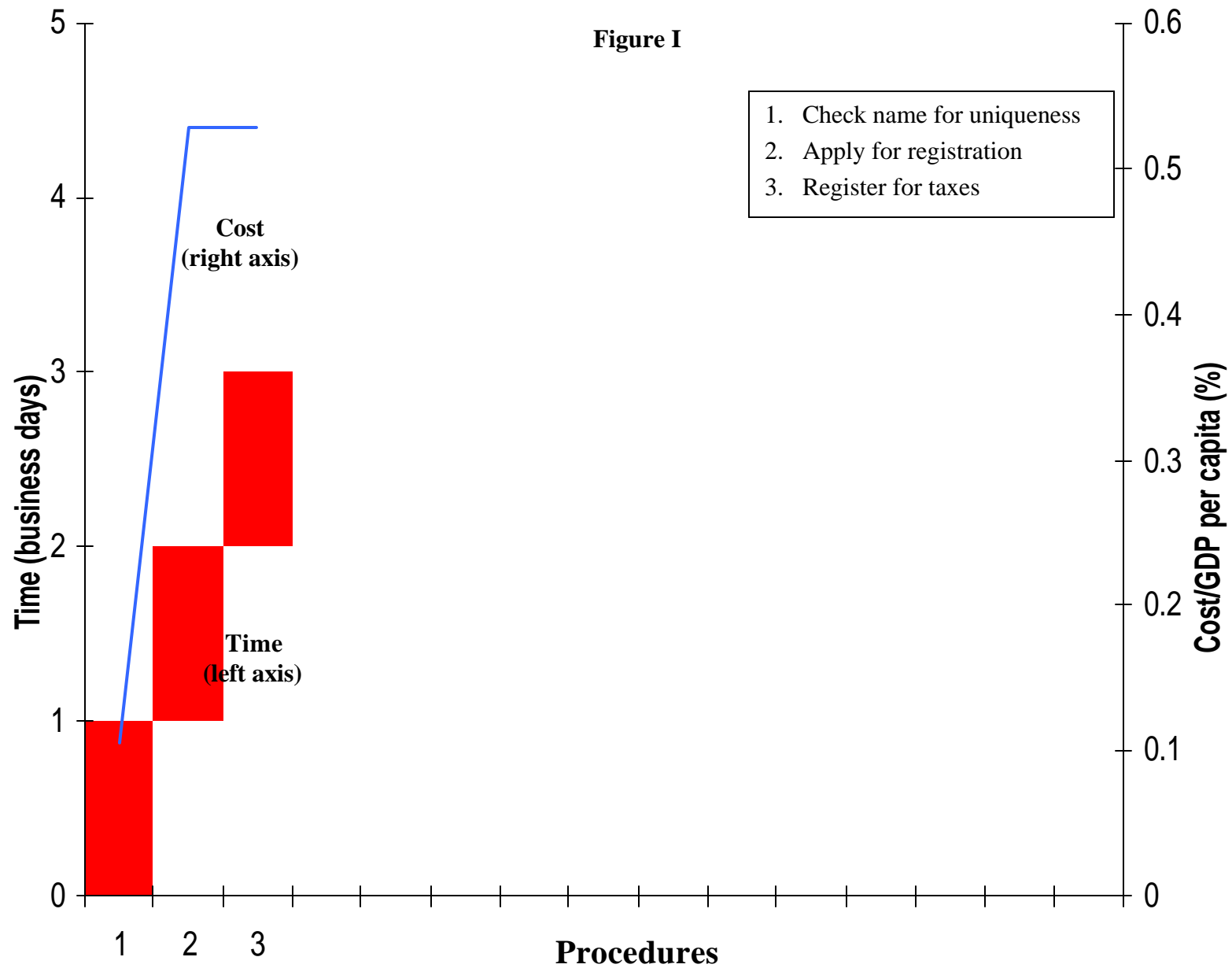
Sample Average	10.48	0.34	0.14	2.04	1.94	6.04	47.40	0.4708	0.6598	8,226
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Panel B: Means by Quartiles of GDP per Capita in 1999

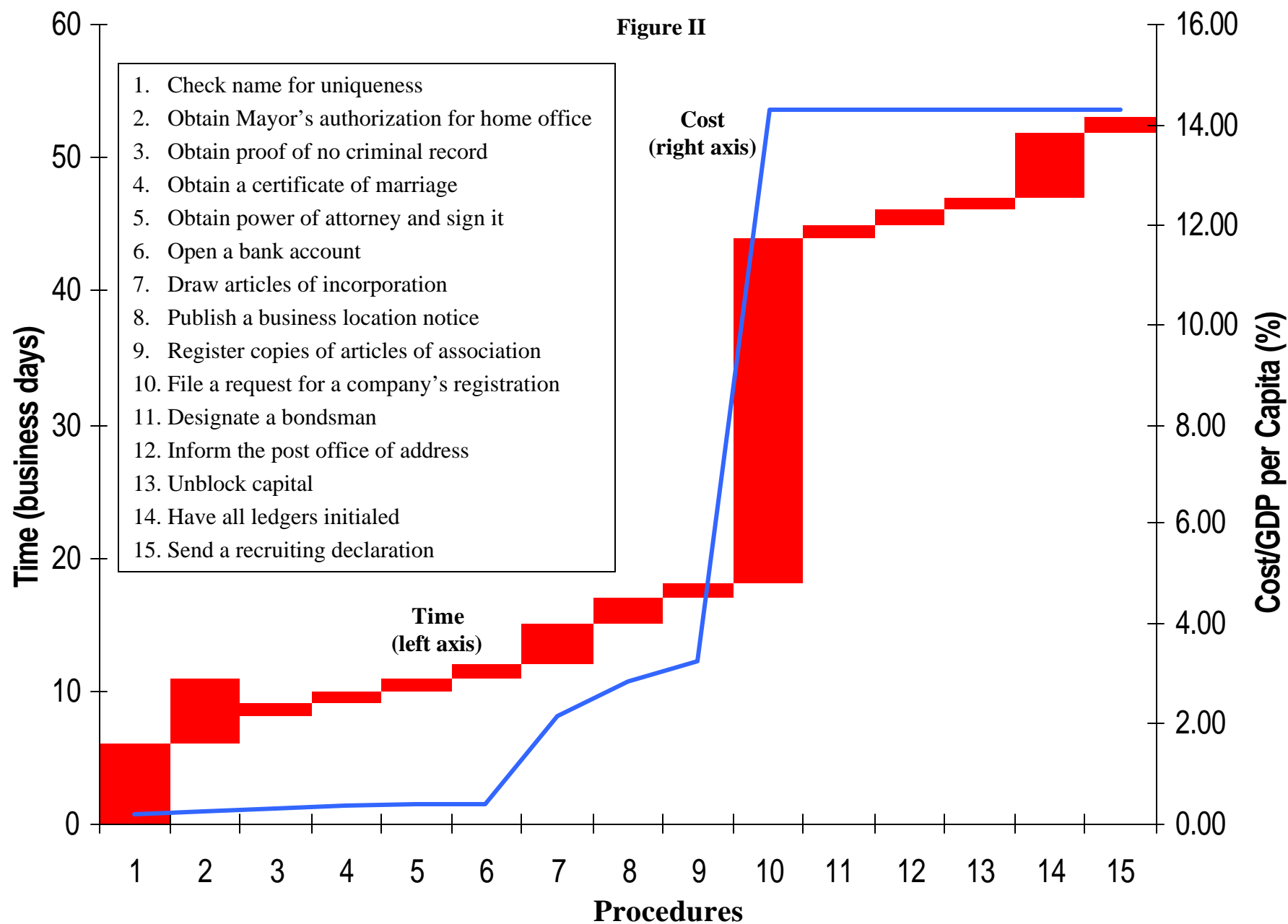
1 st Quartile	6.77	0.00	0.05	1.59	1.14	4.00	24.50	0.10	0.20	24,372
2 nd Quartile	11.10	0.24	0.14	2.14	2.38	6.19	49.29	0.33	0.53	5,847
3 rd Quartile	12.33	0.52	0.14	2.19	2.33	7.14	53.10	0.41	0.62	1,568
4 th Quartile	11.90	0.62	0.24	2.24	1.95	6.90	63.76	1.08	1.34	349

	Number of Procedures	Safety & Health	Environment	Taxes	Labor	Screening	Time	Cost	Cost+time	GDP/POP ₁₉₉₉
<i>Panel C: Test of Means (t-Statistics)</i>										
1 st vs 2 nd Quartile	-4.20 ^a	-2.07 ^b	-0.87	-1.35	-3.64 ^a	-3.34 ^a	-3.71 ^a	-3.03 ^a	-3.97 ^a	12.03 ^a
1 st vs 3 rd Quartile	-4.58 ^a	-3.02 ^a	-0.87	-1.64 ^b	-2.82 ^a	-4.07 ^a	-4.21 ^a	-2.54 ^b	-3.19 ^a	16.35 ^a
1 st vs 4 th Quartile	-4.04 ^a	-2.08 ^a	-1.55	-1.61	-2.43 ^b	-3.18 ^a	-4.09 ^a	-3.53 ^a	-4.06 ^a	17.31 ^a
2 nd vs 3 rd Quartile	-1.17	-1.34	0.00	-0.11	0.10	-1.51	-0.54	-0.52	-0.59	6.14 ^a
2 nd vs 4 th Quartile	-0.72	-1.17	-0.61	-0.21	1.10	-0.89	-1.46	-2.54 ^b	-2.73 ^a	8.05 ^a
3 rd vs 4 th Quartile	0.33	-0.27	-0.61	-0.11	0.82	0.26	-1.06	-2.17 ^b	-2.27 ^b	8.53 ^a

Note: ^a Significant at 1%; ^b Significant at 5%; ^c Significant at 10%.



Start up Procedures in New Zealand. Procedures are lined up sequentially on the horizontal axis and described in the text box. The time required to complete each procedure is described by the height of the bar and measured against the left scale. Cumulative costs (as a percentage of per capita GDP) are plotted using a line and measured against the right scale.



Start up Procedures in France. Procedures are lined up sequentially on the horizontal axis and described in the text box. The time required to complete each procedure is described by the height of the bar and measured against the left scale.

Table IIA
Eviction of a tenant

This table classifies countries by legal origin and shows the professionals vs. laymen, written vs. oral elements, legal justification, statutory regulation of evidence, control of superior review, and engagement formalities indices, and the normalized number of independent procedural actions for the case of eviction of a tenant. All variables are described in Table I and the data can be found at <http://iicg.som.yale.edu/>.

	Professionals vs. laymen	Written vs. oral elements	Legal justification	Statutory regulation of evidence	Control of superior review	Engagement formalities	Independent procedural actions	Formalism index
<i>English legal origin</i>								
Anguilla	0.67	0.88	0.67	0.13	1.00	0.67	0.28	4.28
Australia	0.00	0.57	0.33	0.25	0.67	0.00	0.17	1.99
Bahrain	0.33	0.63	1.00	0.38	1.00	0.33	0.25	3.92
Bangladesh	0.33	0.63	0.67	0.13	1.00	0.33	0.28	3.36
Barbados	0.67	0.50	0.00	0.25	0.67	0.00	0.25	2.33
Belize	0.00	0.38	0.67	0.38	0.67	0.00	0.00	2.08
Bermuda	0.33	0.38	0.00	0.25	0.33	0.00	0.03	1.32
Botswana	0.67	0.75	0.67	0.38	0.67	0.67	0.28	4.07
BVI	0.67	0.50	0.33	0.38	0.67	0.00	0.33	2.88
Canada	0.00	0.75	0.33	0.38	0.33	0.33	0.19	2.32
Cayman	0.67	0.63	0.67	0.25	0.67	0.33	0.39	3.60
Cyprus	0.67	0.63	0.67	0.38	0.67	0.33	0.17	3.50
Ghana	0.67	0.50	0.00	0.50	0.33	0.33	0.36	2.69
Gibraltar	0.67	0.75	0.33	0.13	0.33	0.00	0.31	2.51
Grenada	0.33	0.38	0.67	0.38	0.67	0.33	0.11	2.86
Hong Kong	0.33	0.75	1.00	0.13	0.67	0.00	0.25	3.13
India	0.33	0.75	1.00	0.38	0.33	0.33	0.39	3.51
Ireland	0.67	0.71	0.33	0.13	1.00	0.00	0.36	3.20
Israel	0.67	0.88	1.00	0.50	0.67	0.00	0.19	3.90
Jamaica	0.67	0.38	0.33	0.25	0.67	0.00	0.08	2.38
Kenya	0.33	0.75	0.33	0.38	0.67	0.00	0.39	2.85
Malawi	0.33	0.63	0.67	0.38	0.67	0.33	0.14	3.14
Malaysia	0.67	0.63	0.33	0.50	0.67	0.00	0.42	3.21
Namibia	0.67	0.63	0.67	0.38	1.00	0.33	0.19	3.86
New Zealand	0.00	0.50	0.33	0.00	0.33	0.00	0.08	1.25
Nigeria	0.33	0.63	0.33	0.38	1.00	0.00	0.42	3.08
Pakistan	0.67	0.63	0.67	0.25	1.00	0.00	0.53	3.74
Singapore	0.67	0.63	0.33	0.38	0.67	0.00	0.44	3.11
South Africa	0.67	0.50	0.67	0.38	1.00	0.33	0.14	3.68
Sri Lanka	0.67	0.63	1.00	0.38	1.00	0.00	0.22	3.89
St. Vincent	0.67	0.50	0.67	0.38	0.67	0.67	0.31	3.85
Swaziland	0.67	0.63	1.00	0.25	1.00	0.00	0.19	3.74
Tanzania	0.33	0.63	0.33	0.50	0.67	0.33	0.11	2.90
Thailand	0.67	0.88	1.00	0.38	0.67	0.33	0.33	4.25
Trinidad & Tobago	0.67	0.63	0.00	0.25	0.33	0.00	0.28	2.15
Turks and Caicos	0.67	0.63	0.00	0.38	0.67	0.00	0.47	2.81
UAE	0.00	0.50	0.33	0.00	0.00	0.33	0.28	1.44
Uganda	0.00	1.00	0.33	0.38	0.67	0.00	0.14	2.51
United Kingdom	0.67	0.75	0.33	0.00	0.33	0.00	0.14	2.22
USA	0.33	0.63	1.00	0.13	0.67	0.00	0.22	2.97
Zambia	0.67	0.50	0.33	0.38	0.67	0.33	0.19	3.07
Zimbabwe	0.33	0.63	0.67	0.38	0.67	0.33	0.11	3.11
Mean	0.48	0.63	0.52	0.30	0.67	0.17	0.25	3.02
<i>Socialist legal origin</i>								
Bulgaria	0.67	0.88	1.00	0.25	1.00	0.33	0.39	4.51
China	0.67	0.75	0.33	0.38	1.00	0.00	0.28	3.40
Croatia	0.67	0.63	1.00	0.25	0.67	0.00	0.22	3.43
Czech Republic	0.67	0.38	1.00	0.25	1.00	0.00	0.25	3.54
Estonia	0.67	0.75	1.00	0.38	1.00	0.67	0.28	4.74
Georgia	0.67	0.63	0.67	0.25	1.00	0.00	0.31	3.51
Hungary	0.67	0.75	1.00	0.13	0.67	0.00	0.25	3.46
Kazakhstan	0.67	0.63	0.67	0.38	1.00	0.00	0.67	4.00
Latvia	0.67	0.63	1.00	0.38	1.00	0.00	0.19	3.86
Lithuania	0.67	0.75	1.00	0.38	1.00	0.00	0.42	4.21
Poland	0.67	0.75	1.00	0.50	1.00	0.00	0.17	4.08
Romania	0.67	0.75	1.00	0.50	1.00	0.00	0.56	4.47
Russia	0.67	0.50	0.67	0.38	1.00	0.00	0.11	3.32
Slovenia	0.67	0.75	1.00	0.38	1.00	0.00	0.47	4.26
Ukraine	0.67	0.75	0.33	0.63	1.00	0.00	0.22	3.60
Vietnam	0.67	0.50	0.00	0.25	1.00	0.00	0.42	2.83
Mean	0.67	0.67	0.79	0.35	0.96	0.06	0.32	3.83
<i>French legal origin</i>								
Argentina	1.00	1.00	1.00	0.13	1.00	0.67	0.69	5.49
Belgium	0.67	0.75	0.33	0.25	0.67	0.33	0.17	3.17
Bolivia	1.00	1.00	0.67	0.25	1.00	0.67	0.53	5.11
Brazil	1.00	0.63	1.00	0.38	0.67	0.00	0.17	3.83
Chile	1.00	0.88	0.67	0.50	0.67	0.67	0.42	4.79
Colombia	0.67	1.00	1.00	0.25	0.00	0.33	0.69	3.94
Costa Rica	0.67	0.86	1.00	0.50	1.00	0.67	0.36	5.05
Cote D'Ivoire	0.67	0.50	0.67	0.25	0.67	0.67	0.22	3.64
Dominican Republic	0.33	0.63	1.00	0.38	1.00	0.67	0.36	4.36

	Professionals vs. laymen	Written vs. oral elements	Legal justification	Statutory regulation of evidence	Control of superior review	Engagement formalities	Independent procedural actions	Formalism index
Ecuador	0.67	0.88	1.00	0.63	0.67	0.33	0.47	4.64
Egypt	0.67	0.63	1.00	0.50	0.33	0.33	0.14	3.60
El Salvador	0.33	1.00	0.67	0.75	0.67	0.67	0.17	4.25
France	0.33	0.75	1.00	0.13	0.67	0.67	0.06	3.60
Greece	1.00	1.00	1.00	0.50	0.00	0.67	0.14	4.31
Guatemala	1.00	1.00	1.00	0.75	1.00	0.67	0.36	5.78
Honduras	0.67	1.00	1.00	0.63	0.67	0.33	0.39	4.68
Indonesia	0.33	0.88	0.67	0.50	0.67	0.33	0.50	3.88
Italy	1.00	1.00	0.67	0.13	0.67	0.67	0.11	4.24
Jordan	0.67	0.63	0.67	0.50	0.00	0.33	0.58	3.38
Kuwait	0.33	0.88	1.00	0.25	1.00	1.00	0.14	4.60
Lebanon	1.00	0.88	1.00	0.50	1.00	0.67	0.53	5.57
Luxembourg	0.33	0.86	0.67	0.50	1.00	0.00	0.31	3.66
Malta	0.67	0.63	0.67	0.38	0.67	0.33	0.08	3.42
Mexico	0.33	0.88	1.00	0.50	0.67	0.67	0.78	4.82
Monaco	0.33	0.63	0.67	0.25	0.33	0.67	0.06	2.93
Morocco	0.67	1.00	0.67	0.63	1.00	0.67	0.17	4.79
Mozambique	1.00	0.75	1.00	0.38	1.00	0.67	0.36	5.15
Netherlands	0.33	0.63	0.67	0.13	0.67	0.33	0.25	3.00
Netherlands Antilles	0.67	0.63	0.33	0.25	0.67	0.67	0.42	3.63
Panama	1.00	1.00	1.00	0.25	1.00	0.67	1.00	5.92
Paraguay	0.67	0.86	1.00	0.63	0.67	0.67	0.61	5.09
Peru	1.00	0.88	1.00	0.38	1.00	0.67	0.50	5.42
Philippines	1.00	1.00	1.00	0.50	0.33	0.67	0.50	5.00
Portugal	1.00	0.75	1.00	0.38	1.00	0.00	0.42	4.54
Senegal	0.67	0.63	0.33	0.63	0.67	0.67	0.31	3.89
Spain	0.67	0.88	1.00	0.63	0.67	0.67	0.31	4.81
Tunisia	0.67	0.75	0.67	0.25	0.67	0.67	0.22	3.89
Turkey	0.67	0.63	1.00	0.75	0.00	0.00	0.44	3.49
Uruguay	1.00	0.50	0.67	0.13	0.67	0.33	0.69	3.99
Venezuela	1.00	1.00	1.00	0.50	1.00	0.67	0.64	5.81
Mean	0.72	0.81	0.83	0.42	0.69	0.53	0.38	4.38
<i>German legal origin</i>								
Austria	0.67	0.86	1.00	0.13	0.67	0.00	0.31	3.62
Germany	0.33	0.88	1.00	0.50	0.67	0.00	0.39	3.76
Japan	0.67	1.00	1.00	0.25	0.67	0.00	0.14	3.72
Korea	0.67	0.88	0.33	0.13	0.67	0.33	0.33	3.33
Switzerland	0.67	0.63	1.00	0.25	1.00	0.33	0.08	3.96
Taiwan	0.67	0.50	0.67	0.38	0.67	0.00	0.17	3.04
Mean	0.61	0.79	0.83	0.27	0.72	0.11	0.24	3.57
<i>Scandinavian legal origin</i>								
Denmark	0.67	0.75	0.67	0.13	1.00	0.00	0.39	3.60
Finland	0.33	0.50	0.67	0.25	0.67	0.00	0.11	2.53
Iceland	0.67	0.38	1.00	0.38	0.67	0.33	0.06	3.47
Norway	0.67	0.75	0.67	0.13	1.00	0.33	0.17	3.71
Sweden	0.67	0.75	0.33	0.25	1.00	0.00	0.31	3.31
Mean	0.60	0.63	0.67	0.23	0.87	0.13	0.21	3.32
Mean for all countries	0.58	0.71	0.68	0.33	0.71	0.27	0.30	3.58

English vs. Socialist	-3.08 ^a	-1.13	-2.89 ^a	-1.31	-4.57 ^a	1.87 ^c	-1.98 ^c	-3.87 ^a
English vs. French	-4.34 ^a	-5.61 ^a	-5.20 ^a	-3.21 ^a	-0.41	-7.07 ^a	-3.38 ^a	-7.77 ^a
English vs. German	-1.31	-2.53 ^b	-2.29 ^b	0.50	-0.54	0.70	0.22	-1.74 ^c
English vs. Scandinavian	-1.10	0.01	-0.98	1.20	-1.77 ^c	0.42	0.72	-0.86
Socialist vs. French	-0.78	-3.14 ^a	-0.57	-1.27	3.38 ^a	-7.00 ^a	-0.94	-2.49 ^b
Socialist vs. German	1.71	-1.68	-0.28	1.31	4.12 ^a	-0.57	1.29	1.10
Socialist vs. Scandinavian	1.90 ^c	0.65	0.80	2.07 ^c	1.36	-0.76	1.57	1.93 ^c
French vs. German	0.98	0.35	0.00	1.81 ^c	-0.24	4.09 ^a	1.56	2.37 ^b
French vs. Scandinavian	0.99	2.44 ^b	1.63	2.23 ^b	-1.25	3.55 ^a	1.72 ^c	2.82 ^a
German vs. Scandinavian	0.13	1.48	1.06	0.59	-1.51	-0.21	0.39	1.04

a=significant at 1 percent level; b=significant at 5 percent level; c=significant at 10 percent level.

Table IIB
Collection of a check

This table classifies countries by legal origin and shows the professionals vs. laymen, written vs. oral elements, legal justification, statutory regulation of evidence, control of superior review, engagement formalities indices, and the normalized number of independent procedural actions for the case of collection of a check. All variables are described in Table I and the data can be found at <http://icg.som.yale.edu/>.

	Professionals vs. laymen	Written vs. oral elements	Legal justification	Statutory regulation of evidence	Control of superior review	Engagement formalities	Independent procedural actions	Formalism index
<i>English legal origin</i>								
Anguilla	0.00	0.38	0.33	0.13	1.00	0.00	0.13	1.96
Australia	0.00	0.50	0.33	0.25	0.67	0.00	0.05	1.80
Bahrain	0.33	0.75	1.00	0.75	1.00	0.33	0.24	4.40
Bangladesh	0.67	0.63	0.67	0.13	1.00	0.00	0.16	3.24
Barbados	0.33	0.38	0.33	0.25	0.67	0.33	0.08	2.37
Belize	0.00	0.38	0.00	0.38	0.67	0.00	0.00	1.42
Bermuda	0.33	0.38	0.00	0.25	0.33	0.33	0.16	1.78
Botswana	0.67	0.75	0.67	0.38	0.67	0.67	0.29	4.08
BVI	0.33	0.38	0.00	0.38	1.00	0.33	0.11	2.52
Canada	0.33	0.50	0.00	0.38	0.67	0.00	0.21	2.09
Cayman	0.67	0.63	0.33	0.25	0.67	0.00	0.21	2.75
Cyprus	0.67	0.63	0.67	0.38	0.67	0.33	0.34	3.68
Ghana	0.67	0.50	0.00	0.50	0.33	0.33	0.32	2.65
Gibraltar	0.67	0.75	0.33	0.13	0.33	0.00	0.18	2.39
Grenada	0.33	0.38	0.67	0.38	0.67	0.33	0.05	2.80
Hong Kong	0.00	0.63	0.00	0.00	0.00	0.00	0.11	0.73
India	0.67	0.63	1.00	0.38	0.33	0.00	0.34	3.34
Ireland	0.67	0.57	0.33	0.13	0.67	0.00	0.26	2.63
Israel	0.33	0.88	0.67	0.50	0.67	0.00	0.26	3.30
Jamaica	0.67	0.38	0.33	0.25	0.67	0.00	0.05	2.34
Kenya	0.67	0.63	0.33	0.38	0.67	0.00	0.42	3.09
Malawi	0.67	0.63	0.33	0.25	0.67	0.33	0.08	2.95
Malaysia	0.33	0.50	0.00	0.50	0.67	0.00	0.34	2.34
Namibia	0.67	0.63	0.67	0.38	1.00	0.33	0.16	3.82
New Zealand	0.00	0.50	0.33	0.00	0.67	0.00	0.08	1.58
Nigeria	0.33	0.63	0.33	0.38	0.67	0.33	0.53	3.19
Pakistan	0.67	0.63	0.67	0.25	1.00	0.00	0.55	3.76
Singapore	0.33	0.38	0.00	0.50	0.67	0.33	0.29	2.50
South Africa	0.00	0.38	0.33	0.25	0.67	0.00	0.05	1.68
Sri Lanka	0.67	0.86	0.67	0.38	1.00	0.00	0.21	3.78
St. Vincent	1.00	0.43	0.67	0.38	0.67	0.33	0.16	3.63
Swaziland	0.67	0.63	1.00	0.25	1.00	0.00	0.16	3.70
Tanzania	0.67	0.86	0.67	0.50	0.67	0.33	0.13	3.82
Thailand	0.33	0.50	0.67	0.38	0.67	0.33	0.26	3.14
Trinidad & Tobago	0.33	0.63	0.00	0.25	0.33	0.00	0.26	1.80
Turks and Caicos	0.00	0.25	0.00	0.38	1.00	0.00	0.24	1.86
UAE	1.00	0.88	1.00	0.13	0.33	0.00	0.47	3.81
Uganda	0.00	0.71	0.67	0.38	0.67	0.00	0.18	2.61
United Kingdom	0.67	0.71	0.33	0.13	0.67	0.00	0.08	2.58
USA	0.33	0.75	0.33	0.13	1.00	0.00	0.08	2.62
Zambia	0.00	0.57	0.33	0.38	0.67	0.00	0.18	2.13
Zimbabwe	0.33	0.63	0.67	0.38	0.67	0.33	0.11	3.11
Mean	0.43	0.58	0.42	0.31	0.68	0.13	0.20	2.76
<i>Socialist legal origin</i>								
Bulgaria	0.67	0.88	1.00	0.25	1.00	0.33	0.45	4.57
China	0.67	0.75	0.33	0.38	1.00	0.00	0.29	3.41
Croatia	0.67	0.75	1.00	0.25	0.67	0.00	0.29	3.62
Czech Republic	0.67	0.83	1.00	0.38	1.00	0.00	0.18	4.06
Estonia	0.67	0.75	1.00	0.38	1.00	0.33	0.24	4.36
Georgia	0.67	0.63	0.67	0.25	0.67	0.00	0.21	3.09
Hungary	0.67	0.75	0.67	0.13	1.00	0.00	0.21	3.42
Kazakhstan	0.67	0.75	0.67	0.50	1.00	0.33	0.84	4.76
Latvia	0.67	0.63	1.00	0.38	1.00	0.00	0.26	3.93
Lithuania	0.67	0.75	1.00	0.50	1.00	0.00	0.55	4.47
Poland	0.67	0.88	1.00	0.38	1.00	0.00	0.24	4.15
Romania	0.67	0.75	1.00	0.50	1.00	0.00	0.50	4.42
Russia	0.67	0.50	0.67	0.38	1.00	0.00	0.18	3.39
Slovenia	0.67	0.75	1.00	0.50	1.00	0.00	0.34	4.26
Ukraine	0.67	0.75	0.33	0.63	1.00	0.00	0.29	3.66
Vietnam	0.67	0.50	0.33	0.25	1.00	0.00	0.50	3.25
Mean	0.67	0.72	0.79	0.38	0.96	0.06	0.35	3.93
<i>French legal origin</i>								
Argentina	1.00	1.00	1.00	0.13	1.00	0.67	0.61	5.40
Belgium	0.33	0.75	0.33	0.13	0.67	0.33	0.18	2.73
Bolivia	1.00	1.00	0.67	0.38	1.00	1.00	0.71	5.75
Brazil	0.33	0.50	1.00	0.38	0.67	0.00	0.18	3.06
Chile	1.00	0.75	0.67	0.50	0.67	0.67	0.32	4.57
Colombia	0.67	1.00	1.00	0.38	0.00	0.33	0.74	4.11
Costa Rica	1.00	1.00	1.00	0.50	1.00	0.67	0.32	5.48
Cote D'Ivoire	0.67	0.63	0.67	0.13	0.67	0.67	0.24	3.65
Dominican Republic	0.33	0.75	0.67	0.38	1.00	0.67	0.29	4.08

	Professionals vs. laymen	Written vs. oral elements	Legal justification	Statutory regulation of evidence	Control of superior review	Engagement formalities	Independent procedural actions	Formalism index
Ecuador	1.00	1.00	0.67	0.63	0.67	0.33	0.63	4.92
Egypt	1.00	0.75	1.00	0.50	0.00	0.33	0.21	3.79
El Salvador	0.33	0.88	1.00	0.88	0.67	0.67	0.18	4.60
France	0.33	0.75	1.00	0.13	0.33	0.67	0.03	3.23
Greece	0.67	1.00	1.00	0.50	0.00	0.67	0.16	3.99
Guatemala	1.00	1.00	1.00	0.75	1.00	0.67	0.26	5.68
Honduras	0.67	1.00	1.00	0.63	0.67	0.33	0.61	4.90
Indonesia	0.33	0.88	0.67	0.50	0.67	0.33	0.53	3.90
Italy	0.67	0.86	1.00	0.00	0.67	0.67	0.18	4.04
Jordan	0.67	0.75	0.67	0.50	0.00	0.33	0.61	3.52
Kuwait	0.67	0.88	0.67	0.13	0.67	0.67	0.21	3.88
Lebanon	1.00	0.75	0.67	0.63	1.00	0.33	0.47	4.85
Luxembourg	0.33	0.71	0.67	0.50	1.00	0.00	0.34	3.56
Malta	0.00	0.63	0.33	0.38	0.67	0.33	0.11	2.44
Mexico	0.33	0.88	1.00	0.50	0.67	0.33	1.00	4.71
Monaco	0.33	0.71	0.33	0.25	0.33	0.67	0.11	2.74
Morocco	1.00	1.00	0.67	0.50	0.67	0.67	0.21	4.71
Mozambique	0.67	0.75	1.00	0.50	0.67	0.67	0.24	4.49
Netherlands	0.33	0.63	0.67	0.13	0.67	0.33	0.32	3.07
Netherlands Antilles	0.67	0.88	0.33	0.25	0.33	0.00	0.39	2.85
Panama	1.00	1.00	1.00	0.25	1.00	0.67	0.92	5.84
Paraguay	1.00	1.00	1.00	0.63	0.67	0.67	0.95	5.91
Peru	1.00	0.88	1.00	0.38	1.00	0.67	0.68	5.60
Philippines	1.00	1.00	1.00	0.50	0.33	0.67	0.50	5.00
Portugal	0.67	0.75	1.00	0.50	0.67	0.00	0.34	3.93
Senegal	0.67	0.88	0.67	0.63	0.67	0.67	0.55	4.72
Spain	1.00	1.00	1.00	0.63	0.67	0.67	0.29	5.25
Tunisia	0.67	1.00	0.67	0.25	0.67	0.67	0.13	4.05
Turkey	0.00	1.00	0.67	0.63	0.00	0.00	0.24	2.53
Uruguay	1.00	0.50	0.67	0.13	0.67	0.33	0.76	4.05
Venezuela	1.00	1.00	1.00	0.50	1.00	0.67	0.84	6.01
Mean	0.68	0.85	0.80	0.42	0.63	0.49	0.41	4.29
<i>German legal origin</i>								
Austria	0.67	0.86	1.00	0.38	0.33	0.00	0.29	3.52
Germany	0.33	0.88	1.00	0.50	0.67	0.00	0.13	3.51
Japan	0.33	0.88	0.67	0.25	0.67	0.00	0.18	2.98
Korea	0.67	0.88	0.33	0.13	0.67	0.33	0.37	3.37
Switzerland	0.67	0.63	0.67	0.38	0.33	0.33	0.13	3.13
Taiwan	0.33	0.50	0.67	0.38	0.33	0.00	0.16	2.37
Mean	0.50	0.77	0.72	0.33	0.50	0.11	0.21	3.15
<i>Scandinavian legal origin</i>								
Denmark	0.33	0.63	0.00	0.13	1.00	0.33	0.13	2.55
Finland	0.67	0.63	0.67	0.25	0.67	0.00	0.26	3.14
Iceland	0.67	0.63	1.00	0.38	1.00	0.33	0.13	4.13
Norway	0.33	0.75	0.67	0.13	1.00	0.00	0.08	2.95
Sweden	0.67	0.75	0.33	0.25	0.67	0.00	0.32	2.98
Mean	0.53	0.68	0.53	0.23	0.87	0.13	0.18	3.15
Mean for all countries	0.57	0.71	0.64	0.36	0.70	0.25	0.30	3.53

<i>Tests of means (t-stats)</i>								
English vs. Socialist	-3.29 ^a	-3.38 ^a	-4.19 ^a	-1.55	-4.53 ^a	1.45	-3.38 ^a	-5.24 ^a
English vs. French	-3.85 ^a	-7.97 ^a	-6.29 ^a	-2.71 ^a	0.82	-7.42 ^a	-4.63 ^a	-7.52 ^a
English vs. German	-0.59	-2.73 ^a	-2.25 ^b	-0.37	1.84 ^c	0.30	-0.11	-1.12
English vs. Scandinavian	-0.79	-1.35	-0.75	1.22	-1.70 ^c	0.02	0.33	-1.03
Socialist vs. French	-0.21	-3.05 ^a	-0.12	-0.74	4.07 ^a	-6.47 ^a	-0.92	-1.36
Socialist vs. German	3.81 ^a	-0.73	0.55	0.67	7.13 ^a	-0.70	1.78 ^c	3.23 ^a
Socialist vs. Scandinavian	3.11 ^a	0.93	1.71	2.35 ^b	1.36	-0.95	1.95 ^c	2.81 ^b
French vs. German	1.40	1.24	0.78	0.96	1.02	3.58 ^a	1.88 ^c	2.72 ^a
French vs. Scandinavian	1.05	2.55 ^b	2.32 ^b	2.05 ^b	-1.64	3.09 ^a	1.94 ^c	2.45 ^b
German vs. Scandinavian	-0.30	1.17	0.99	1.51	-3.32 ^a	-0.21	0.44	-0.02

a=significant at 1 percent level; b=significant at 5 percent level; c=significant at 10 percent level.

Table I
The Prevalence of Government Ownership of Banks

Panel A shows the data of government ownership of banks for all the 92 countries in the sample. The countries are classified according to the legal origin of their commercial laws. Panel B shows the results of tests of means across legal origins. Panel C shows the results of tests of medians across legal origins. Variable definitions are in the Appendix.

Panel A: Means by Legal Origin					
Country	Share of the assets of the top 10 banks owned or controlled by the government				
	GB95	GB70	GC20	GC50	GC90
Australia	12.33	20.89	20.99	20.99	
Bahrain	7.34	6.67	3.40	3.40	3.40
Bangladesh	95.00	100.00	100.00	100.00	89.79
Canada	0.00	10.95	0.00	0.00	0.00
Cyprus	0.00	0.00	0.00	0.00	0.00
Hong Kong	0.00	0.00	0.00	0.00	0.00
India	84.94	100.00	100.00	94.61	59.61
Ireland	4.48	3.78	4.50	4.50	4.50
Israel	64.64	67.56	79.81	82.25	0.00
Kenya	29.94	45.09	48.74	22.30	8.57
Malaysia	9.93	20.00	9.93	9.93	9.94
New Zealand	0.00	33.47	0.00	0.00	0.00
Nigeria	9.91	57.53	13.05	7.82	7.82
Pakistan	85.96	73.49	97.75	80.10	80.10
Saudi Arabia	29.10	37.59	43.30	22.14	22.14
Singapore	13.53	12.85	34.35	4.92	0.00
South Africa	0.00	0.00	0.00	0.00	0.00
Sri Lanka	71.39	100.00	76.29	68.64	68.64
Tanzania	94.95	100.00	95.22	95.23	93.94
Thailand	17.09	24.07	21.78	21.78	0.00
Trinidad and Tobago	1.54	3.57	1.54	1.54	1.54
United Arab Emirates	41.93	45.86	37.08	59.11	9.81
United Kingdom	0.00	0.00	0.00	0.00	0.00
United States	0.00	0.00	0.00	0.00	0.00
Zimbabwe	30.04	0.00	49.69	29.75	7.05
English origin average	28.16	34.53	33.50	29.16	18.82
English origin median	12.33	20.89	20.99	9.93	3.54
Afghanistan	100.00	100.00	100.00	100.00	100.00
Algeria	99.96	100.00	99.96	99.96	99.96
Argentina	60.50	71.94	60.50	60.50	60.50
Belgium	27.59	39.87	22.29	22.29	16.64
Bolivia	18.48	53.14	17.70	17.70	17.70
Brazil	31.70	70.80	56.89	23.22	14.23
Chile	19.72	91.49	19.72	19.73	19.73
Colombia	53.92	57.67	52.47	52.47	52.47
Costa Rica	90.92	100.00	90.92	90.92	90.92
Cote d'Ivoire	20.60	54.90	20.46	15.96	13.56
Dominican Republic	38.93	70.08	38.93	38.93	38.93
Ecuador	40.61	100.00	40.61	40.61	40.61
El Salvador	26.43	100.00	39.03	39.03	13.90
Egypt	88.62	53.08	96.02	86.32	80.87
France	17.26	74.37	26.18	22.42	4.91
Greece	77.82	92.69	85.47	84.09	68.65
Guatemala	22.20	32.10	22.20	22.19	22.19
Honduras	29.90	49.20	29.90	29.90	29.90
Indonesia	42.90	74.89	42.90	42.90	42.90
Iran	100.00	89.36	100.00	100.00	100.00
Iraq	93.77	100.00	93.77	93.77	93.77
Italy	35.95	75.69	27.81	27.81	16.61
Jordan	26.03	28.08	28.96	28.96	21.61
Kuwait	32.84	35.99	46.19	31.67	18.43
Lebanon	7.18	15.31	7.40	7.40	7.40
Lybia	95.12	100.00	100.00	100.00	73.11
Mexico	35.62	82.66	35.62	35.62	35.62
Morocco	37.90	59.11	50.89	42.23	24.03
Netherlands	9.20	7.80	10.30	10.30	6.67
Nicaragua	63.36	90.44	63.36	63.36	63.36
Oman	25.84	4.50	27.27	27.27	24.16
Panama	17.08	17.93	17.08	17.08	17.08
Paraguay	48.02	55.00	48.02	48.02	48.02
Peru	26.46	87.38	23.87	23.87	23.87

Country	Share of the assets of the top 10 banks owned or controlled by the government				
	GB95	GB70	GC20	GC50	GC90
Philippines	27.23	52.18	34.41	34.42	17.69
Portugal	25.66	100.00	23.73	23.73	23.73
Qatar	33.74	46.53	58.87	8.61	8.61
Senegal	27.98	49.43	36.68	21.86	19.73
Spain	1.98	32.64	6.83	0.00	0.00
Syria	100.00	100.00	100.00	100.00	100.00
Tunisia	37.42	52.92	82.12	36.67	2.54
Turkey	56.46	81.84	55.90	55.90	55.90
Uruguay	68.79	42.29	68.79	68.79	68.79
Venezuela	57.98	82.88	63.36	53.41	53.41
French origin average	45.45	65.37	49.40	44.77	39.83
French origin median	35.79	70.44	41.76	36.15	24.09
Austria	50.36	70.80	70.17	70.17	0.00
Germany	36.36	51.90	37.47	37.47	29.86
Japan	0.00	6.90	0.00	0.00	0.00
South Korea	25.41	56.64	41.56	21.64	13.16
Switzerland	13.35	24.85	14.92	14.92	10.37
Taiwan	76.51	50.43	100.00	100.00	47.84
German origin average	33.67	43.59	44.02	40.70	16.87
German origin median	30.89	51.17	39.51	29.56	11.76
Denmark	8.87	9.80	10.60	8.87	8.87
Finland	30.65	32.06	30.65	30.65	30.65
Iceland	71.34	100.00	71.34	71.34	71.33
Norway	43.68	54.55	87.14	62.43	7.86
Sweden	23.20	20.78	29.61	29.61	12.07
Scandinavian origin average	35.54	43.44	45.87	40.58	26.16
Scandinavian origin median	30.65	32.06	30.65	30.65	12.07
Bulgaria	85.68	100.00	92.31	92.31	72.61
China	99.45	100.00	100.00	99.07	99.07
Croatia	1.04	100.00	1.29	0.00	0.00
Czech Republic	52.00	100.00	75.44	50.45	9.58
Hungary	36.56	100.00	82.50	14.64	0.03
Kazakhstan	56.13	100.00	80.72	44.76	44.76
Poland	84.29	100.00	94.16	83.19	76.13
Romania	62.68	100.00	87.77	87.77	24.61
Russia	32.98	100.00	49.90	49.90	13.18
Slovakia	73.93	100.00	89.57	82.77	57.52
Slovenia	57.29	100.00	57.29	57.29	57.29
Vietnam	99.06	100.00	99.06	99.06	99.06
Socialist origin average	61.76	100.00	75.83	63.43	46.15
Socialist origin median	59.99	100.00	85.14	70.03	51.03
Average with socialist	41.57	58.89	47.98	42.47	32.71
Average without socialist	38.54	52.72	42.28	33.04	19.73
Median with socialist	33.36	57.09	42.23	33.04	19.73
Median without socialist	29.99	53.00	37.28	29.68	18.07

Panel B: Test of Means (*t*-statistics)

English vs. French	-2.25 ^b	- 3.91 ^a	-1.96 ^c	-1.94 ^c	-2.70 ^a
English vs. German	-0.37	-0.58	-0.62	-0.70	0.14
English vs. Scandinavian	-0.46	-0.50	-0.69	-0.67	-0.49
English vs. Socialist	-2.95 ^a	- 8.98 ^a	-3.48 ^a	-2.78 ^a	-2.36 ^b
French vs. German	0.94	1.80 ^c	0.41	0.30	1.76 ^c
French vs. Scandinavian	0.74	1.16	0.25	0.30	0.95
French vs. Socialist	-1.73 ^c	-8.12 ^a	-2.79 ^a	-1.88 ^c	-0.60
German vs. Scandinavian	-0.12	0.01	-0.09	-0.01	-0.67
German vs. Socialist	-1.97 ^c	-5.92 ^a	- 2.05 ^c	-1.32	-1.83 ^c
Scandinavian vs. Socialist	-1.77 ^c	-3.54 ^b	-1.93 ^c	-1.38	-1.10

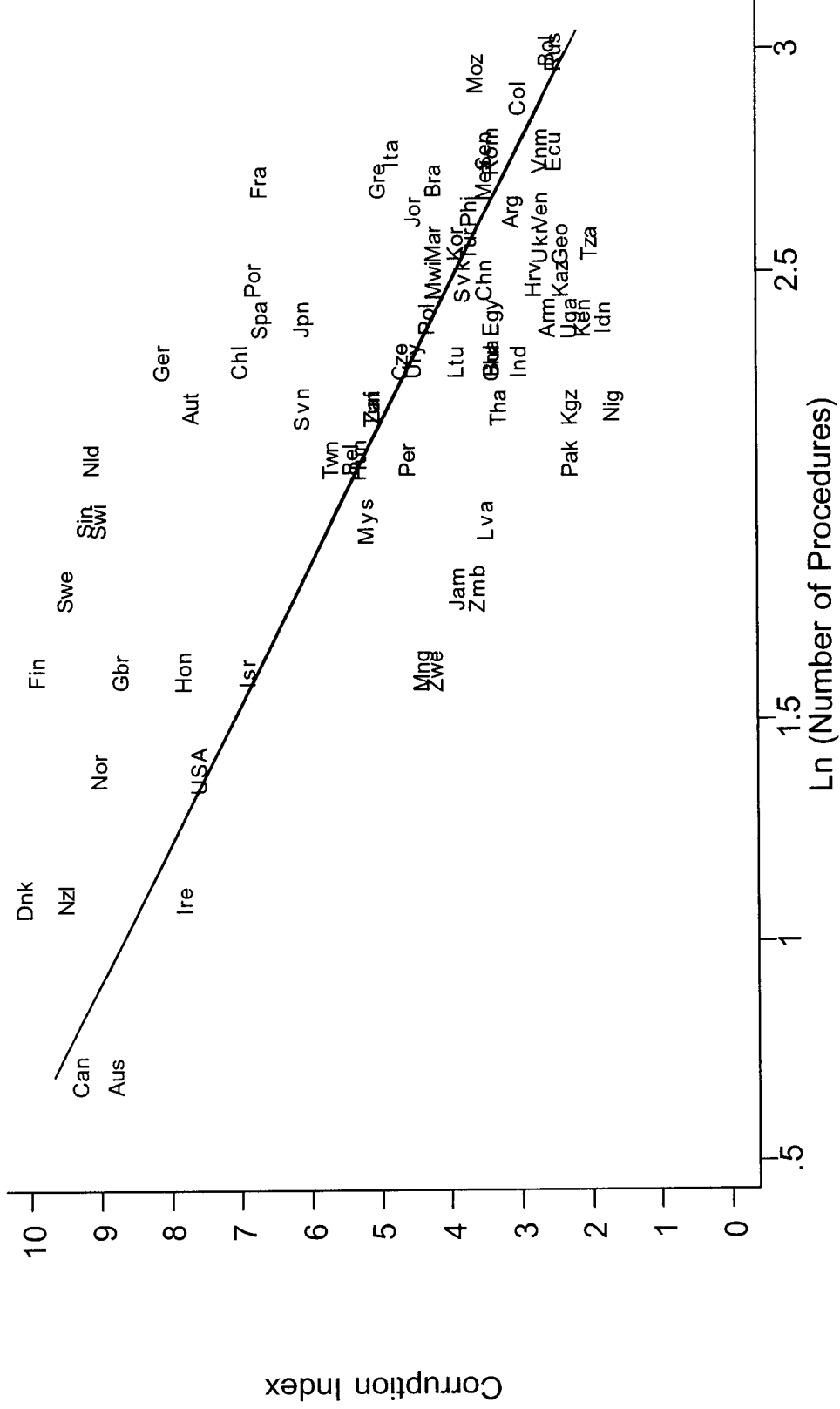
Panel C: Test of Medians (*z*-statistics)

English vs. French	-2.90 ^a	-3.46 ^a	-2.42 ^b	-2.84 ^a	-3.92 ^a
English vs. German	-0.73	-1.11	-0.68	-0.91	-0.67
English vs. Scandinavian	-1.09	-0.76	-0.92	-1.79 ^c	-1.79 ^c
English vs. Socialist	-2.70 ^a	-4.27 ^a	-2.83 ^a	-2.43 ^b	-2.47 ^b
French vs. German	0.99	1.78 ^c	0.24	0.58	2.03 ^b
French vs. Scandinavian	0.60	1.41	0.20	0.07	1.09
French vs. Socialist	-1.78 ^c	-4.31 ^a	-2.42 ^b	-1.63	-0.35
German vs. Scandinavian	0.00	0.18	0.00	-0.18	-0.55

Country	Share of the assets of the top 10 banks owned or controlled by the government				
	GB95	GB70	GC20	GC50	GC90
German vs. Socialist	-1.97 ^c	-4.01 ^a	- 1.73 ^c	-1.08	-1.69 ^c
Scandinavian vs. Socialist	- 1.79 ^c	-3.40 ^a	-2.11 ^c	1.37	1.05

a=Significant at 1 percent level; b= Significant at 5 percent level ; c=Significant at 10 percent level

Figure III



Corruption and number of procedures. The scatter plot shows the values of the corruption index against the (log) number of procedures for the 78 countries in our sample with non-missing data on corruption.

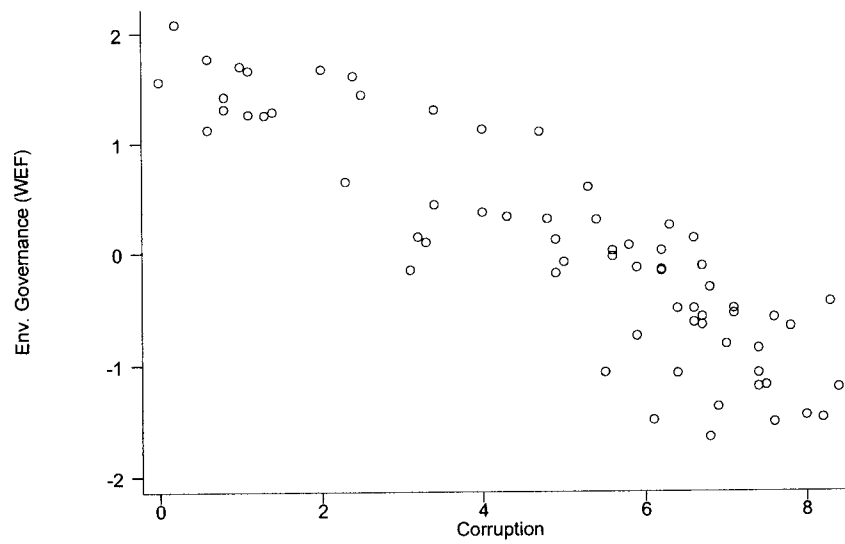


Figure 11: Environmental Governance (WEF data) and Corruption