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Colonization and the Rule of Law: Comparing the effectiveness of common law and civil law countries

Sandra F. Joireman
University of Richmond, sjoirema@richmond.edu

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Abstract

The rule of law is one of the most important components of any explanation of cross-national differences in economic well-being. But what leads to better rule of law in a country? Using an institutional approach this paper probes the effect of legal systems in influencing the rule of law. There has long been speculation that the countries adopting English common law are better at providing legal dispute resolution than those adopting the continental forms of civil law. That speculative assessment is found to be true only in those countries that have been colonized, further analysis demonstrates that it is the effectiveness of the protection of property rights in common law systems rather than the institutions themselves that influence rule of law statistics. The paper calls for a more refined examination of legal systems which takes into consideration whether law is organically developed or transplanted.

Colonization and the Rule of Law: comparing the effectiveness of common law and civil law countries [1]

What causes differences in economic well-being, political stability, and respect for freedom and individual rights among nation states? Increasingly, academic research has pointed to differences in the institutional environment as the most significant reason for cross-national variation in important economic and political variables. In particular, well defined and enforced property rights, freedom of contract, and the rule of law turn out to be of great importance in comparative histories (Pipes 1999), theories of development (De Soto 2000; North 1981; North and Thomas 1970), and empirical studies of growth and welfare (Knack and Keefer 1995; Norton 2000).

Policy makers and academics alike accept the proposition that a country's adherence to law has a multiplicity of economic and democratic benefits. Empirical research indicates that the rule of law is one of the most important components of any institutional explanation of cross-national differences in economic well-being (Engerman and Sokoloff 1998; Mahoney 2001). The rule of law is intricately connected with, if not a causal factor in, the promotion of both democracy and economic development. It is clear that strong legal institutions also assure a better human rights record and deepen

democracy within countries (Carrothers 1998; Coliver 2000). [2]   Moreover, the efficacy of

legal institutions is important internationally as well as within a nation's borders.   A

country which is able to ensure its citizens physical protection and equal treatment

under the law is less likely to be engaged in violent internal conflict and will not be,

therefore, the source of potentially destabilizing refugee flows (Dowty and Loescher

1996; Mandel 1997).

      In this paper, two types of legal institutions are compared, those in the civil law

tradition and those in the common law tradition.[3] The comparison will be made by

examining assessments of the effectiveness of legal institutions cross-nationally in

colonized countries. The intention is to determine whether there is a discernable

advantage to having either system, and what the cause of that advantage might be. This

is, in some ways, a shady endeavor when many countries within the same legal "family"

have systems that are dissimilar. However, there are a plethora of studies which do

categorize countries into legal families (Joireman 2001; La Porta et al. 1998; La Porta et

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[2] Though to what degree democracy and capitalist development are related is still a disputed area of

political science, see Jeffries, Richard. 1993. The State, Structural Adjustment and Good Government in

Africa. *Journal of Commonwealth and Comparative Politics* 31 (1):20-35. There is also a theoretical

argument regarding the role of law in a society with Nicos Poulantzas (1973) and Antonio Gramsci (1971),

arguing that law is inherently political, involving the hegemonic control of the state over the society

sometimes through persuasion (Gramsci) and sometimes through domination in the articulation of law that

favors the ruling classes and limits the role of the state. John Rawls (1971) also argues that justice is

always more than just the impartial and regular administration of rules.

[3] Many Latin American countries provide examples of systems that are mixed civil and common law. For

our purposes here they are coded as civil law because they are more similar to that system, though hybrids.

The Latin American problem typifies the complexity of categorizing legal systems.

al. 1997; Levine, Loayza, and Beck 2000; Mahoney 2001; Morriss and Meiners 2000; Poe and Tate 1994). This paper should be viewed as part of that genre. Yet, it is unique in that rather than assuming the legal families are different and using them as dependent variables, it interrogates the assumption and puts the question directly on the table – are they similar and do they affect the rule of law? [4] There has been only limited work on understanding *why* certain institutional frameworks are more effective than others in producing economic growth and political stability. This research is directed towards answering these questions with respect to the rule of law. The problematic and multiple meanings of "rule of law" will also be addressed later in the paper.

A second focus of the paper is on the effect of colonization on the development of law. Colonized countries are chosen as the dataset of study for several reasons: 1) it is critical to separate those countries in which the legal system has developed spontaneously over many years from those countries in which it was imposed, as the organic development of constitutions leads to more durable, legitimate and effective legal systems (Yandle 1991); 2) all colonized countries share the common dilemma of trying to adapt to their own context legal systems which were developed in and for other countries and other cultures; and 3) since colonization is more the norm, with 70% of all countries having experienced colonization, a greater understanding of international trends of legal development will derive from studying those countries that have *not* organically developed their own legal institutions. In countries that have

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[4] Those that might think this an unworthy pursuit should rest assured that any bias will be on their side and if there is too much confusion between the two systems then my results should simply be a confirmation of the null hypothesis, that there is no difference between countries that have adopted different legal families.

experienced the transplantation of a legal system I argue that we can view the law as an exogenous factor to economic growth and development because it is imposed by the colonizing power.[5] Indeed, if we introduce the historical experience of colonization we are able to examine a different set of issues with regard to the effectiveness of institutions. Specifically, we are able to test how effectively they are transplanted.

With few exceptions, countries adopted the institutional system of the country that was the colonizing power. In spite of the fact that most legal institutions were not endogenously developed, they were accepted at independence for two reasons. First, throughout the entire colonial experience, indigenous peoples were forced to live with a particular system, typically one of continental civil codes or British common law.[6] At independence, what experience of a national legal system existed was that of the metropole. Therefore, just as newly independent colonies chose to keep the languages of the metropoles for the conduct of governmental activities, so too they retained the legal and other political institutions left behind.[7] This is not because these systems were

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[5] It is unclear for how long a state should be viewed as having exogenous legal institutions. Some further research in this area is necessary. Certainly, there is some threshold as the legal institutions of the United States are not the same or even similarly developed as those of Kenya in spite of the fact that both countries adopted the common law as a result of colonization. See Joireman, Sandra Fullerton. 2004. The Evolution of the Common Law: Legal Development in Kenya and India. Wheaton, IL.

[6] France, Germany, Italy and Belgium all had civil law systems and their colonies are included in the civil law sample. There are differences between the different families of civil law. Glendon et al (1999) discuss the different legal traditions and practices in detail and make a critical observation that both common and civil law share origins in the Justinian Code of the Roman Empire.

[7] Glendon et al. (1999: 171) argue that civil law is much more easily received because it is not dependent on a "matrix of case law and statutes".

better than traditional legal institutions, but rather because there was a lock-in that occurred, a particular path that developed after the adoption of one specific institutional choice.[8] Closely related to this point is the second reason that countries adopted the institutions of the metropole; national elites within the country became adept at negotiating legal structures and, as a result, had a vested interest in seeing them continue. It was to be expected that these leaders would choose to pick up the reins of a system with which they were already familiar rather than constructing a completely different institutional structure. An excellent example of the role of elites in training and using the legal systems of the colonizing power is India. In India, a large cadre of Indian intellectuals became proficient at using the British common law system prior to independence. Many of them, including such political luminaries as Gandhi and Nehru, received law degrees in Britain and practiced the common law in India well before

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[8] There is a rich anthropological literature addressing the role and development of traditional legal institutions with some scholars arguing that traditional legal institutions were invented by a coalition of older indigenous men and colonial officials to favor their interests. In some areas of Africa, where kingdoms were well established. See Chanock, Martin. 1998. *Law, custom, and social order : the colonial experience in Malawi and Zambia*. Second ed. Portsmouth, NH: Heinemann.. For example among the Ashanti and Barotse, not only was there a group of traditional leaders who resolved disputes, there was often a well-formed body of law Gluckman, Max. 1955. *The Judicial Process among the Barotse of Northern Rhodesia*. Manchester, UK: Manchester University Press, Gluckman, Max. 1965. *The Ideas in Barotse Jurisprudence*. New Haven: Yale University Press, Nadel, S.F. 1947. *The Nuba*. London: Oxford University Press, Rattray, R.S. 1923. *Ashanti*. Oxford: Clarendon Press. These were the optimal situations for the British as they needed traditional leaders in order to make their policy of indirect rule work

Indian independence. Moreover, the common law was well-established in India by the

1800s allowing it a full century to evolve before independence was achieved.[9]

What follows is a discussion of the distinctions between common law and civil

law systems. This is a critical point at which to begin. The second section of the paper

will present an analysis of existing data on legal systems and their effectiveness. This

will be followed by a discussion of the results and then a conclusion.

Theoretical Approaches

There are two different approaches to comparing civil law and common law systems: 1)

examining the different philosophies and origins of each or, 2) analyzing the different

rules that govern the process of application.

Philosophical Differences

From the earliest days of their development fundamental differences have existed

between the English common law system and the continental European systems of

justice. The continental systems of law evolved out of the codes of the Roman Empire

and developed into a system of statutes that we now know of as civil law. Perhaps

because civil law developed in the context of an expanding empire in need of regulation,

civil law is articulated in terms of the rights and duties of the citizen (David and Brierley

1978). Civil law systems, such as that of the French, delineate the role of the individual

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[9] By 1793, there were Indian advocates or pleaders established in the common law courts in India in order

to consider issues of "Mahomedan or Hindoo law"1834. *Abstract of the Bengal Government 1793-1831:*

For the Administration of Civil and Criminal Judicature. London: J.L. Cox and Son.

within the state and apply the rights and duties of the citizen to a particular case.[10] The

rights and responsibilities of the individual are believed to be different in the public and

private realms. The civil law tradition is more widely distributed through the world and

has been tremendously influential in its effect on international law. If we are to try and

discern a difference in originating conceptions between the two legal traditions, it would

be that civil law systems begin with the idea of the state as supreme and the role of

individual in obedience to it.

English common law, on the other hand, developed to protect the property of

individuals and limit the power of the state to expropriate resources. From the time of

the Magna Charta in 1215 the common law was supported by the aristocracy as a hedge

against encroachment on land and liberty by the state.[11] Civil law, in the French and

Roman tradition, on the other hand, developed as an instrument for expanding and

administering the empire. It was, in effect, a tool used by the state to regulate its citizens

rather than to protect them from the encroachment of the state. Glendon et al. (1999)

argue that there is a shared intellectual tradition between common law and civil law

traditions in spite of the fact that they are now regarded as distinct systems.

Common law scholars and practitioners argue in favor the common law system

because of its evolutionary nature (Eisenberg 1988; Hayek 1973; Morriss and Meiners

2000; Rubin and Bailey 1994). Because the common law system relies on case law it can

evolve over time in response to changes in the political environment. However, the way

common law adapts has been criticized by civil law practitioners as "relatively crude

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[10] Though there are differences in the different civil law families, this is true of all.

[11] The common law existed before 1215, but the Magna Charta marked the beginning of the use of common

law as a restraint on the monarch.

and unorganized" (Merrymann 1985:3). The American practice of the common law has been singled out for excessive litigation and the use of the courts to refine tort law to the point of creating a net welfare loss to society (Posner 1996; Tullock 1997). This is quite different from the application of the common law in the English context in which legal decisions are less likely to be overturned. There is a sharp division of opinion between supporters of common law systems and supporters of civil law systems. Not surprisingly, with a few notable exceptions, the proponents of each system tend to be the practioners of each.

Institutional Differences

In addition to these differences in the underlying philosophies of law in the common and civil law systems they are distinguished by dissimilarities in the rules that govern the implementation of the law. Common law systems have developed with the idea of the protection of individual rights from the state as a primary goal. This goal is achieved through a particular process of investigation and decision-making. The common law was developed as a *procedure* that if properly followed, would result in a judgment for the plaintiff or defendant. The process, rather than the application of a code or law, is intended to lead to justice. This process was developed in the relatively homogeneous context of England where the oral tradition and the elevated, respected role of the judiciary were elements of the political culture.

English common law has been coupled with an adversarial system of justice. An adversarial system, such as that which is in use in both the United States and Britain is one in which the parties to a dispute are pitted against one another in a relatively brief, oral contest with the expectation that competition between the two sides will reveal the

truth.[12] The plaintiff, the defendant and lawyers representing them are gathered

together to present their case before a jury and a judge, who is expected to be an

impartial arbiter of justice. This system is classified as adversarial because of the

oppositional relationship between the lawyers for the plaintiff and the defendant in the

trial. Employment of the common law is thus a methodology of resolving disputes

rather than the application of a particular rule.

Alternatively, the civilian, code based, system of law has historically been

coupled with an inquisitorial system of practice. The inquisitorial system is

characterized by the unique role of judges who are required to organize the

investigation and question witnesses in order to find truth. The inquisitorial system is

also distinguished by the written nature of the proceedings. Motions by the various

sides must be made in writing to the judge, who considers them and responds in

writing. Witnesses are brought to testify before the judge and lawyers in an intermittent

fashion, rather than one right after another. A written account of the testimony of

witnesses is then presented at trial, if one occurs.   Lawyers are involved in the

inquisitorial system of justice, but as advisors to their clients rather than as key actors in

a trial.   One of the results of an inquisitorial application of the law is that cases rarely go

to trial unless the judge who conducted the investigation is convinced of the guilt of the

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[12] Because of the oral argument in common-law systems they make for good television. The same cannot

be said of civilian systems in which the majority of the action takes place in a written format. In both

systems, the investigation and fact-finding that precedes the trial can be quite drawn out. Posner (1996:75)

argues that twenty minutes of oral argument on each side in a common law case should be sufficient to

clarify any points in the dispute.

accused and the preponderance of evidence that would support that decision.[13] Trials

are simply reviews of the written record that has been collected by the judge. Guilt and

sentencing are then decided by a panel of judges or lay assessors, though jury trials are

also used for criminal matters.   Thus, common law and civil law systems of justice are

distinct in the way the law is applied.[14]

Perhaps due to the emphasis on process, the common law system gives us the

idea of legal precedent. Civil law systems rely on legal statutes that guide the decision

of a judge. Statutes may also be used in common law systems, but judicial precedent or

the reliance on previous decisions to guide the present decision, dominates the

justification of legal decisions. Paul H. Rubin argues that this makes for more efficient

and more decentralized legal decisions and systems (Rubin 1977; Rubin 1994).   Judges,

when hearing a case that is not regulated by statute in common law systems must either

follow the particular precedent (the usual route under the principle of *stare decisis*) or

distinguish it.   In both systems there is leeway for the judge in interpreting and

applying the law. Common law systems are unique in that they are designed to allow

law to evolve while meeting certain standards of social congruence.

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[13] Judges in civil law systems are specially trained to fulfill the role of investigators. The judge who hears

the case is not the same one who lead the investigation and jury trial are often used in criminal cases.

[14] There are examples of civilian countries, such as Italy, that are moving towards an adversarial method of

applying the law because of a back-log of cases and the tedious and drawn out method of conducting an

investigation with an inquisitorial model. This is, however, controversial. Some, such as Gordon Tullock

(Tullock, Gordon. 1997. *The Case Against the Common Law*. Edited by A. J. Owens, *The Blackstone

Commentaries*. Fairfax, Virginia: The Locke Institute.) argue against the common law and adversarial

system because of the lack of efficiency in processing cases.

> *Stare decisis* also serves as the foundation for the courts' function of
> enriching the supply of legal rules. A precedent is conceived of as law
> precisely because it is binding under *stare decisis*. Thus, *stare decisis* makes
> planning on the basis of law more reliable and private dispute-settlement
> on the basis of law easier. The most salient aspect of this role of *stare
> decisis* is the protection of justifiable reliance (Eisenberg 1988:48).

Thus, the expectation under common law systems is that as a society changes the law

will change to correspond with it through the distinguishing of precedents, while still

providing a set of rules which people can expect to have to adhere to in both their

business and personal interactions.[15] This expectation is generally met in developed

countries. However in countries that have fewer resources the evolutionary nature of

the common law should not be assumed. For example, in Kenya the record of legal

decisions has not been kept in any sort of organized fashion. Thus, the body of

precedent is not widely known, particularly in civil law matters. To discuss law

evolving in such a situation is meaningless as legal evolution is dependent, at a

minimum, on a clear record of decisions. The reliance on case law and precedent under

the rule of *stare decisis* often appears disorganized and ad hoc to those looking in at the

common law system from the outside (Merryman 1985), much in the way that the inner

workings of a market system look disorganized and ad hoc to those not schooled in the

law of supply and demand.

Moreover, we can speak also of law evolving in civil law systems, albeit in a

different fashion as judges justify the application of statutes in a way that is distinct from

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[15] Some common law systems have been better at doing this than others. Posner (1996: 69-114) notes that

English law is both clearer and less likely to be overturned than American law, in part because judges take

the idea of stare decisis very seriously and do not presume to overturn previous decisions as often as

American judges.

previous practice. Scholars of civil law traditions have been quick to recognize this

adaptability, which has been less obvious to scholars and practitioners of the common

law who often assume civil law is static because it is based on codes.

Recent Developments

Arguments regarding the superiority of the common law system have been

revived in recent research on law and finance.   La Porta et al have argued that the legal

origin of a country (French or English) affects the cost of external capital because of the

legal rules that protect investors in common law systems and the absence of such rules

in French civil law systems (La Porta et al. 1998).   Levine et al support the idea that

legal origin affects financial development arguing that in common law systems there is a

more rigorous enforcement of contracts and therefore stronger economic growth

(Levine, Loayza, and Beck 2000). Paul Mahoney has taken the analysis one step further,

arguing that it is the common law's association with limited government that provides

greater security of property rights and contracts and therefore accelerated growth

(Mahoney 2001).

All of these recent research efforts have emphasized the effect of the legal system

on economic growth or external finance opportunities. Yet, to date there have been few

attempts to empirically test the conventional wisdom that common law systems are

superior to civil law systems in their effectiveness at adhering to law.

Defining Rule of Law

In the following section I will statistically analyze and discuss the correlation

between a particular system of legal institutions and the rule of law as measured by the

International Country Risk Guide (ICRG) rating system distributed by Political Risk

Services and the Freedom House assessments of civil liberties. Both of these measures

assess a certain set of characteristics of a country and give it a numeric tag to signify its

ranking in relation to other countries. Measures of this sort can be idiosyncratic,

dependent on the assessments of a particular researcher or team (Cheibub 1999).

Therefore, we are using both the ICRG ratings and the Freedom House data to attempt

to achieve more robust conclusions that are less vulnerable to this accusation. [16] It

should be noted that both of these ratings originate in America and therefore may have a

common law bias.[17] Because I am using the indices of two established data sets rather

than constructing my own, I am confined to their particular definitions of rule of law. I

indicate below the precise definitions, but would like to note before beginning that the

definition of "rule of law" is particularly vexing and ultimately vacuous as it can mean

anything from a "state's commitment to provide its citizens with legal remedies against

unlawful exertions of state power," (Collier and Starr 1989:15) to simply good

government. A useful definition of rule of law takes into account the two distinct

purposes of law in relation to the public good: 1) law should protect the personal

security of individuals; and 2) law should establish a stable arena for commerce with the

predictability of contract enforcement and political environment. Predictability is

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[16] By less vulnerable we do not mean invulnerable, as these problems are pernicious and difficult to

eradicate. One need only reflect on the difficulty of getting a similar and accurate measure from the

perspective of the working class in any developed country to understand the problems inherent in these

measures. However, as we have no others, it is worth examining what these measures tell us.

[17] To the best of my knowledge there is no such measure that is generated from a government or research

organization in a civil law country.

critical to this definition. The central concern of this research is to ascertain why certain institutions are better than others at promoting the rule of law - an interesting question because we know that rule of law is linked to economic growth. Since investment, finance and growth are all linked to stability and predictability this must be a critical element of our definition. Friedrich Hayek put it well in a way that encompasses the importance of a predictable legal environment from both a personal and commercial point of view.

> Stripped of all technicalities, [rule of law] means that government in all its actions is bound by rules fixed and announced beforehand - rules which make it possible to foresee with fair certainty how the authority will use its coercive powers in given circumstances and to plan one's individual affairs on the basis of this knowledge (Hayek 1944: 72).

Though Hayek gives us an excellent definition of rule of law, it is not the one that is used by most measures. Developing a measure of legal predictability is one avenue of needed further research.[18] For the data analysis, definitions of rule of law are constrained by those organizations gathering the statistics. In this particular case, the statistics are somewhat deficient in the attention given to the predictability of the law. That said, it is worth looking carefully at these statistics for several reasons, not the least of which being that they are widely used (often without careful examination as to their potential bias and limitations) in the literature on economic growth. The statistics capture significant differences in rule of law across countries and even if the rule of law definition does not adhere as closely as one might wish to an ideal definition, they are a good attempt to assess the quality of a legal system from outside of the government of

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[18] An analysis of predictability would highlight some of the defects of American tort law as well as being a more helpful tool for assessing the effectiveness of existing law within a country.

each particular country. Moreover previous studies show that they correlate well with more precise definitions that capture fewer countries (Poe and Tate 1994).

Rule of Law and Civil Liberties: describing the dependent variables

The ICRG rating system consists of a panel data set on political, financial and economic risk in selected countries from the early 1980s through to 1997 at which point the methodology for the data collection changed. It was originally compiled by the University of Maryland and is also known as the IRIS-3 dataset. The data evaluate 42 common law countries and 43 civil law countries. The list of the countries included is in the appendix along with the specific variable definitions. Among other purposes, this data set evaluates the effectiveness of rule of law in countries around the world. The dataset has recently been used in the work of several scholars to determine the impact of law on the economy (Knack and Keefer 1995; Mahoney 2001; Mauro 1995; Poirson 1998). Here, we will be using the rule of law variable as a dependent variable. Rule of law is assessed by an evaluation of the strength of the court system, the reliance on the use of physical force or illegal means to settle disputes and the provision for an orderly succession of power (Political Risk Services 1996). A low rule of law rating (countries are rated on a categorical scale of 0-6) means that there is more reliance on the physical use of force and/or illegal means to settle conflict. Thus, by definition the rule of law rating is also capturing to some degree the amount of political violence in a society. It is for this reason that political violence is not used as an independent variable in the data analysis.

The Freedom House Civil Liberties rating is an annual assessment of political and civil rights in countries around the world. It rates at least 120 countries in each year

from 1973 through 1998, including all of the countries covered by the ICRG data.[19]

Freedom House evaluates countries in three categories, civil liberties, political rights and

a freedom rating which is a combination of the previous two statistics. Of all of the

Freedom House ratings, the civil liberties rating comes the closest to being comparable

to the ICRG Political Risk Services rating on rule of law. Therefore, this rating will be

used as a dependent variable in a second model.   The civil liberties variable is also an

ordinal ranking based on the degree to which civil liberties are allowed in a country. In

assessing civil liberty scores for a country, Freedom House evaluates whether or not

there is a free and independent judiciary; whether the "rule of law prevails in civil and

criminal matters"; and whether "there is protection from political terror, and from

unjustified imprisonment, exile or torture whether by groups that support or oppose the

system" (Karatnycky 1998:18).   The civil liberties rating also includes factors such as

gender equality, freedom of movement and freedom of the media and expression,

variables that go beyond the scope of this paper (see variable definitions is Appendix B).

Therefore the Freedom House rating is less precise than the ICRG assessments. It is

used herein in spite of the fact that it is imprecise because it covers a large number of

countries over a long period of time and because it is a measure frequently used in other

academic studies of this sort. Moreover, tests by Poe and Tate have demonstrated a high

correlation between the Freedom House measure and two other popular measures of

democracy, the Polity and Vanahan datasets (Poe and Tate 1994: 857).   Since the ICRG

data were ranked from 0 to 6 with six being the best possible score a country could

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[19] The data actually extend to the present, but I have truncated them at 1998 to make them correspond better
to the ICRG data which end in 1997.

receive, the Freedom House rating was transformed to the same scale as the ICRG data to make it more comparable.

As noted above, neither of these two ratings specifically address the issue of predictability in the application of the law, which is a serious flaw in the measures. Instead, both statistics are designed to assess (among other things) the impartiality of the judiciary and the use of law as an alternative to violence. These are important human security issues, but they make the data less reliable when used for the purposes of determining causation of economic growth, since investment is predicated on predictability. Determining causation of economic growth is not the purpose of this paper, therefore in spite of the limitations of the data they are used herein because they can be useful for assessing rule of law.

Analyzing the Data

Two of the goals of this paper are 1) to identify whether one type of legal system is better than another in terms of extant measures of rule of law and 2) to determine why that might be the case via testing the impact of several variables suggested by scholars as being critical to the rule of law. In order to achieve these goals three different forms of statistical analysis will be used. Descriptive and correlation data will be presented to give the reader some sense of the distribution of data. Next, means testing will be used to determine if the two sets of countries, common law and civil law are similar in their rule of law assessments. Lastly, an attempt to determine causation via regression analysis will be presented.

There are several variables that are suggested in the literature as influencing rule of law within a country. These are: the wealth of a country, the length of time a country

has been independent, the type of system, civil or common law and the effectiveness of the bureaucracy.

Economic Growth

Economic historians provide one of the most compelling explanations for the effectiveness of rule of law in individual countries. They would suggest that as a country grows economically there is a corresponding growth in the complexity of institutions (North and Thomas 1973). One could argue that with this complexity comes greater effectiveness as the institutions that exist become more specified and appropriate to the society in which they function. Moreover, with economic growth comes attendant benefits including an elevated educational level for the population and a more complex and, presumably, better bureaucracy. There is a growing body of literature linking the economic growth of a country with good government. The particular facets that have been noted specifically as being important are a lack of corruption, enforcement of contracts and to a lesser extent, the rule of law (La Porta et al, 1998; Mauro 1995; Schliefer and Vishny 1993; Landes 1997). Thus we would expect the GDP of a country to be positively correlated with rule of law assessments. In fact, it is problematically correlated with almost all positive aspects of governance, leading to multicolinearity problems with many of the variables. Barro and Sala-I-Martin have addressed these issues at length in their work on economic growth (1995).[20]

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[20] Because of issues of multicolinearity, when GDP is used in equations in Table 4 the third equation of each model runs the same regressions without including GDP.

Length of Independence

A second argument has often been made with respect to legal institutions, that it is the longevity of the legal institution rather than the particular type of institution, common law or civil law, which influences its effectiveness. Yandle (1991) argues that constitutions must develop organically over time to be most effective in their particular cultural and political environment. Stone Sweet (1999) makes a similar argument, via formal modeling, for the evolution of judicial institutions over time. Following these arguments, I optimistically assume, that the changes that occur will be positive, leading to accentuated effectiveness of the application of law. In order to test this idea that the longer institutions have been around, the more effective they will be, I will use a variable (Years Ind) that takes into account the date of independence.

Bureaucratic Efficiency

The third variable of interest is one that assesses bureaucratic efficiency. The emphasis on the written argument in the civil law institutions, alongside the bureaucratic demands that written motions, written records of interviews, and the necessity of keeping all of these documents in order and safe before a case is brought to trial, demands an efficient bureaucracy for the proper application of the law. While we may be able to speak of bureaucratic efficiency in Belgium and Germany, many countries in Africa, Asia and the developing world do not have efficient bureaucracies and this has an impact on the judicial process.[21] This was noted by the French as a difficulty in the administration of justice in West Africa during the colonial era (Robert

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[21] My thanks to Joel Horowitz for bringing this to my attention.

1955) and remains a problem. The common law, with its emphasis on oral argument, is somewhat less dependent on an effective bureaucracy, at least with regard to the proceedings of a case.[22]

Moreover, as Hernando de Soto has admirably demonstrated in his work on property rights (2000), the bureaucratic structure of a country can also play a critical role in *impeding* the economic functions of the state. If this is so in the case of the definition of property rights, it should be equally true for the adjudication of disputes. In both cases the presence of rent seekers - people who gain through venality or retain their jobs in spite of poor performance – can impede the achievement of the final goal be it economic growth or the application of the law. Therefore we incorporate here a variable on the bureaucracy. This variable is part of the ICRG dataset and measures the institutional strength and quality of the bureaucracy.

Property Rights

As noted above, property rights have also been suggested in the literature as both important and most successfully enforced in countries where law is effectively administered. Here property rights are measured through a variable called contract-intensive money or CIM. CIM is suggested by Clague et al (1999) as a measure of the stability of institutions and property rights within a country. The variable is a ratio of money held outside banks to the money supply as a whole. It is particularly useful in this analysis because it is calculated quantitatively and is not a subjective assessment. It is an indirect assessment of property rights, since it does not specifically examine

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[22] This is of course, all a matter of degree. The loss of critical evidence and/or forms, pleadings, etc. in

expropriation or contract violations. What it does capture is the important issue of

reliability and the trust that people in a country have in their governmental institutions.

The CIM statistic is based on the amount of money that is held outside of banks. The

greater the CIM is the less secure property rights and contract enforcement is. The

reasoning is that people will keep their money in banks if they believe their money to be

free from the risk of expropriation. Money deposited in banks and lent out to others

through mortgages and etc, is safe only insofar as property rights are clearly defined and

the assets securing a mortgage can be reclaimed by the bank should the borrower

default.

The distribution of the variables is shown in the Table 1.

Table 1 here

Spearman bivariate correlations for the variables are displayed in the table below.

Table 2 here

Because the goal of this analysis is to compare two groups of cases (civil law and

common law systems) across ordinal variables that are considered exclusively, the test

statistic which was used was the Mann-Whitney U test. The U test is equivalent to an

analysis of variance for non-parametric data and tests whether independent samples are

from the same population. The Mann-Whitney U test is suggested by Chase and Bown,

among others (2000). The question at this point is whether a particular type of system

influences the rule of law at all levels of income. It is helpful to use the Mann-Whitney

U rather than the standard t-test because the data used are ordinal and not normally

distributed. Instead of a normal distribution there tended to be more data points in the

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either system can have a determining effect on the outcome of a case in either system.

higher values and virtually none in the lowest.[23] The test was performed using SPSS, version 11.0, nonparametric tests on two independent samples. The Mann-Whitney test assigns ranks to all of the available scores for the two groups of data then detects the number of times a data point from Group A precedes a data point from Group B. It also reports on the rank sums and on the means of both sets.   The idea behind the test is that if the two groups are approximately equal in location then the ranks should be randomly mixed between the two samples. If the samples are similar, then the average rank sums and the average means should be about equal and the significance statistics in the last two columns of the table should be greater than .05. Where these significance statistics are at or below .05 we can be 95% certain that the two samples of civil and common law countries are not alike.

The results shown below in Table 3 demonstrate no significant observable difference in reported ICRG rule of law ratings and Freedom House Civil Liberties ratings for all civil law and common law countries. The sum of ranks is not as important to us as the sample sizes are different; however, there is an obvious discrepancy between the mean rank scores for the two groups. When the sample is restricted to colonized countries, the rule of law and civil liberties scores are significantly better for common law countries. *We can be 95% certain that the two samples are not equivalent.*

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[23] An interesting effect partially caused by the fact that those countries which ranked near the bottom of both assessments because of their poor rule of law records had mixed system of law, i.e. Islamic and common or Islamic and civil and were, therefore, dropped from the sample as their institutional structure was neither civil nor common law. We also dropped countries such as South Africa, that have systems of civil and common law mixed to the point where it is impossible to say which type it resembles most.

Table 3 here

Common law countries that have been colonized have significantly better rule of law

ratings overall than do colonized countries with civil law systems.[24] There are no

differences between the two groups when we look at all countries (those colonized and

those that have always been independent) together. It appears that colonization

amplifies the effectiveness of the common law or it diminishes the effectiveness of the

civil law. Why might this be the case? The theoretical literature would suggest that

common law countries adapt better to their political environments because of the

evolutionary nature of case law and perhaps this is happening in colonized countries.

Yet, one would assume that if this was the whole story the sample with all countries

would show a significant difference and it does not.   Glaeser and Schliefer make the

point that civil law systems are worse under authoritarian rule because they are meant to

rely on state-appointed judges rather than peers to resolve disputes. Given the fact that

authoritarian regimes cluster in the developing world it then makes sense that common

law systems would function better.   They argue

> …when a civil law system is transplanted into a country with a "bad"
> government, it will lead to less secure property rights, heavier intervention
> and regulation, and more corruption and red tape than does a common law
> system transplanted into a similar environment. Put simply, regulation
> and controls are more vulnerable to misuse by a sovereign than is
> community justice (Glaeser and Shleifer 2002: 1221).

While I do not dispute their results and agree with their characterization of civil law

systems (in fact it is consistent with the earlier argument in this paper on bureaucratic

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[24] This was also true when the data were broken up into pre and post Cold War time periods.

effectiveness), their characterization of the common law as better because "law enforcement is depoliticized – juries (and judges) are independent" is less convincing. Evidence from India and Kenya (both common law countries with highly politicized law enforcement and both countries that eliminated the jury trial when given a chance) begs for a more complex and disaggregated explanation.

At this point two conclusions are clear, 1) in colonized countries common law countries score significantly better in terms of rule of law and 2) this is not true for a sample that includes all countries. Therefore there is no indication at all that common law countries are categorically better achieving rule of law as defined by the ICRG and Freedom House measures and as posited by previous literature. This suggests that the literature to date has been asking the wrong question by looking at legal families as a group and not specifically at colonized countries in which law has been transplanted.

It could be the case, consistent with the thinking of North and Thomas, that higher levels of GDP/capita lead to better ratings overall. The countries with the best outcomes regarding rule of law and corruption were former English colonies that have been independent for quite some time. The United States and New Zealand, for example, had some of the highest ratings for good government across all categories. Could these states, which have had a lengthy independence, be skewing the data in a more positive direction for common law countries? It is difficult to determine what the answer might be only from comparing means. In the section below I address the issue of causation, which is a secondary focus of this paper. What variables are causing changes to the rule of law according to the ICRG assessment in particular? As we are already engaged in the comparing of these two legal systems and the factors that contribute to their development it is of interest to see if we can discover any causal relationship or affirm those that have

been previously asserted. Moreover, since we have also identified a linkage between
bureaucratic effectiveness and the civil law it is also interesting to see if the relationship
is causal.

Model 1 uses the ICRG Rule of Law assessment as the dependent variable.
Model 2 uses the Freedom House Civil Liberties rating as the dependent variable. With
the exception of the property rights variable, the dependent variables are summed over
time as is the bureaucratic effectiveness variable.[25] These regressions were run using the
linear regression function, Ordinary Least Squares enter method on SPSS 11.0.[26]

Table 4 here

The income level of a country is influential in both models. Indeed, in the best of all
worlds this paper would simply conclude here and urge countries to grow economically
in order to improve the access of individuals to law, justice and economic growth.
However, absent universal economic growth and equality, what are the best paths for a
country to follow in order to provide alternatives to violent resolution of conflict within
its borders?   Additionally, authors such as de Soto (2000) have begun to question the
direction of causality by challenging whether increased GDP causes better institutions,
which would then have better ratings for assessments such as the rule of law and civil

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[25] Not only has this method been used previously in the literature (Mahoney 2001) but it avoids some of the
problems presented by the use of a pooled time-series analysis such as heteroscedasticity and
autocorrelation. This last problem is particularly vexing as institutions don't change year to year but
typically remain stable over time.

[26] It would be possible to use an ordered probit or a tobit regression analysis but the difficulties of
interpretation vs the value added in these cases argues for a more transparent methodology.

liberties measures, or whether better institutions create an increase in GDP. De Soto

would argue that the latter is the case; it is property rights and effective institutions that

lead to a higher GDP. This paper will not be able to sort out the causation issue, which

is a particularly challenging one in research design. GDP/capita is included as a

variable in two of the equations for each model and eliminated in the third because of

concerns regarding causation and multicolinearity. However, its elimination from the

equation leads to a significant decline in the R^2 in both models.

Length of Independence

      The number of years a country has been independent is insignificant in the three

specifications of the first model and significant in the three specifications of the second

model. Since the second model dependent variable is capturing much more than the

first, we can draw only the broadest conclusions from these results and note that as a

state becomes more established citizens enjoy greater freedom. Moreover, there is an

additional concern with regard to measurement error. There is an extremely low

measurement error for the number of years that a country has been independent.

However, for the other variables measurement error is a much more significant concern.

For example, the potential error in measuring bureaucratic effectiveness or the civil

liberties variable is much higher.

Bureaucracy

      Bureaucratic effectiveness is significant in the Rule of Law model, though less so

in the civil liberties model. However, the variables for rule of law, property rights and

bureaucratic effectiveness all come from the ICRG data set and they are all determined

by the assessment of in-country experts. A suspected simultaneity problem arose in the analysis and was confirmed, therefore the bureaucracy variable was excluded in the second round of equations. [27]

Institutions

The institutional answer - that it is the type of legal system that affects the Rule of Law- is only significant in the last equation of the first regression model, which has the more narrowly defined dependent variable (ICRG). This is surprising. In previous studies in which growth was the dependent variable, the institutional type proved to be causal (La Porta et al. 1998; La Porta et al. 1997; Levine, Loayza, and Beck 2000; Mann and Roberts 1991). That conclusion is not replicated here with rule of law as a dependent variable until we drop the GDP variable and then the R^2 for the equation decreases precipitously.   The significance of the institutional system is captured in the Freedom House civil liberties statistic but, as stated earlier, that statistic is far more broadly defined and does not measure the rule of law alone.   Additionally, the institutional variable is that in which the issue of measurement error is most concerning.

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[27] Suspecting a simultaneity problem, I ran two other regressions: the first using Rule of Law (ICRG -L) as a dependent variable and excluding ICRG-B; the second using ICRG-B as a dependent variable and excluding ICRG-L.   When I plotted the studentized residuals on separate axes of the same graph it was clear that they were significantly correlated. Therefore, it appears that ICRG-B and ICRG-L are jointly determined, so I eliminated ICRG-B from the equation and ran the regression again. However, it was still the case that the common law dummy was not significant.

Classifying all common law systems into one category leaves a tremendous amount of room for measurement error as not every common law system is the same.[28]

Discussion

Means comparisons demonstrate that common law systems in colonized countries are significantly better at providing the rule of law than are civil law systems. Yet, in a regression to determine causation the institutional variable is not robust in its significance in both models. This suggests two possibilities:

1.   The common law dummy variable is capturing far more than the specific legal structure. It could be capturing the effectiveness of the bureaucracy (hence the simultaneity issue), a lack of corruption in common law as opposed to civil law, a greater instance of democracy in common law countries or the general institutional environment in former British colonies exclusive of the legal system. In other words, the common law dummy could be far too broadly defined.

2.   The causation is reversed or ambiguous. The assumption thus far in this paper and in the academic literature generally has been that effective rule of law is caused by the institutions, income, longevity and property rights. In fact, the correct causality might be that particular institutions are efficient because of the property rights, income and longevity. It could be the case that the degree to which the law is enforced and followed, and the absence of political violence determines the effectiveness of both common law and civil law systems.

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[28] See Joireman, Sandra Fullerton. 2004. The Evolution of the Common Law: Legal Development in Kenya and India. Wheaton, IL. for a description of the differences in legal development in two common law countries.

Common law systems could be establishing institutional environments that determine all else. Thus the common law variable could be capturing the effects of other variables.

Conclusion

In this paper common law and civil law institutions are compared. Prior studies demonstrate that the degree to which a country is able to adhere to the rule of law will have implications for its economic and political development. Law is instrumental. But does it matter what type of law a country has?

Examining the data available demonstrates that as a group colonized countries with common law systems receive better rule of law scores. The analysis here contradicts previous studies and anecdotal reports that suggest that common law countries are always better at providing rule of law. When cross-national means testing is done, common law countries are not significantly superior in terms of rule of law scores. However, when the data set is limited to countries that have been colonized it is in fact true that common law countries have high rule of law statistics. But why is this the case? Why does colonization amplify the effectiveness of common law or impede the effectiveness of civil law? This is not an insignificant question nor is the answer obvious. Glaeser and Shliefer have argued that civil law facilitates authoritarian tendencies in nondemocratic regimes. I argue here that the effectiveness of law is dependent on its endogeneity and in countries in which it is transplanted, law appears to be less effective. At some point we can expect that this will cease to be the case as a legal system becomes more adapted to its circumstances and it may be the case that this happens more quickly with common law systems as the body of local precedents and

cases develops. However, that point has yet to be proven conclusively and is deserving of further inquiry.

We cannot prove that it is the number of years that a country has been independent that leads to better scores in rule of law and civil liberties with the data here.   Nor can we accept or reject the role that the bureaucracy might play in assuring rule of law because of problems with the data. Clearly, bureaucratic effectiveness is playing some role in institutional effectiveness; it is not as apparent whether it causes change independently or covaries with common law systems. Property rights are somewhat influential in causing positive rule of law scores as are specific legal systems. Regression analysis in this paper has illustrated the problems resulting from the interconnectedness of the variables and the problems in measurement.

Comparison of means demonstrates that common law systems in colonized countries are better at providing rule of law than civil law systems, but it is unclear as to why - whether it is the adaptability of the common law or the proclivity of the civil law to exacerbate authoritarian rule. While in this paper no firm conclusions have been reached in terms of causation, it has presented a clear basis for narrowing both the data sets used and the questions asked with regard to legal systems.

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Appendix A

Countries included

Colonized Common Law Countries

Australia, Bahamas, Bahrain, Bangladesh, Botswana, Brunei, Burma, Canada,
Cyprus(G), Egypt, Gambia, Ghana, Guyana, Hong Kong, India, Ireland, Jamaica, Jordan,
Kenya, Kuwait, Malawi, Malaysia, Malta, Namibia, New Zealand, Nigeria, Oman,
Pakistan, Papua New Guinea, Qatar, Sierra Leone, Singapore, Sri Lanka, Tanzania,
Trinidad & Tobago, Uganda, United Arab Emirates, United States, South Yemen,
Zambia, Zimbabwe

Colonized Civil Law Countries

Algeria, Angola, Argentina, Belgium, Bolivia, Brazil, Burkina-Faso, Cameroon, Chile,
Colombia, Congo, Costa Rica, Cote D'Ivoire, Dominican Republic, Ecuador, El
Salvador, Finland, Gabon, Guatemala, Guinea, Haiti, Honduras, Iceland, Lebanon,
Madagascar, Mali, Mexico, Morocco, Mozambique, Nicaragua, Niger, Panama,
Paraguay, Peru, Senegal, Suriname, Syria, Togo, Tunisia, Uruguay, Venezuela, Vietnam,
Zaire

Uncolonized Countries

Albania, Austria, Bosnia, Bulgaria, Croatia, Czech Republic, Denmark, Ethiopia, France,
Germany, Greece, Hungary, Iran, Iraq, Italy, Liberia, Liechtenstein, Luxembourg,

Macedonia, Moldova, Nepal, Netherlands, Poland, Portugal, Romania, Russia, Slovakia,

Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, Yugoslavia, [29]

Appendix B

Variable Definitions

Fhcl – Civil liberties rating compiled by Freedom House on the basis of the answers to

the following thirteen questions. 1. Are there free and independent media, literature and

other cultural expressions? (Note: In cases where the media are state-controlled but offer

pluralistic points of view, the *Survey* gives the system credit.) 2. Is there open public

discussion and free private discussion? 3. Is there freedom of assembly and

demonstration? 4. Is there freedom of political or quasi-political organization? (Note:

This includes political parties, civic associations, ad hoc issue groups and so forth.) 5. Is

there an independent judiciary? 6. Does the rule of law prevail in civil and criminal

matters? Are citizens equal under the law? Are police under civilian control? 7. Is there

protection from political terror, and from unjustified imprisonment, exile or torture,

whether by groups that support or oppose the system, and freedom from war or

insurgency situations? (Note: Freedom from war and insurgency situation enhances the

liberties in a free society, but the absence of wars and insurgencies does not in itself make

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[29] The former Soviet Republics are included in the Freedom House Civil Liberties Dataset and are included

in the means comparison as civil law countries for the few years in which data is available. While this is

not entirely accurate as their systems are not completely purged of socialist law, this should bias the data

towards affirming the traditional view that common law systems are superior.

an unfree society free.) 8. Are there free trade unions and peasant organizations or equivalents, and is there effective collective bargaining? Are there free professional and other private organizations? 9. Are property rights secure? Do citizens have the right to establish private businesses? Is private business activity unduly influenced by government officials, the security forces, or organized crime? 10. Are there free religious institutions and free private and public religious expressions? 11. Are there personal social freedoms, which include such aspects as gender equality, freedom of movement, choice of residence, and choice of marriage and size of family? 12. Is there equality of opportunity, which includes freedom from exploitation by or dependency on landlords, employers, union leaders, bureaucrats or any other type of denigrating obstacle to a share of legitimate economic gains? 13. Is there freedom from extreme government indifference and corruption? (Karatnycky 1999)

Rule of Law , originally compiled by the University of Maryland now distributed by Political Risk Services of Syracuse New York. "This indicator reflects the degree to which the citizens of a country are willing to accept the established institutions to make and implement laws and adjudicate disputes." 1982-1997

ICRG-C - originally compiled by the University of Maryland now distributed by Political Risk Services of Syracuse New York. Measures the amount of corruption in a political system on a scale of 0-6. 1982-1997.

Bureaucratic Effectiveness - originally compiled by the University of Maryland now distributed by Political Risk Services of Syracuse New York. Measures the institutional strength and quality of the bureaucracy.

Years Ind – the number of years a country has been independent.

Common Law – A dummy variable indicating whether a country is civil law (0) or common law (1).

GDP/cap PPP – GDP per capita calculated using the Purchasing Power Parity method which is widely used to compensate for the differenced in costs of tradable and nontradable goods within a country.

CIM98 – Contract intensive money – an objective measure of the enforceability of contracts and the security of property rights. Based on citizen's decisions regarding how they hold their money. Calculated by using the International Monetary Fund's *International Financial Statistics Yearbook, 1999.* 1998 was used as the relevant year as it was the last year of the Freedom House statistics. Further discussion of this measure can be found in Clague, Keefer et al, (1999).

Table 1

<div align="center">DESCRIPTIVE STATISTICS</div>

A. ALL COUNTRIES				
Variable	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
Years Ind	5	226	65.47	55.19
Bureaucracy	.89	6.00	3.31	1.52
Rule of Law	.88	6.00	3.53	1.46
Civil Liberties[*]	1.00	6.77	4.13	1.56
GDP	445.42	36703.08	7258.04	7808.81
CIM98[#]	.10	1.00	.81	.16
B. CIVIL LAW COUNTRIES				
Variable	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
Years Ind	25	198	88.16	65.44
Bureaucracy	.89	6.00	3.20	1.57
Rule of Law	.88	6.00	3.56	1.53
Civil Liberties	1.41	6.77	3.97	1.55
GDP	561.03	36703.08	6886.24	7735.91
CIM98[#]	.10	1.00	.75	.19
C. COMMON LAW COUNTRIES				
Variable	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
Years Ind	5	226	44.59	32.16
Bureaucracy	1.21	6.00	3.41	1.42
Rule of Law	1.00	6.00	3.46	1.35
Civil Liberties	1.00	6.77	4.36	1.55
GDP	445.42	29240.00	7842.31	7956.77
CIM98[#]	.43	1.00	.86	.11

NOTE: The variables are the number of years of independence (Years Ind), the ICRG Bureaucratic Effectiveness Mean (ICRG-B), the ICRG Rule of Law Mean (ICRG-L), the Freedom House Civil Liberties Mean (fhcl), and the GDP per capita, PPP in current international $ (GDP), contract intensive money for the year 1998 (CIM98). Variable definitions can be found in the appendix.

the N in the sample for CIM98 is 108 total, with 56 common law and 52 civil law.

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[*] The Freedom House Civil Liberties statistic includes a much broader country sample, with all of the newly independent Former Soviet Republics that have adopted civil law systems included (56 civil law and 30 common law). The ICRG data is a bit more limited with 33 civil law countries and 21 common law countries. Moreover, some countries with mixed systems are not included in the study. See appendix for the list of countries.

Table 2

VARIABLE CORRELATIONS

	Common Law	Years Ind	Bureaucratic Effectiveness Mean	ICRG Rule of Law Mean	GDP per capita, PPP (1998)	Freedom House Civil Liberties Mean	CIM98
Common Law		-.440**	.114	-.004	.062	.127	.401**
		121	105	107	144	166	97
Years Ind	-.440**		-.089	-.011	.100	.037	.021
	121		85	85	106	120	93
Bureaucratic Effectiveness Mean	.114	-.089		.758**	.729**	.568**	.400**
	105	85		105	98	104	73
ICRG Rule of Law Mean	-.004	-.011	.758**		.752**	.584**	.402**
	107	85	105		100	106	73
GDP per capita, PPP (1998)	.062	.100	.729**	.752**		.702**	.739**
	144	106	98	100		143	90
Freedom House Civil Liberties Mean	.127	.037	.568**	.584**	.702**		.663**
	166	120	104	106	143		97
CIM98	.401**	0.21	.400	.402**	.739**	.663**	
	97	93	73	73	90	97	

NOTE: Variable definitions are in Appendix. Spearman bivariate correlation method used.
(N=sample size)
*Correlation is significant at the .05 level.
**Correlation is significant at the .01 level.

Table 3

Means Comparison for Colonized Countries

All Countries		N	Mean Rank	Sum of Ranks	Mann-Whitney U	*Asymp. Sig. (2 Tailed)*
ICRG Rule of Law Mean	Civil Law	64	54.10	3462.5	1369.5	.967
	Common Law	43	53.85	2315.5		
Freedom House Civil Liberties Mean	Civil Law	101	78.61	7940.00	2789	.102
	Common Law	65	91.09	5921		
Colonized countries						
ICRG Rule of Law Mean	Civil Law	43	36.95	1589	643	.022*
	Common Law	42	49.19	2066		
Freedom House Civil Liberties Mean	Civil Law	68	55.35	3764	1589	.001**
	Common Law	63	77.49	4882		

** significant at the .01 level
* significant at the .05 level

Table 4

Legal Systems Regression Results

Independent Variable	Coefficient (standard error)					
	Model 1 Rule of Law			Model 2 Civil Liberties		
Bureaucratic Effectiveness	.432** (.089)			.245* (.127)		
Years Independent	-.000 (.002)	-.002 (.002)	.002 (.002)	.001** (.002)	.005* (.002)	.008** (.002)
Common Law	-.003 (.195)	.109 (.266)	.792** (.304)	.649* (.275)	.568* (.271)	.996** (.273)
CIM98		1.147 (.948)	2.52* 1.064		2.415** (.733)	3.391** (.785)
GDP/capPPP 1998	.000** (.000)	.000** (.000)		.000** (.000)	.000** (.000)	
R^2	.714	.560	.240	.544	.594	.460
N	78	67	70	77	85	92

NOTE: Variable definitions are in Appendix B. Standard errors are in parentheses.
+ Significant at the 10% level.
* Significant at the 5% level.
** Significant at the 1% level.