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LEGAL TRADITION AND QUALITY OF INSTITUTIONS: IS COLONIZATION BY FRENCH LAW COUNTRIES DISTINCTIVE?*

LA TRADICIÓN LEGAL Y LA CALIDAD DE LAS INSTITUCIONES:
¿ES CARACTERÍSTICA LA COLONIZACIÓN POR LOS PAÍSES CON LEYES FRANCESAS?

A TRADIÇÃO LEGAL E A QUALIDADE DAS INSTITUIÇÕS:
É CARACTERÍSTICA DA COLONIZAÇÃO PELOS PAÍSES COM LEIS FRANCESAS?

LA TRADITION JURIDIQUE ET LA QUALITÉ DES INSTITUTIONS:
EST-CE DISTINCTIVE LA COLONISATION PAR LES PAYS DE LOI FRANÇAIS?

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ABSTRACT

Recent literature argues that legal traditions of nations, i.e. their belonging to the world of common law or civil law, are not neutral in terms of economic or institutional performance, especially with regard to key opportunities in developing countries out of poverty.

We present the results of an exploratory exploitation of the "institutional profiles database" provided by DGTPE (French Ministry of Economy and Finance) and French Development Agency (survey 2009) supplemented by data on legal origin and other variables from La Porta et al. We highlight specificities of developing countries having inherited the French law (relative to those of English law). A reflection on political power and the state finds a strong contrast between the ideal-typical model of French law and the empirical findings. This contrast is consistent with the notion rather than real state in the former French colonies.

KEY WORDS:
Legal traditions, development, colonization

JEL CLASSIFICATION:
B52, F54, O52

RESUMEN

La literatura reciente argumenta que la tradición legal de las naciones, por ejemplo aquellas pertenecientes al mundo de la ley común y la ley civil, no son neutrales en términos de desempeño económico o institucional, especialmente en referencia a oportunidades clave para sacar de la pobreza a los países subdesarrollados.

Presentamos los resultados de una explotación exploratoria de las "bases de datos de perfiles institucionales" suministrados por la DGTPE (Ministerio Francés de Economía y Finanzas) y de la Agencia Francesa para el Desarrollo (encuesta de 2009) complementada con datos sobre el origen legal y otras variables de La Porta et al. Resaltamos las especificaciones de los países subdesarrollados que heredaron las leyes francesas (relativas a aquellas de las leyes inglesas). Una reflexión sobre el poder político y el Estado encuentra un fuerte contraste entre el modelo típico ideal de la ley francesa y los hallazgos empíricos. Este contraste es consistente con la noción en lugar del estado real de las antiguas colonias francesas.

Palabras clave: tradiciones legales, desarrollo, colonización.
Clasificación JEL: B52, F54, O52.

RESUMO

A literatura recente argumenta que a tradição legal das naciones, por exemplo aquelas pertencentes ao mundo da lei comum e a lei civil, não são neutras em termos de desempenho econômico ou institucional, especialmente em referência a oportunidades chave para tirar da pobreza os países subdesenvolvidos.

Apresentamos os resultados de uma esplosão exploratória das "bases de datos de perfis institucionais" fornecidos pela DGTPE (Ministério Francês de Economia e Finanças) e da Agência Francesa para el Desenvolvimento (pesquisa de 2009) complementada com dados sobre a origen legal e outras variáveis de La Porta et al. Ressaltamos as especificações dos países subdesenvolvidos que herdaram as leis francesas (relativas a aquelas das leis inglesas). Uma reflexão sobre o poder político e o Estado encontra um forte contraste entre o modelo típico ideal da lei francesa e as evidências empíricas. Este contraste é consistente com a noção em lugar do estado real das antigas colônias francesas.

Palavras chave: tradições legais, desenvolvimneto, colonização.
Classificação JEL: B52, F54, O52.

RÉSUMÉ

La littérature récente soutient que les traditions juridiques des nations, telles que leur appartenance au monde du droit civil ou de common law, ne sont pas neutres en termes de performances économiques ou institutionnelles, en particulier en ce qui concerne les principales opportunités dans les pays en développement à sortir de la pauvreté. Nous présentons les résultats d'une exploitation exploratoire de la «base de données des profils institutionnels» fourni par la DGTPE (Ministère français de l'Economie et des Finances) et l'Agence française de développement (enquête 2009) et des données sur l'origine légale et d'autres variables de La Porta et al. Nous mettons en évidence les spécificités des pays en développement ayant hérité de la loi française (par rapport à celles du droit anglais). Une réflexion sur le pouvoir politique et l'Etat trouve un fort contraste entre le modèle idéal-typique de la loi française et les résultats empiriques. Ce contraste est conforme à l'état réel de la notion plutôt que dans les anciennes colonies françaises.

Mots-clés: traditions juridiques, le développement, la colonisation.
Classification JEL: B52, F54, O52.

INTRODUCTION

Economic outcomes of legal institutions have been central in the work of John R. Commons (1924) and other institutional economists (John Maurice Clark, 1926). This issue has undergone a long period of eclipse before returning to the front of the stage since the 1990's. Under the influence of the diffusion of New Institutional Economics (notably: North 1990), the economic importance of institutions is nowadays widely recognized in economic theory (Greif, 2006). Confidence in property rights, as key devices for securing transactions, enforcement of contracts, long-term expectations and the appropriation of investment returns, as well as guarantees against legal or illegal infringe mentor taking of private property rights by the State, are nowadays considered central to achieve economic performance (Cross, 2002); the growth of economic activities conducted within the sphere of legality and downsizing informal sector become sources of capital accumulation and exit from poverty in the Third World (De Soto, 2005).

Indeed since mid-1990's economists have developed a huge series of stimulating analysis of legal and political institutions, aiming at assessing their determinants and their impact on economic performance. In this framework, are now brought to the forefront the legal traditions of nations, particularly Anglo-American common law, and systems following the Roman-Germanic tradition, known as civil law systems (Glaeser & Shleifer, 2002; Djankov *et al*., 2003). Finally, the effects of colonization have become an important focus in analysis of economic, legal and political institutions in developing and emerging countries (Acemoglo *et al*., 2001).

A clear-cut idea emerges from the literature on legal origins and comparative analysis of legal systems: common law systems are characterized by low codification of law and an important contribution of case-law to the production of legal rules. They are supposed to be more able to facilitate and support to facilitate growth than civil law systems, which are characterized by the statutory and regulatory law and a minor role of courts. Civil law countries have a tendency to regulate through statute law and administrative regulations, while those who belong to the Anglo-American law tradition would be characterized by a moderate production of laws and regulations and greater political and economic freedoms.

This paper aims at contributing to the debates on the institutional features of developing countries or countries which have reached intermediate level of development, in terms of the consequences of the colonial legacy, specifically of the legal tradition inherited from the former colonial powers. The following study is at the interface of law, politics and economics, since the proposed approach is based on a comprehensive approach which aims at understandingnot a specific institution, but instead a nexus of political, legal and economic institutions and their mutual relations. The empirical basis used is the latest version (2009) of the "institutional profiles" database (IPD) set-up by the French Ministry of Economy (DGTPE) and the French Development Agency (AFD).

Section 1 briefly reviews the recent literature on the origins of law and analysis of the colonial question. It will define the purpose of this paper. Section 2 presents preliminary results of the IPD exploitation on institutional profiles of 92 countries. Section 3 examines the distinctive features of the countries formerly colonised by continental European countries of civil law tradition versus the British Empire.

1. STATING THE PROBLEM. A BRIEF REVIEW OF LITERATURE

Understanding the current structure of political, legal and economic institutions in developing countries deserves to combine the analysis of "legal origins" and the colonial origins. We consider they are complementary, in so far as the type of colonization (commercial, imperial of indirect or indirect, of settlement of political domination and economic) experienced by developing countries is not neutral from the view point of legal and political institutions legacy.

1.1 LEGAL ORIGINS

The "Legal Origins" theory must be credited for having renewed the approach to the relationship between institutions and economic performance, focusing on legal systems. In this context, two main paths are followed: a) detailed analysis of the characteristics of legal systems, such as rules of civil procedure applicable to proceedings before a civil court (Djankov *et al.*, 2003), b) linking characteristics of the legal system with the government, that is to say, the structure of political power and the State (La Porta *et al*. 1999, 2004). This latter approach renews the analysis of the determinants and impact on economic growth of both political institutions and structure of the government.

The pioneering work of Barro (2000) focused on the one hand on civil liberties and political rights –i.e. the level of democracy– and the other on the quality of government defined in terms of "Rule of Law", in other words the ability of the State to provide social order, security of transactions and to establish efficient and uncorrupted administration officials. Barro has estimated the effects of colonization on access to a democratic political system and rule of law. We will return later to that issue.

The two fold issue of the colonial legacy and the quality of government has been deepened by Djankov, La Porta, Lopez-de-Silanes and Shleifer who connected it with legal tradition. Linking law and politics was a first contribution to the quantitative measurement of the contribution of the legal systems of common law and civil law to growth (Mahoney, 2000). This first empirical analysis, based on an Hayekian representation of legal systems and their relations with the State, argued that the common law –as a decentralized judicial law system– is similar to a spontaneous order ensuring higher level of freedoms and control of government that the so-called rationalist and constructivist Napoleonic legal systems. Huge structural differences separate legal systems: the common law countries grant the judiciary greater independence than civil law countries which, in turn, allowed the State greater power to interfere with private property and contractual rights which would be allowed in common law systems. Therefore, common law countries giving more freedom for citizens and civil society, they would experience stronger economic growth.

Econometric estimates made by Mahoney of 102 countries over the period 1960-1992 aimed at explaining the growth rate of GDP per capita by belonging to the common law or civil law show that:

"The common law countries have grown by an average 0.64% faster than those of civil law,

The average contract-intensive money ratio is higher in common law countries (0.81 against 0.75)"[1].

[1] Mahoney has achieved a measure of the Contract Intensive Money indicator developed by Clague, Keefer, Knack and Olson (1999) defined as the ratio M2-C/M2: (C = currency outside banks). The ratio reflects levels of confidence in the contracts: with the Government, that deposits are repaid, the payments are cleared, and with the idea that money in the bank is investable long-term holders of development, while cash holdings are allocated to short-term investments.

Mahoney's conclusion is clear-cut: common law is more compatible with long-term growth that civil law, for reasons that mainly relate to protections of individual freedoms and property rights against State and political interference. Indeed, he argues that while civil law countries provides incentives to rent-seeking and redistribution through the influence of interest groups within the State, common law countries have institutional features which prevents such pressures on politics and administration to happen. However, it is worth noting that some important works are on the edge of the legal and political, and that the question of law may be closely linked to that of the State, administration and governance Public[2].

1.2 COLONIAL LEGACY

Colonial legacy can be approximated by a series of qualitative indicators on the quality of government and governance, political risk, security of property rights and guarantees against expropriation by the State. Acemoglu, Johnson and Robinson (2001) have highlighted the diversity of political colonization by European countries and their effects on institutions and economic performance. Taking as an indicator of the nature of the colonial relationship mortality of early settlers, Acemoglu *et al*. infer the characteristics of the initial and then contemporary institutions. The timing and spatial extent chosen are wide, because they include former settlements of new countries (USA, Australia) where specific historical conditions have created new, original and specific institutions. The position of the colonies of European countries during the imperialist era in Africa and Asia is different: when the local conditions were too difficult to allow a sustainable settlement colonization, colonial policy consisted to establish an "extractive state" transferring the profits of natural resources and human resources to Europe.

"This first empirical analysis, based on an Hayekian representation of legal systems and their relations with the State, argued that the common law –as a decentralized judicial law system– is similar to a spontaneous order ensuring higher level of freedoms and control of government that the so-called rationalist and constructivist Napoleonic legal systems."

[2] In another perspective, the colonial phenomenon has been linked to the propensity change the constitution and political system (presidential vs. parliamentary) after countries access to independence (Hayo & Voigt, 2010).

"The structure of political power, since it configures the economic institutions, affects the distribution of resources and equilibrium of economic institutions. Control of political power becomes a central issue for the interest groups involved."

Acemoglu, Johnson, Robinson (2004) show how international differences in endogenous economic institutions (that is to say, the structure of property rights and market prevalence and perfection) are the fundamental cause of differences in development. Economic institutions being the outcome of collective choice, when interest groups do not have homogeneous preferences, their setting-up is decided by political power holders. The structure of political power, since it configures the economic institutions, affects the distribution of resources and equilibrium of economic institutions. Control of political power becomes a central issue for the interest groups involved. Two types of political power are distinguished: *de jure* (institutionalized) power which defines the political institutions, the form of government, and the constraints that apply on the actions of leaders and political elite; *de facto* power, exerted by interest groups who, although not formally recognized, have a significant influence on economic institutions through the State. The source of *de facto* power is economic, because it concerns the resources available to influential groups; their control or influence over political power has implications for economic institutions and the distribution of future resources.

Acemoglu *et al*. (2004) test this framework on two experimental cases: the division of Korea into two states of very different nature, then the colonial experience. The latter is analyzed as a historically "setback": why did the rich nations in the 15th century (for examples Incas and Aztecs Empires) have fastly declined (due to initial choice of colonization) and created inefficient institutions, while less developed nations at the start (North America, Australia, New Zealand) have become settlement colonies with political and economic institutions promoting wealth? The explanation lies in the initial conditions of population and urbanization: the regions originally populated and urbanized had the worst institutions and, conversely, initially under-populated regions and sub-urban with colonization of European settlement have developed better institutions. In the first case, the settlement put in place a system of wealth

extraction through the exploitation of sub-soil, natural resources, labor (through forced labor) and economic resources (through taxation) for the benefit of the European colonial country. In the second case, the structure of property, the definition of and respect for private property rights were directed towards the development of efficient institutions.

One must notice that neither the identity of the colonial power, if their culture or religion explain the differences of institutions and economic development.

North, Wallis and Weingast (2006) combine political theory and economic analysis in a model of development process in (very) long period based on the conditions of social order and control of violence. They make a distinction between limited access social orders and open access social orders. The former ensure social stability which is a condition for production specialization and exchange, on the basis of regulation of entries in economic activity and rent creation which are at their turn sources of political and social stability. The latter ensure freedom to access to economic or political organizations and provide social stability on the basis of economic and political competition. The argument of North *et al*. is that economic and social development in the modern era was the result of a substitution of an open access social to the formerly prevailing limited access order, which supported rent-distribution processes legitimating and stabilizing political power instead of providing incentives to economic efficiency.

A variant of this thesis is provided by Meisel and Ould Aoudia (2007) who argue that most of the problems of bad governance and structural poverty in developing countries is attributable to the predominance of a political power captured by an "insider system". They define the "insider system" in these terms: "the economic and political elites who share at their own benefit access to key resources (power, information, wealth, ...)" that set up a system of inefficient regulation (distribution ofrents), short-term approach, unfair and rigid and inequitable since "equilibria are not guaranteed by rules recognized by all".

2. INSTITUTIONAL PROFILES OF FORMER COLONIES

As stated in section 1, colonial legacy has become a central issue in economic analysis of relations between growth and institutions and poverty reduction in developing countries. Conceptual models, crossing political and legal dimensions of institutions and economic performance, suggests that the colonial legacy of the country under British rule is more conducive to long-term growth, improved quality of property rights, high level of security of transactions, than the former French, Belgian, Spanish and Portuguese colonies, at least as regards the nations which gained there independent in the years 1950-1960.

The two main problems posed by the French civil law tradition is that the State over-regulates and encourages too little economic activity but also that the model of government and public institutions encourages rent-seeking and capture of State rather than investment in physical capital or human capital. Acemoglu, Johnson and Robinson (2004) argue that the distribution of political power affects the power structure and the distribution of resources, directing towards rents and redistribution, or to property rights and investment.

The following discussion will seek to cross the question of the colonial legacy and the legal system from the IPD 2009 database.

2.1 DEVELOPMENT: A LONG-TERM PROCESS OF DEPERSONALIZATION OF SOCIAL REGULATION SYSTEMS

Meisel and Ould Aoudia, initiators of the IPD database with its three surveys (2001, 2004, 2009) put the emphasis on the limits of development approaches in terms of "good governance". They argue that this concept does not take into account the interdependencies between institutions and the reasons why, at the same level of quality of governance, countries enter a process of sustained growth while others do not. Meisel and Ould Aoudia propose the concept of "focal point of governance" from the experience of countries that have experienced steady long-term growth. These countries are characterized by their ability to create key organizations, to coordinate groups of dominant interests, to ensure security of expectations and to provide conditional incentives; these capacities allow overcoming the shortcomings of both formal mechanisms of trust and traditional/informal regulations.

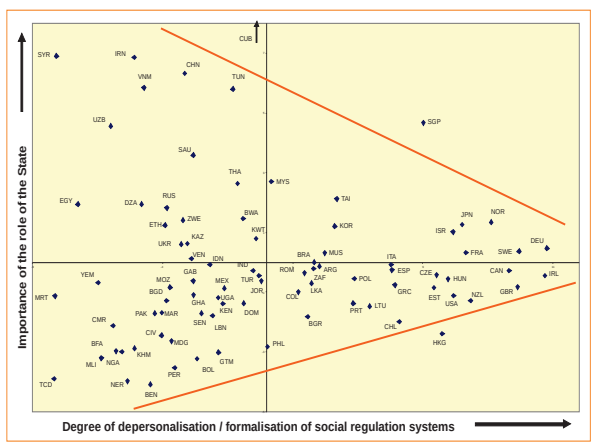
It is important to note that, for them, the development process can be analyzed as a mechanism of depersonalization systems of social regulation, in a sense whichcould be described in Weberian terms of formal-bureaucratic rationalization; data analysis reveals two key factors:

Mechanisms of provision of trust, which oscillate between a largely informal mode, generating interpersonal trust (similar to Durkheim's organic solidarity) and a formal and interpersonal model, based on written law and generating "systemic trust" (close to Durkheim's mechanic solidarity).

The way the State operates in the economy, whose ways are extreme dictatorship on the one hand, anomy on the other, and whose presence produces growth and development is associated with the setting-up of future-orientated institutions (coordination of actors and expectations, education, R &D ...).

The role of the State may be related to modes of production of trust in society in different institutional settings: on the one hand, richer countries provide institutional social regulation, through formal mechanisms which operation is not dependent upon interpersonal relations but instead relies on abstract, general and rational-bureaucratic categories. On the other, poorest countries are characterized by the prevalence of traditional mechanisms of solidarity and regulation, which can either take precedence over State or result from Statefailures in terms of spatial or social extension. We will return to this point later. Finally, the relationship between formal rules and depersonalization is not unambiguous: in some cases, the introduction of formally rationalized rules is a seemingly content. In this case the State is notional, since the formal rules are not widely implemented in the social regulation, which remains based on traditional relations, such as ethnic solidarity, tribal, or regionally implemented in a political-economic clientelist pattern.

Figure 1. A preliminary insight into the IPD database: principal component analysis.



Source: Meisel et Ould-Aoudia, 2007, p. 13.

Figure 1 illustrates the above analysis. On the left side of the horizontal axis are developing countries whose level of formalization of rules is low, whereas on the right side are the rich countries that have highly formalized systems of social regulation. On the vertical axis at the bottom poor countries where the failures in the State are evident, and the top countries marked by a strong presence, including authoritarian and repressive State.

2.2 LEGAL ORIGINS AND INSTITUTIONAL PROFILES

Meisel and Ould Aoudia's analysis does not take into account the legal systems; however the latter are crucial from several points of view: the institutional balance of powers that the legal traditions –at least their ideal-typus – carry; the model of State, between a centralized state and an executive / presidential and decentralized state or facing significative parliamentary or judicial checks and balances. Finally, legal systems matter owing to the consequences of colonial control and institutional legacy left to the former colonies when they were granted their political independence.

We use the institutional profiles 2009 database (2 digits), which includes 93 variables on public institutions and civil society (A), the market for goods and services (B), the capital market (C), the market Labour (D) in 123 countries. IDP data have been supplemented by additional variables of the legal tradition (English, French, German and Scandinavian) borrowed to Shleifer *et al*. by and economic data (GNP per capita and GNP per capita growth from 1960 to 2000). Our study focusing on developing countries, we have excluded the OECD countries. The following study therefore concerns 92 countries which distribution according to the origin of law is presented in Table 1.

The IPD data are collected from "economic missions" of the French embassies abroad and seek to capture *de facto* institutional characteristics rather than *de jure*, i.e. institutional functions instead of their forms. In the 3 digits version, IPD includes 356 elementary items, on political institutions and civil liberties, the market for goods and services, capital market and the labor market, in a structure designed to maximize the information gathered. 9 themes cut across the 4 areas identified: : (1) public institutions, (2) Security, law and order, (3) functioning of public administrations, (4) free operation of markets, (5) Coordination of Stakeholders and Strategic visions, (6) Security of Transactions and Contracts, (7) Market regulation, Social Dialogue, (8) Openness to the Outside World, (9) Social Cohesion.

"... poorest countries are characterized by the prevalence of traditional mechanisms of solidarity and regulation, which can either take precedence over State or result from Statefailures in terms of spatial or social extension."

Table 1. Country distribution according to legal origins.

Legal Origin	N	Countries
French Law (Legor Fr)	64	AGO, ARE, ARG, AZE, BEN, BFA, BOL, BRA, CAF, CIV, CMR, COG, COL, CUB, CYP, DOM, DZA, ECU, EGY, ETH, GAB, GTM, HND, HTI, IDN, IRN, JOR, KAZ, KHM, KWT, LAO, LBN, LBY, LTU, MAR, MDG, MLI, MLT, MOZ, MRT, MUS, NER, NIC, OMN, PAN, PER, PHL, PRY, QAT, ROM, RUS, SEN, SYR, TCD, TGO, TUN, UKR, URY, UZB, VEN, VNM, YEM, YUG, ZAR
British Law (Legor Uk)	22	BGD, BHR, BWA, GHA, HKG, IND, KEN, LKA, MYS, NAM, NGA, NPL, PAK, SAU, SDN, SGP, THA, TZA, UGA, ZAF, ZMB, ZWE
German Law (Legor GE)	6	BGR, CHN, EST, LVA, MNG, TAI

A principal component analysis on the 93 variables shows how the variables are ordered by factorial axis. Table 2 shows the variables whose contribution is greater than 0.35 and their coordinates on the first two axis.

Table 2. Factorial analysis: variables which contribution to the inerty exceeds 0.35 (47 variables – 92 countries)

Label	Variable	Axis 1	Axis 2
Democracy, Legality and Freedom	Democr	-0,60	-0,65
Political stability and Legitimacy	Polstab	-0,69	0,03
Decentralization	Decentr	-0,51	-0,41
Domestic public security and Control of violence	public secur	-0,54	0,35
Governance of public administration and the justice system	Gouv adm & justice	-0,90	0,03
Donors influence	donors influence	0,43	-0,42
Autonomy in operation and creation of organizations	Autonomy org	-0,38	-0,82
Government capacity to reform	Gvt capacity reform	-0,67	0,32
Capacity of the state to coordinate stakeholders	Gvt capacity coord stake	-0,60	0,29
Strategic capacities	Strategic capacity	-0,78	0,44
Government's arbitration capacity	Gvt arbitration capacity	-0,39	0,56
Institutional capacity	Instit capacity	-0,65	0,18
Government political capacity	Gvt pol capacity	-0,49	0,13
Change, innovation	Change	-0,83	-0,02
Security of transactions and contracts	Secur contract	-0,90	-0,07
National cohesion	National cohes	-0,52	0,28
Social inclusion	social inclusion	-0,81	0,24
Subsidies on commodities	Subs commod	0,31	0,46
Ease of starting a business	Ease start bus	-0,67	-0,06
Consideration of public interest in government-business relations	Public int in Gvt-private	-0,51	0,37
Technological environment	techno env	-0,76	0,15
Public aid for R&D	public aid RD	-0,64	0,23
Density of sub-contracting relations	Density sub-contrac	-0,69	0,00
Information on G&S markets	info G&S markets	-0,88	-0,06
Rural land tenure: traditional property	rural land trad property	0,46	-0,32

Label	Variable	Axis 1	Axis 2
Diversity of land tenure rights systems	diversity land tenure	-0,51	0,03
Government recognition of diversity of land tenure rights systems	gvt recogni diversity land tenure	-0,58	0,02
Land tenure: security of ownership	land security owner	-0,78	0,07
Competition on G&S markets	competition G&S mark	-0,86	-0,02
Land tenure: development policies	land tenure dev policy	-0,59	0,36
Competence of bank executives	competence bank exec	-0,58	-0,10
Importance of venture capital	importance venture cap	-0,56	-0,01
Financial information	Finan info	-0,65	-0,34
Regulation of competition in banking	regul competition bank	-0,66	-0,16
Monitoring and auditing in banking	monitor audit bank	-0,73	-0,25
Adaptive education system	adaptative educ syst	-0,73	0,10
Respect for workers rights	Workers rights	-0,59	-0,25
Management of labour	labour manag	-0,54	-0,30
Quality of public education and health care	Quality prov educ health	-0,70	0,24
Low incidence of child labour	Lab child low	-0,66	0,28
Social mobility	social mobil	-0,68	-0,24
Legal Origin: French	legor_fr	0,30	0,05
Legal Origin: English	legor_uk	-0,15	-0,02
Legal Origin: German	legor_ge	-0,30	-0,07
Index of judicial independence - La Porta *et al.* 2004 - Judicial checks and balances - *Journal of Political Economy*.	Judicial indep	-0,86	-0,16
Average corruption score over the period 1996 through 2000 - http://info.worldbank.org/governance/wgi/index.asp	corrup control	-0,70	0,19
Shleifer-	Balance power	-0,53	-0,41

The analysis of correlations between the 47 active variables presented in the table above confirms the value of IPD in terms of the multiplication of measured items (see fig. 2).

Figure 2. Correlations between active variables (2 digits, 47 variables).

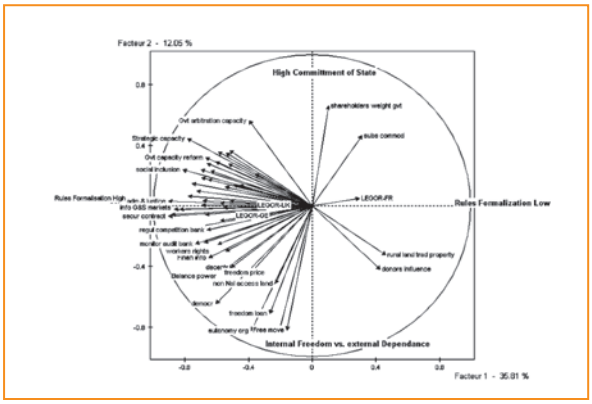


Figure 2 provides an image of "halo of institutions' consistent with that of Meisel and Ould-Aoudia (2007).

The first factorial axis (which explains nearly 36% of the inertia) is divided by the level of depersonalization of social regulation system, which is described here in terms of degree of formalization of rules. The left side of axis 1 refers to countries that have set-up a high quality institutional system of social regulation, which provides transparency in markets of goods and services and capital. They also ensure the rights guaranteed to employees in the labor market. A high level of social cohesion is linked to the ability to reform carried by the State and its position as an institution able to implement a strategic vision regarding the future. The right side of axis 1 is divided between subsidies to commodities

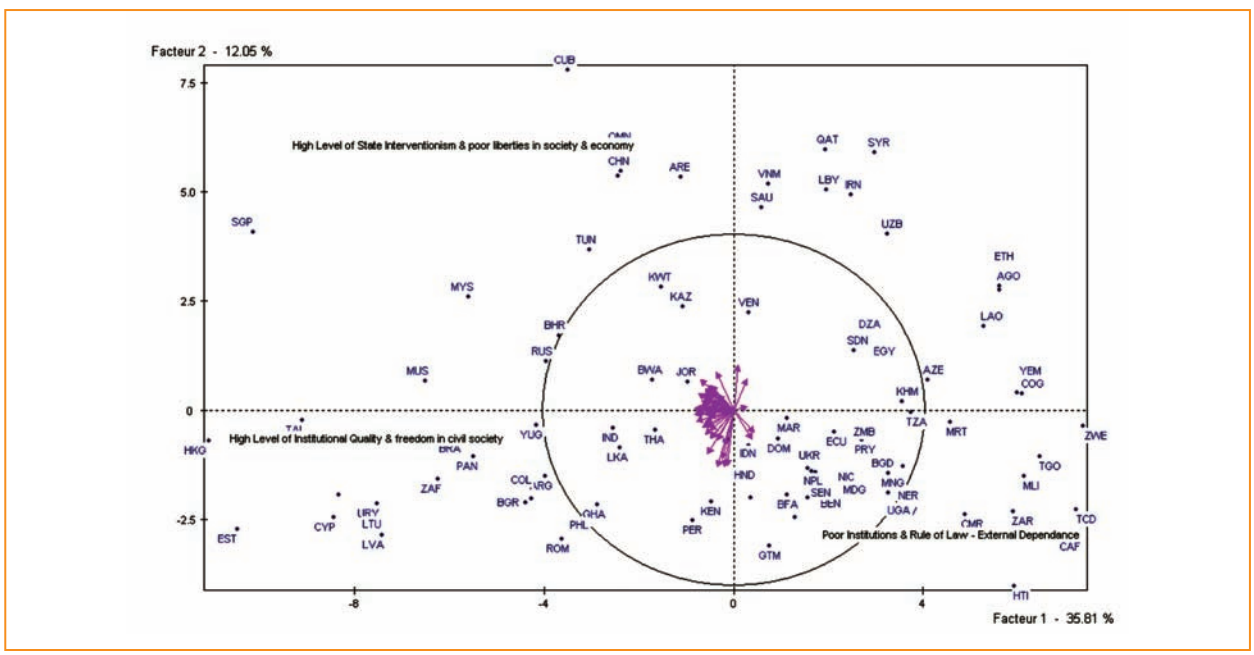
and traditional structures of rural land tenure. The vertical axis is slightly different from that Meisel and Ould-Aoudia highlighted: while they oppose a strong State to anomy *vis-à-vis* public institutions, Figure 2 shows an opposition between a strong State involvement in society on the one hand, and arbitration between internal liberties, economic and political dependence vis-à-vis foreign donors, who have an influence on domestic public policy.

The variables "legal origins" have a differential significance. While the inheritance of English law (Legor-UK) and German (Legor-GE) are on the left (associated to high level of formalization of rules) of axis 1, French law is clearly distinguishable on the right side, connected to weak formal social regulation, and low levels of depersonalization of regulation. We can deduce, correspondingly, a large weight of traditional solidarity.

The matrix of correlations between variables (see appendix), here restricted to those on public institutions and civil society, but supplemented by the origin of law variables, level of GNP per capita and GDP growth per capita from 1960 to 2000, confirms that the legacy of French law is distinctive. The correlations of the variable "French law origin" (Legor-FR) with a range of other variables are negative: democracy, governance and administration of justice, strategic capabilities of the state, institutional capacity of State, security of transactions and contracts. Correlations of variables of legal origins in English law and German law show positive (however weak) coefficients with the previous variables. This observation calls the plausible hypothesis of a greater neutrality of English and German law as compared to French law in the construction of institutional systems of social control. It must be stressed that the latter does not distinguish between former colonial powers, as are aggregated into this category France, Belgium, Spain, Portugal and the Netherlands. However, historians of colonization, especially sub-Saharan Africa, have shown that models of colonial domination in those countries of Europe are not uniform. We shall return to this issue below.

An additional observation can be done (Figure 3) which represents the countries included in the analysis.

Figure 3. Institutional profiles - non-OECD countries (92 countries).



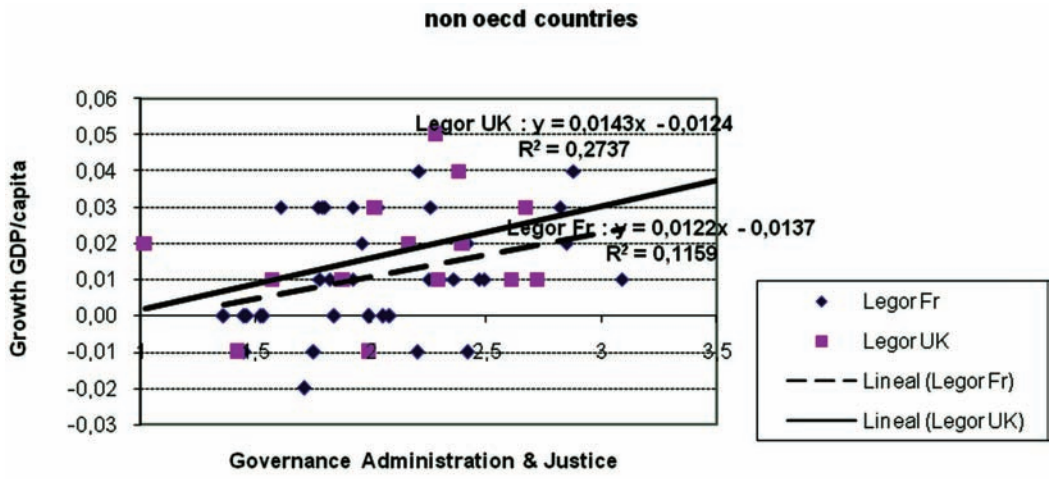
The southeast quadrant represent countries whose institutional profiles are marked by failures of social regulation by formalized rules, a discreet presence of the State and public institutions, and high dependency vis-à-vis donors of funds. There are mainly former French colonies in North Africa and Sub-Saharan Africa (Morocco, Senegal, Ivory Coast, Niger, Madagascar, Chad, Togo, Mali, Mauritania, Cameroon ...) who actually inherited the French modellegal and, beyond him, its State model. However, all countries in this category are not former French colonies. Some former British colonies (such as Uganda, Zimbabwe, Tanzania, Bangladesh, Nepal) share similar institutional characteristics with previous countries. This suggests that there is no reason to consider any determinism, or at least unequivocal relation between the legacy of English common law and a specific institutional profile compared to that of former French, Dutch (Indonesia) or Spanish (Paraguay, Ecuador) colonies.

The relationship between quality of governance and administration of justice with the long-term growth, as measured by the growth of GNP per capita between 1960 and 2000, shows a positive relationship for all countries, without one can infer causality: is the quality of public institutions a condition of growth, or the consequence of growth? Literature rather supports the first hypothesis: the establishment of the Rule of Law (Barro, 2000), the quality of government (La Porta *et al*., 1999) or political and administrative power, but modernizing authoritarian and supportive of economic planning out of poverty as South Korea in the 1960s (La Porta *et al*., 2004) are significant predictors of continued and sustained long term growth.

In Figure 4, the quality of the governance and administration of justice refers to transparency and "readability" of economic policies, control of corruption, efficiency of the tax system, transparency in government procurement, efficiency of justice and efficiency of urban governance. The figure relates the indicator of quality of administration and justice and growth of GNP per capita from 1960 to 2000, distinguishing between two legal origins (French and English). In both cases the

"The relationship between quality of governance and administration of justice with the long-term growth, as measured by the growth of GNP per capita between 1960 and 2000, shows a positive relationship for all countries, without one can infer causality: is the quality of public institutions a condition of growth, or the consequence of growth?"

Figure 4. Gouvernance of administration & justice quality and GDP growth per capita, 1960-2000



relationship is positive, but is more pronounced for English law countries as compared to those who inherited the French law, although in both cases the coefficient of determination (R2) is relatively low.

This slight difference between the French law and English law countries in relation to long-term growth deserves attention, taking into account the problem of the scope of the State and the balance of powers, i.e. relations between the judiciary and the executive.

2.3 JUDICIAL INDEPENDENCE AND CHECKS AND BALANCES

The "judicial checks and balances" and "constitutional review" issues are central in economic analysis of legal origins (La Porta *et al.*, 2004). It again shows the relationship between the legal and political structures, i.e. the model of State and relations between the executive and the judiciary which sets the framework of interaction between civil society and State.

La Porta, Lopez-de-Silanes, Pop-Eleches and Shleifer (2004) argue that among the institutions guaranteeing freedom –defined as absence of coercion of government–, the principle of checks and balances is crucial. It cannot be analyzed outside constitutions[3]. Their analytical framework is directly inspired by the Hayekian theory and Anglo-American constitutional system of balance between executive, legislative, and judiciary: The judiciary can limit the other powers by either an independent administration of justice or the judicial review of statute law and public policy provisions.

Their econometric analysis of the constitutional provisions relating to judicial independence and constitutional review in 71 countries aims at answering a fundamental question: are they related to the economic and political freedom? The first is measured by the security of property rights (including the risk of expropriation by the State), weak government regulation, and the modesty of public ownership. The second is measured by the level of democracy, political rights and human rights. Justice is considered

[3] See the definition of the *Encyclopedia Britannica*: *"principle of government under which separate branches are empowered to preventive action by other branches and are induced to share power"* (La Porta *et al.*, 2004, p. 446).

as a safeguard against excessive powers of the executive and legislative branches, which may be the subject of coalitions and interest groups that shape laws and public policies to satisfy their own interests and reelection of the ruling political group rather than the public interest and disinterested guarantee of property rights and political freedom.

The purpose of justice is to ensure the political and economic freedoms, since a high degree of independence of the judiciary guarantees the impartiality of judges in disputes between litigants and the government (for instance in takings issues) and where the existence of a mechanism of "constitutional review" is a safeguard against legislation directed towards the satisfaction of clientelist interests or groups controlling the State. The conclusion of La Porta et al. (2004) is that: "Consistent with the hypothesis of Hayek and others, we find that both judicial independence and constitutional review are strong predictors of freedom. We find that judicial independence is important for both kinds of freedom, whereas constitutional review matters for political freedom" (La Porta *et al*., 2004, p. 448).

This thesis cannot escape criticism, including the fact that judicial independence is taken from a narrow perspective and that an alternative path could be considered a bundle of institutional characteristics rather than a general and broad conception of sources of law and judicial independence. For example, Hadfield (2008) argues that judicial independence cannot be validly measured by a very small number of indicators (such as: is case law or not a source of law; regulation of judges career) but should be assessed through a series of data relating to a high number of key characteristics of judicial activity: organization of the legal profession, court organization and skills, distribution of legal information, enforcement mechanisms, organization of the legal services market, cost of suits.

If the dichotomy between common law and civil law is convenient for econometric estimates purpose, it actually conceals a more complex and rich institutional landscape about the effects of a legal regime on economic activity and social welfare (Hadfield, 2008; Klerman & Mahoney, 2007).

The issue at stake is now is to clarify the relationship between the measured level of judicial independence, of State impartiality, and security of contracts and transactions. The first question raises the issue of whether the weakness of judicial independence is correlated with a high level of corruption of State officials and/or civil servants. The second is whether the independence of justice is linked to greater security of contracts and transactions.

An independent judiciary, in which the Supreme Court Judges (in judicial and administrative matters) are appointed for life, or for over 6 years, and case-law is a recognized as a genuine source of law, ensures the absence of interference of the executive power in how judges decide ensures fairness of treatment of citizens in conflict with the Government, especially in terms of takings of private property and public contracts. Ultimately, an independent judiciary is an institution guaranteeing private property rights.

Figure 5 shows that countries with a high level of control of corruption and judicial independence have a high level of social cohesion, provision of public health and education services, strategic capabilities of the State, and belong rather to German law and English law. French law countries are characterized by a couple of low level of both judicial independence and control of corruption.

The second question, i.e. the relationship between judicial independence and security of transactions and contracts, raises practical issues such as: is judicial independence a guarantee against expropriation of private property rights, non-enforcement of contracts, termination of contracts with the Gouvernment? Figure 6 shows the results of a bivariate analysis on these variables.

We see again that belonging to French law differs from belonging to English and German law. The French legal legacy is negatively correlated with

Figure 5. Bivariate analysis 1: judicial independence and control of corruption.

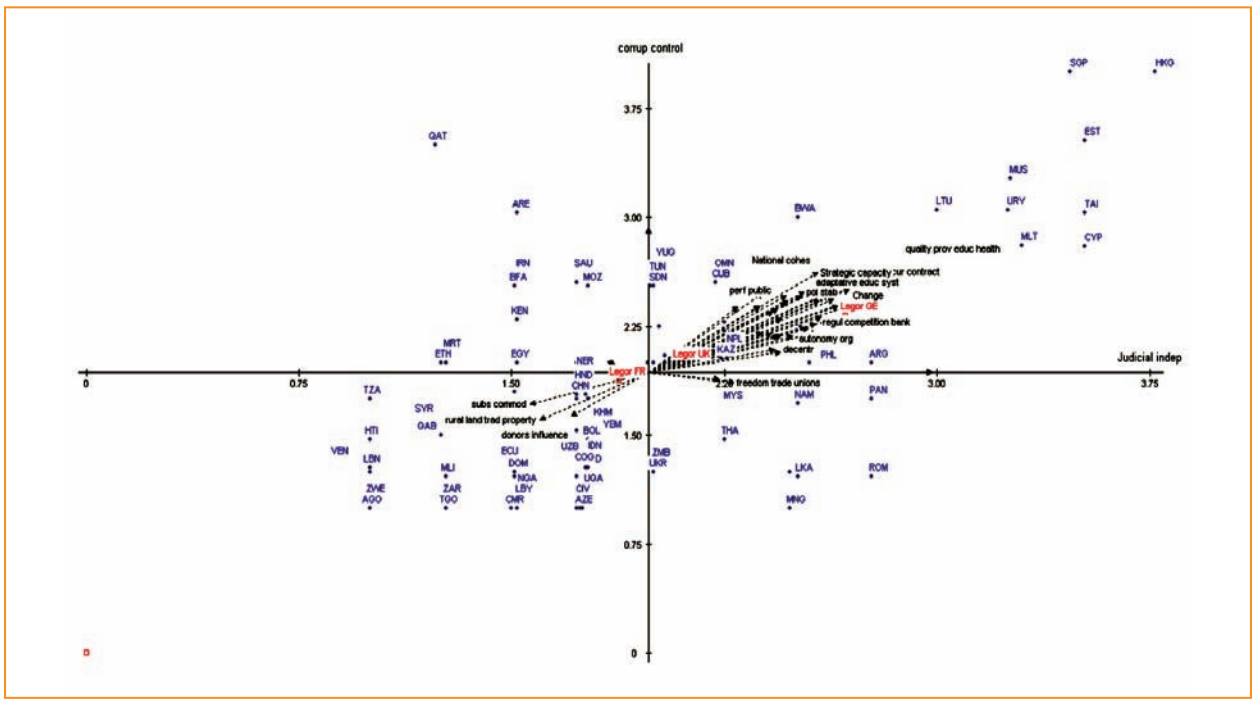
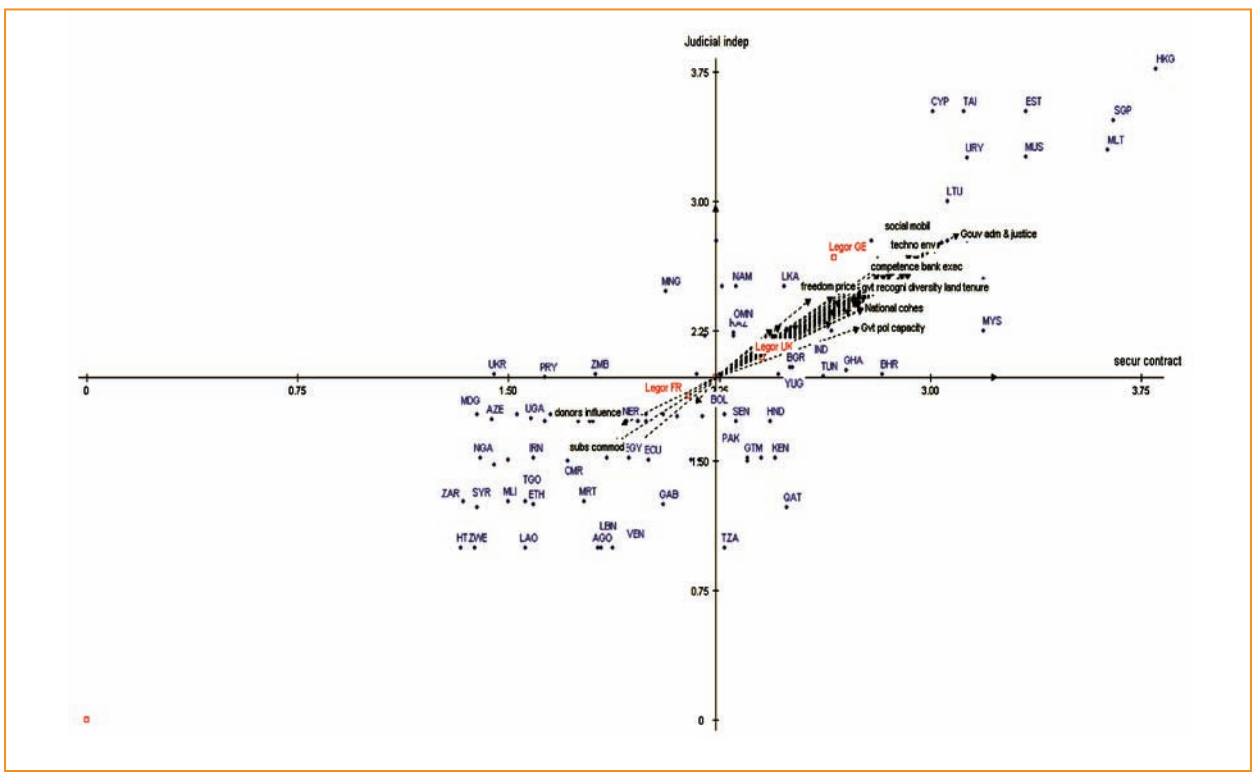


Figure 6. Bivariate analysis 2: judicial independence and security of contracts and transactions.



these variables (Security of contracts and judicial independance), whereas English law is positive, albeit low (Table 3).

Ultimately, the correlations of the legal origin with the level of wealth, long-term growth, control of corruption, judicial independence and checks and balances in the public sphere confirm the trends noted earlier: the English and German legal traditions are correlated with these variables in a different sense of the French legal one (tab 4). French law countries are growing more sluggish, implement less control of corruption of political elites and government officials have a more limited level of independence of justice, and do not provide checks and balances to the executive. Also note that the English legal tradition is negatively correlated with the level of GDP per capita, indicating that the British colonial legacy has been marked by less economic investment of Britain in its colonial empire as did France in its African and Asian colonies.

Table 3. Descriptive statistics: relation between security of contracts and judicial independence.

Variable	N	Weight	Mean	Std-error	Correlation with: Security Contracts	Correlation with: Judicial Independance
French Law	92	92,00	0,67	0,47	-0,27	-0,27
English Law	92	92,00	0,26	0,44	0,19	0,13
German Law	92	92,00	0,07	0,25	0,18	0,28

Table 4. Legal origins - Summary of correlations (92 non OECD countries).

Correlation with variables:	Legal Origin: English Law	Legal Origin: French law	Legal Origin: German Law
Log GDP per capita 2000	-0.21	0.10	0.19
Growth GDP per capita 1960-2000	0.16	-0.20	0.10
Control of corruption	0.12	-0.18	0.12
Judicial independance	0.13	-0.27	0.28
Balance powers	0.15	-0.28	0.25

3. DISCUSSION

The following discussion addresses two related issues: 1) what are the reasons of a specific institutional profile of French law countries?, and 2) is legal origin the sole factor explaining the specifies for the latter? As previously in the paper, the following analysis uses simple descriptive tools. Our intent is to provide insights into the issues raised through data analysis and descriptive statistical analysis.

3.1 HOW TO EXPLAIN THE INSTITUTIONAL PROFILE OF FRENCH LAW COUNTRIES?

The institutional model left in the former colonies by European countries, primarily France, is characterized by a strong executive taking the form of a presidential system rather than parliamentary, a centralized State and a hypertrophied

administration, statute law as a primary source of law, the vocation of the State to provide public goods and social benefits, so as to ensure social cohesion by means of socialized management of social risks (unemployment, sickness, aging) funded by taxes or social contributions. In addition, the State is regulatory and carries a vision of the future through central planning policies or the ability to mobilize expertise and foresight to bring them into discussion with social partners. These characteristics correspond to the ideal typus of legal model introduced in France after the 1789 French Revolution and, especially, the creation of Napoleonic institutions.

"Developing countries having inherited the legacy of French law are characterized by poor public governance and, correspondingly, the existence of social regulation mechanisms as palliative of failures of the State, and strong external dependence notably in sub-saharian African nations."

However, the institutional profiles of the former French colonies do not fit this pattern, but rather its opposite: the prevalence of traditional solidarity and a strong resilience of traditional practices of rural land tenure, which may be considered paradoxical. The paradox can be lifted by considering the capture of the State by social groups who control it for clientelist redistribution of public resources, and lack of penetration in depth of the administration and institutions public in the construction of impersonal institutions of social regulation to the benefit the greatest number.

Developing countries having inherited the legacy of French law are characterized by poor public governance and, correspondingly, the existence of social regulation mechanisms as palliative of failures of the State, and strong external dependence notably in sub-saharian African nations. All this gives the image of a "notional state" as described by Bromley (2008), which refers to the idea of a spatial concentration of the state in the major cities: "The State is notional… because it does not reach the citizens beyond the capital city" (Bromley, 2008, p. 13). For instance, a working paper of the Ministry of Finance of Morocco in 1988 outlined that institutional social protection has a narrow scope, since the National Social Security Fund covers 24% of the employed population in urban areas; the whole set of retirement funds benefit to only 26% of the workforce employed at the national level. The same report notes that: "The family

is the first system of social protection. It is the only protection for the unemployed and social exclusion" (Ministry of Economy and Finance of the Kingdom of Morocco, 1998, p. 2).

The constitutional lawyer Milhat considers that "a more refined analysis would lead to conclude that state even formally exist in Africa" –it exists "constitutionally –which mean that in practice–" does not exist "in its functioning" (Milhat, 2004, p. 62).

Unlike the colonies which inherited French law, the British heritage demonstrates greater neutrality on current institutional profiles. Having been dominated under British rule does not seem to have narrowed the range of possibilities of institutional and economic evolution in former colonies. A plausible reason for this is that the English domination with its "indirect rule" policy has been less (des)structuring in the colonies. Historians of Africa Coquery-Vidrovitch and Moniot (1984) compare the effects, in their opinion of minor difference for the African people, of the assimilation policy of France and indirect rule of the Great-Britain. They emphasis that "the only tangible differences, on the field, in the eyes of Africans, between assimilation and Indirect Rule were not probably neither economic nor political but cultural: cultural imperialism French opposed the slogan of the British have to respect the integrity of traditional values" (Coquery-Vidrovitch & Moniot, 1984, p. 182). Another authoritative historian of Africa, Elikia M'Bokolo, considers that "... the British government preferred to rely on traditional leaders whose hair she had only the power" (M'Bokolo, 1985, p. 137).

The process which granted the British colonies in Africa their independence differs from that of countries under French, Belgian, Spanish and Portuguese domination. The publication by the Labour government then in power in Great-Britain (1948) of a Blue Book has set-up the process of transformation of the territories of the Empire into a "Commonwealth of Nations": "This development should be done according to the same pattern: increasing the number of Africans in the Legislative and Executive Councils and the representative character of these Councils; granting of representative government and the election by the Legislative Council of a responsible government with full autonomy, independence, finally, if possible, keeping within the Commonwealth" (M'Bokolo, 1985, p. 140).

The French colonial policy was a direct administration policy, granting a slow but progressive access to citizenship on a meritocratic basis, and aiming at "assimilation" of indigenous into the French canvass, to which has been added a proposed establishment of a Franco-African Community when General de Gaulle returned to power in 1958 and proceeded to the constitutional reform that established the 5th Republic. However aborted, the Franco-African community resulted in the establishment of economic, cultural and military cooperation agreements between France and the vast majority of former African colonies.

Ultimately, France have left in its former colonies its governmental, administrative and judicial model (codified law, with dual jurisdiction: judicial and administrative), but only in part: all the attributes of French institutions have not transposed in the former African colonies, or have been introduced formally, without effective powers. The bodies of executive control such as Courts of Auditors ("*cour des comptes*") and the Constitutional Council are not in Africa or elsewhere, independent *vis-à-vis* the Government. In more general terms, State interventionism in the dominant colonial country (France but also Spain and Portugal), is the outcome of political, social and institutional history which led to checks and balances on the executive: a public accounting auditing entity vested with the status of a financial court, which performs its duties without being influenced by the Government, an administrative court deciding with impartiality conflicts between citizens and the Government, a Constitutional Council acting with independence on constitutional issues. However, the effectiveness of the mechanisms of executive control and, more generally, of

checks and balances, is not a systematically transferable feature from the former colonial countries to its former colonies. From this point of view, the model of Djankov *et al*. (2003) of institutional models of regulation echoes the preceding statements. Institutional arrangements prevailing in the former colonial nations (in their terms private ordering, independent judges, regulatory states, public property) can be efficient and appropriate in terms of trade-off between control of the State (takings, public expropriation of private property) and control of social violence (private expropriation) in their specific context; they however can be inefficient and inappropriate in another context, in particular in the context of colonial transposition of institutions.

3.3 BEYOND LEGAL ORIGINS: COLONIAL HISTORY?

Distangling the impact of legal origins and colonial history on quality of institutions and economic outcome is a crucial issue recently raised by Klerman, Mahoney, Spamann, Weinstein (2010). Colonial history can be tackled from two viewpoints: sociological and political. The former is conducive to an analysis in terms of process of colonization: through settlement of europeans (for instance Algeria, South-Africa), as a dependancy of an imperialist developed country (for instance Lebanon and Syria regarding the "mandat" granted by the Society of Nations to France in the 1920's), through a mix of political/military and ideological domination (former COMECON in Eastern Europe); the latter leads to put the emphasis on the political status of the dominated countries: as a colony or a dependency.

Following Acemoglu et al., *Klerman* et al., *the status of former colonies have been categorized as: dependencies, settlement colonies, never colonized, and former COMECON countries of eastern Europe. We prefer using the terms of sociological viewpoint; our categorization of countries is called "types of colony".*

Political viewpoint is tackled thought a categorization of countries as "political status": Political Colony, Dependency, Independence.

Correlation between types of colonies and legal origins. The Table 5 shows that dependencies are positively correlated with British law legal origin, settlement colonies with French Law; never colonized countries and former COMECON members are positively correlated with german law.

Coefficients of correlation in table 5 seem coherent with the previous statement according to which former colonies of U.K. were mainly dependencies where the indirect rule principle of local government applied, while the former colonies of continental european countries were mainly settlement colonies.

Table 5. Correlations between types of colonies and legal origins.

	Type Col Dependency	Type Col Settle	Type Col Indepen-dence	Type Col Former COMECON	French Law	English Law	German Law
Col Dependency	1,00						
Col Settle	-0,67	1,00					
Col Independance	-0,23	-0,17	1,00				
Col Former COMECON	-0,42	-0,18	-0,11	1,00			
French Law	-0,15	0,19	-0,12	0,07	1,00		
English Law	0,26	-0,13	-0,01	-0,20	-0,85	1,00	
German Law	-0,19	-0,12	0,24	0,22	-0,39	-0,15	1,00

From the political viewpoint, colonies are categorized as: colonies stricto-sensu, dependancies (dominions), and independent (including former colonies which gained their independence long time ago). Table 6 shows that French law legal origin is correlated with colonies, while English law is correlated with dependencies.

However French Law is a generic category which deserves to be desaggregated regarding the identity of former colonial powers: France, Belgium, Portugal, Spain, Netherlands, and former Ottoman Empire. Table 7 shows how diverse were the colonial policies of european countries belonging to the French Law family.

Former colonies of Spain are mainly settlement colonies. However, almost all the former dominated territories gained their independence in the mid-19th century.

Former colonies of France were not settlement colonies, with the exception of Algeria, but dependancies. This is close to the British colonial system from this point of view.

Table 6. Correlations between political status of colonies and legal origins.

	Pol. Status Colony	Pol. Status Dependency	Pol. Status Indepedence	French Law	English Law	German Law
Political Status Colony	1,00					
Political Status Dependency	-0,42	1,00				
Political Status Indepedence	-0,58	-0,47	1,00			
French Law	0,14	-0,25	0,07	1,00		
English Law	-0,04	0,30	-0,21	-0,85	1,00	
German Law	-0,19	-0,05	0,24	-0,39	-0,15	1,00

Table 7. Correlations between types of colonies and former colonial power.

	Col Dependency	Col Settle	Col Independence	Col Former COMECON	Former col PRT	No Former Col	Former col SP	Former col FR	Former col Ottoman	Former col UK	Former col BEL	Former col NLD
Col Dependency	1,00											
Col Settle	-0,67	1,00										
Col Independance	-0,23	-0,17	1,00									
Col Former COMECON	-0,42	-0,18	-0,11	1,00								
Former col PRT	0,02	0,05	-0,06	-0,06	1,00							
No Former Col	-0,55	-0,17	0,44	0,68	-0,09	1,00						
Former col SP	-0,46	0,73	-0,15	-0,16	-0,09	-0,23	1,00					
Former col FR	0,42	-0,26	-0,10	-0,20	-0,11	-0,29	-0,27	1,00				
Former col Ottoman	0,27	-0,18	0,02	-0,11	-0,06	-0,16	-0,15	-0,19	1,00			
Former col UK	0,25	-0,08	-0,16	-0,17	-0,09	-0,26	-0,24	-0,30	-0,17	1,00		
Former col BEL	0,09	-0,06	-0,03	-0,04	-0,02	-0,05	-0,05	-0,06	-0,03	-0,05	1,00	
Former col NLD	0,12	-0,08	-0,05	-0,05	-0,03	-0,07	-0,07	-0,09	-0,05	-0,08	-0,02	1,00

Acemoglu *et al*., Klerman *et al*. find a positive correlation between settlement colonial policies and quality of institutions.

The Table 8 shows the matrix of correlations between a series of index of quality of institutions and the identity of the former colonial power.

In a relative and comparative perspective, the former Spanish colonies exhibit better institutions as compared to former colonies controlled by France, Belgium, and England. Notice that correlations coefficients between Spain and Portuguese colonies are rather close. This can be interpreted in the following terms: most of the Spanish and Portuguese colonies gained their political independence long time ago (with the exceptions of African colonies) as compared to other countries in the South (in Africa and Asia).

We support in part Acemoglu *et al*. (2001) and Klerman *et al*. (2010) conclusions regarding the positive effect of settlement policies on the quality of institutions. We observe a convergent result form a descriptive viewpoint in the case of former colonies with Spanish settlers. This empirical result deserves some qualification because of former Spanish colonies in Latin America were granted early political independence in the 19th century while African and Asian colonies gained they autonomy around 1960. The sole genuine settlement colony of France, namely Algeria, is a specific case; most the former French and Belgium colonies were dependencies, even if a few number of Europeans were living there, as public officials, representatives of economic interests (firms) and a couple of executives in charge of the management of activity, and some farmers who were granted land for export-oriented crops.

CONCLUSION

In conclusion, we find greater (de)structuring effects of former colonization by French law countries on institutional profiles of developing countries as compared to those who have experienced British colonial rule and for a few cases, German domination. Legal traditions inherited from colonization do not seem to have affected in a symmetric way civil law countries and common law countries. This conclusion is likely to qualify the theory of systematic superiority of common law in terms of ability to overcome poverty and sustain long-term growth. It is however consistent with that of the limiting factors, and institutional policies, of other colonial legacies, namely that of French law and its model of articulation of the structure of political power and the judiciary.

The contrast between the ideal-typus of French law, combining State interventionist and Jacobinism, and the finding of correlations between the legacy of this legal tradition, the prevalence of traditional solidarity and *de facto* weakness of depersonalization and regulation social, can presumably be explained by the spatial concentration of the state and public institutions in cities, primarily the capital-city, corresponding to the figure of a "notional State" (Bromley, 2008) whose formal existence in the Constitution does not extend to the functional and spatial realities.
Finally, three limitations of this study must be reported. First, quantitative analysis of the IPD is descriptive and uses simple tools of data analysis, showing correlations between variables, but no systematic econometric and explanatory dimension have been implemented. Second, policy analysis, constitutional and historical forms of state structures and political power deserve to be expanded further. Third, the relationship between legal origins and colonial policies has been analyzed in an exploratory perspective. This issue deserves more attention than has been devoted in the paper.

Table 8. Former colonial powers and major index of quality of institutions.

	democr	pol stab	Gouv adm & justice	Gvt capacity reform	Gvt arbitration capacity	Instit capacity	Secur contract	Gvt respect contracts	Workers rights	Quality prov educ health	Judicial indep	corrup control	Balance power	Former col PRT	No Former Col	Former col SP	Former col FR	Former col UK	Former col BEL	Former col NLD
democr	1,00																			
pol stab	0,26	1,00																		
Gouv adm & justice	0,39	0,61	1,00																	
Gvt capacity reform	0,22	0,20	0,50	1,00																
Gvt arbitration capacity	-0,11	0,07	0,27	0,60	1,00															
Instit capacity	0,26	0,16	0,50	0,55	0,34	1,00														
Secur contract	0,59	0,31	0,67	0,54	0,22	0,60	1,00													
Gvt respect contracts	0,23	0,23	0,30	0,25	-0,01	0,33	0,40	1,00												
Workers rights	0,46	0,22	0,32	0,36	0,16	0,28	0,51	0,11	1,00											
Quality prov educ health	0,32	0,20	0,43	0,42	0,42	0,34	0,59	0,23	0,40	1,00										
Judicial indep	0,63	0,27	0,63	0,49	0,21	0,55	0,82	0,29	0,46	0,55	1,00									
corrup control	0,38	0,24	0,61	0,53	0,25	0,56	0,70	0,49	0,29	0,53	0,62	1,00								
Balance power	0,82	0,31	0,40	0,16	-0,05	0,25	0,51	0,28	0,32	0,31	0,52	0,34	1,00							
Former col PRT	0,02	-0,10	0,06	0,04	0,03	0,04	0,03	0,15	0,12	-0,04	-0,04	0,03	-0,05	1,00						
No Former Col	0,10	0,00	-0,07	0,07	0,20	-0,09	-0,05	0,05	0,12	0,14	0,09	-0,04	0,26	-0,09	1,00					
Former col SP	0,17	0,06	0,02	0,19	-0,04	0,05	0,13	-0,12	0,14	-0,01	0,09	-0,03	0,17	-0,09	-0,23	1,00				
Former col FR	-0,30	-0,15	-0,25	-0,28	-0,16	-0,18	-0,30	-0,08	-0,28	-0,26	-0,33	-0,15	-0,42	-0,11	-0,29	-0,27	1,00			
Former col UK	0,07	0,01	0,11	-0,09	-0,05	0,17	0,11	0,03	-0,05	0,01	0,07	0,05	0,02	-0,09	-0,26	-0,24	-0,30	1,00		
Former col BEL	0,00	0,03	-0,13	-0,09	-0,11	-0,10	-0,16	-0,24	0,02	-0,13	-0,11	-0,14	-0,01	-0,02	-0,05	-0,05	-0,06	-0,05	1,00	
Former col NLD	0,12	0,11	0,11	-0,01	-0,02	0,09	0,09	0,01	0,18	0,18	0,15	0,05	-0,01	-0,03	-0,07	-0,07	-0,09	-0,08	-0,02	1,00

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APPENDIX

Correlation matrix (92 countries, 47 variables)

	democr	polstab	decentr	public secur	control violence ngo	externsecur	Gouv adm& justice	auton public	donors influence	autonomyorg	Gvtcapacityreform	fiscal exem	Gvtcapacitycoordstake	Strategiccapacity	Gvt arbitration capacity	Instit capacity	Gvtpolcapacity	Change	coopbehav	outlookyoung	securcontract	Gvt respect contracts	freqbankrupt	enforcbankruptlaw	Free move	Senseldent	National cohes	strengh middle class	social inclusion	tradsolidarity	subscommod	legor_fr	legor_uk	legor_ge	Judicialindep	corrup control	Balance power	log GDP/capita 2000	Growth GDP/capita 1960-2000
democr	1,00																																					
Pol stab	0,52	1,00																																				
decentr	0,61	0,36	1,00																																			
public secur	0,13	0,46	0,02	1,00																																		
control violence ngo	0,62	0,36	0,46	0,00	1,00																																	
Extern secur	0,21	0,32	-0,02	0,40	0,09	1,00																																
Gouv adm & justice	0,56	0,68	0,38	0,55	0,37	0,27	1,00																															
auton public	-0,09	0,05	-0,19	0,22	-0,21	0,06	0,13	1,00																														
donors influence	0,03	-0,30	-0,02	-0,33	0,08	0,04	-0,33	-0,24	1,00																													
Autonomy org	0,80	0,29	0,54	-0,08	0,60	0,16	0,34	-0,16	0,17	1,00																												
Gvt capacity reform	0,21	0,49	0,22	0,63	0,09	0,17	0,64	0,22	-0,44	0,04	1,00																											
fiscal exem	0,28	0,03	0,25	0,03	0,15	-0,11	0,07	-0,10	0,10	0,29	-0,01	1,00																										
Gvt capacity coord stake	0,24	0,48	0,28	0,27	0,21	0,07	0,60	0,11	-0,26	0,03	0,60	0,00	1,00																									
Strategic capacity	0,24	0,62	0,26	0,52	0,14	0,10	0,79	0,18	-0,51	-0,04	0,75	-0,01	0,76	1,00																								
Gvt arbitration capacity	-0,11	0,30	-0,03	0,48	-0,15	0,05	0,32	0,27	-0,33	-0,27	0,60	-0,10	0,48	0,61	1,00																							
Instit capacity	0,26	0,51	0,30	0,31	0,28	0,27	0,65	-0,03	-0,22	0,15	0,54	0,05	0,71	0,70	0,32	1,00																						
Gvt pol capacity	0,24	0,49	0,16	0,51	0,02	0,41	0,45	0,34	-0,32	0,10	0,46	-0,06	0,28	0,44	0,36	0,38	1,00																					
Change	0,56	0,55	0,54	0,38	0,43	0,15	0,70	-0,07	-0,39	0,38	0,51	0,08	0,55	0,66	0,29	0,55	0,30	1,00																				
Coop behav	0,32	0,14	0,33	-0,06	0,16	0,01	0,31	-0,09	0,12	0,35	0,13	0,11	0,21	0,23	-0,16	0,31	0,09	0,15	1,00																			
Outlook young	-0,05	0,24	-0,09	0,23	0,09	0,04	0,22	0,05	-0,14	-0,02	0,16	-0,08	0,08	0,29	0,20	0,21	0,30	0,08	-0,04	1,00																		

	democr	polstab	decentr	public secur	control violence ngo	externsecur	Gouv adm& justice	ouvon public	donors influence	autonomyorg	Gvtcapacityreform	fiscal exem	Gvtcapacitycoordstrke	Strategiccapacity	Gvt arbitration capacity	Instit capacity	Gvtpolcapacity	Change	coopbehav	outlookyoung	securcontract	Gvt respect contracts	freqbankrupt	enforcbankrupltcw	Free move	Sensedent	National cohes	strengh middle class	social inclusion	Trad solidarity	Subs commod	legor_fr	legor_uk	legor_ge	Judicialindep	corrup control	Balance power	log GDP/capita 2000	Growth GDP/capita 1960-2000
Secur contract	0,59	0,60	0,44	0,43	0,40	0,27	0,86	0,15	-0,33	0,42	0,54	0,03	0,52	0,67	0,22	0,59	0,51	0,72	0,32	0,19	1,00																		
Gvt respect contracts	0,22	0,35	-0,01	0,37	0,06	0,22	0,45	0,06	-0,15	0,03	0,25	-0,04	0,29	0,38	0,00	0,32	0,31	0,28	0,10	0,19	0,40	1,00																	
Freq bankrupt	-0,03	-0,12	0,02	-0,05	0,10	-0,04	-0,08	-0,22	0,19	0,05	-0,06	-0,08	-0,02	-0,16	-0,04	0,00	-0,12	-0,09	0,05	-0,06	-0,07	-0,16	1,00																
Enforc bankrupt law	-0,06	-0,06	0,00	-0,01	0,02	-0,13	-0,05	0,09	0,17	0,09	0,05	0,17	0,05	0,01	0,05	0,04	-0,08	-0,17	0,06	0,08	-0,11	-0,15	-0,07	1,00															
Free move	0,62	0,11	0,41	-0,15	0,46	0,14	0,12	-0,26	0,18	0,77	-0,11	0,27	-0,10	-0,18	-0,42	-0,03	-0,01	0,19	0,22	-0,06	0,22	-0,04	-0,10	0,01	1,00														
Sense Ident	0,09	0,32	0,15	0,35	-0,10	0,14	0,33	0,12	-0,17	-0,06	0,35	-0,13	0,29	0,39	0,37	0,25	0,27	0,28	0,11	0,13	0,22	0,19	-0,05	0,15	-0,19	1,00													
National cohes	0,14	0,46	0,10	0,41	0,08	0,18	0,56	0,24	-0,24	0,04	0,51	0,01	0,55	0,58	0,37	0,50	0,40	0,46	0,33	0,24	0,52	0,38	-0,14	-0,01	-0,16	0,33	1,00												
strengh middle class	0,02	0,27	0,03	0,22	0,25	0,11	0,20	0,00	-0,32	0,00	0,29	-0,04	0,24	0,33	0,32	0,36	0,31	0,29	-0,03	0,27	0,29	0,11	0,01	0,04	-0,07	0,26	0,25	1,00											
social inclusion	0,33	0,51	0,29	0,63	0,13	0,18	0,67	0,22	-0,51	0,12	0,61	0,09	0,42	0,66	0,54	0,35	0,45	0,63	0,02	0,10	0,67	0,21	-0,09	-0,07	-0,05	0,37	0,45	0,29	1,00										
Trad solidarity	0,01	0,02	-0,10	0,10	-0,10	0,05	0,05	-0,17	-0,07	-0,06	0,01	-0,09	-0,08	-0,02	-0,06	-0,12	-0,19	0,10	0,03	-0,18	-0,02	-0,03	-0,08	-0,29	-0,01	0,09	-0,01	-0,07	0,11	1,00									
Subs commod	-0,46	-0,17	-0,17	-0,07	-0,29	-0,10	-0,35	0,05	-0,08	-0,44	-0,23	-0,26	-0,16	-0,12	0,12	-0,17	-0,10	-0,13	-0,21	-0,09	-0,31	-0,19	-0,12	0,06	-0,39	0,06	-0,04	-0,06	-0,12	-0,03	1,00								
legor_fr	-0,21	-0,17	-0,16	-0,01	-0,19	-0,07	-0,31	0,04	0,15	-0,09	-0,04	-0,06	-0,24	-0,30	-0,09	-0,24	0,00	-0,35	-0,06	-0,15	-0,27	-0,12	0,03	0,11	0,01	-0,07	-0,13	-0,05	-0,09	-0,05	0,18	1,00							
legor_uk	0,10	0,10	0,13	-0,12	0,11	0,03	0,22	-0,13	-0,10	0,04	-0,04	0,00	0,14	0,24	0,19	0,19	-0,05	0,22	0,15	0,10	0,19	0,08	0,00	-0,11	-0,03	-0,01	0,09	0,01	-0,06	0,12	-0,10	-0,85	1,00						
legor_ge	0,22	0,14	0,09	0,24	0,17	0,07	0,21	0,15	-0,11	0,10	0,15	0,12	0,19	0,16	0,19	0,12	0,08	0,27	-0,16	0,11	0,18	0,09	-0,05	-0,01	0,03	0,15	0,10	0,08	0,28	-0,12	-0,16	-0,38	-0,16	1,00					
Judicial indep	0,63	0,55	0,45	0,39	0,46	0,24	0,83	0,02	-0,27	0,46	0,49	0,16	0,49	0,60	0,20	0,55	0,29	0,70	0,24	0,13	0,81	0,29	-0,03	-0,08	0,25	0,19	0,41	0,22	0,63	0,04	-0,42	-0,27	0,13	0,28	1,00				
corrup control	0,36	0,56	0,16	0,46	0,30	0,20	0,82	0,30	-0,30	0,14	0,53	0,04	0,49	0,69	0,26	0,54	0,47	0,46	0,36	0,26	0,70	0,50	-0,15	0,02	-0,05	0,24	0,55	0,21	0,55	-0,06	-0,22	-0,18	0,12	0,14	0,60	1,00			
Balance power	0,83	0,48	0,44	0,07	0,10	0,10	0,48	-0,14	-0,08	0,50	0,15	0,20	0,23	0,28	-0,06	0,26	0,22	0,53	0,19	-0,08	0,51	0,26	-0,06	-0,20	-0,03	-0,01	0,14	0,11	0,33	0,10	-0,33	-0,28	0,15	0,25	0,52	0,31	1,00		
log GDP/ capita 2000	0,21	0,35	0,25	0,22	0,20	0,01	0,32	0,03	-0,38	0,11	0,34	0,02	0,24	0,37	0,27	0,27	0,25	0,45	-0,16	0,04	0,45	0,09	-0,05	-0,03	-0,01	0,06	0,21	0,34	0,56	-0,05	0,03	0,10	-0,21	0,19	0,41	0,25	0,29	1,00	
Growth GDP/capita 1960-2000	0,10	0,31	0,10	0,17	0,30	-0,01	0,30	-0,13	-0,22	-0,02	0,23	-0,04	0,37	0,35	0,11	0,40	0,05	0,39	-0,06	0,03	0,31	0,11	0,14	-0,04	-0,12	0,06	0,21	0,40	0,27	0,16	0,02	-0,20	0,16	0,10	0,27	0,14	0,22	0,52	1,00