

Appendix

Description of the variables

This table describes in detail all the variables in the paper and provides their sources.

Variable	Description
<i>Economic variables</i>	
Log GDP per capita	Logarithm of gross domestic product per capita in units of international Geary-Khamis dollars of 1990. <i>Source: Maddison (2003).</i>
Common law dummy	Equals 1 if the legal origin of the company law or commercial code of the country is common law (i.e., English legal origin) and zero if the legal origin is civil law (i.e., French, Socialist, German, and Scandinavian legal origins). <i>Source: La Porta, et al. (1999) and (2008).</i>
Years of schooling in 1960	Average years of schooling in 1960 of the total population over 25 years of age. <i>Source: Barro, Robert J. and Jong-Wha Lee, International Data on Educational Attainment: Updates and Implications. Source: Barro and Lee (2000) Data posted on http://www.cid.harvard.edu/ciddata/ciddata.html</i>
Democracy	A measure of the degree of democracy in a given country based on: (1) the competitiveness of political participation; (2) the openness and competitiveness of executive recruitment; and (3) the constraints on the chief executive. The variable ranges from zero to ten, where higher values equal a higher degree of institutionalized democracy. This variable is calculated as the average from 1950 through 2000. <i>Source: Jagers and Marshall (2000) and updates.</i>
Democracy dummy	Equals 1 if democracy is higher than 8, and zero otherwise. Under this definition, the democracy dummy equals one for: Botswana, Canada, France, Germany, India, Italy, Jamaica, Japan, Netherlands, New Zealand, Sweden, United States of America, and the United Kingdom. The data source does not include data for Belize and Hong Kong, so we have assigned a missing value for these two countries. <i>Source: Own construction based on data from Jagers and Marshall (2000) and updates.</i>
Executive constraints	A measure of the extent of institutionalized constraints on the decision making powers of chief executives. The variable takes seven different values: (1) Unlimited authority (there are no regular limitations on the executive's actions, as distinct from irregular limitations such as the threat or actuality of coups and assassinations); (2) Intermediate category; (3) Slight to moderate limitation on executive authority (there are some real but limited restraints on the executive); (4) Intermediate category; (5) Substantial limitations on executive authority (the executive has more effective authority than any accountability group but is subject to substantial constraints by them); (6) Intermediate category; (7) Executive parity or subordination (accountability groups have effective authority equal to or greater than the executive in most areas of activity). This variable ranges from one to seven where higher values equal a greater extent of institutionalized constraints on the power of chief executives. This variable is calculated as the average from 1950 through 2000. <i>Source: Jagers and Marshall (2000) and updates.</i>
Left/center government	Percentage of year between 1975 and 1995, during which both the party of the chief executive and largest party in congress have left or center political orientation. If the country was not independent in 1975, the initial year of the period, we use the independence year as the first period. For countries that were part of a larger country in 1975 and subsequently broke-up, we include in calculations the political orientation of the political parties in the mother country in the pre-breakup period. In the case of military regimes, where political affiliations are unclear, we classify the regime based on its policies. <i>Source: Botero et al (2004).</i>
<i>Formalism index</i>	
Formalism index	Index of substantive and procedural statutory intervention in judicial cases at lower-level civil trial courts for each year between 1950 and 2000. The index is formed, as in Djankov et al (2003), by adding up the following indices: (i) professionals vs. laymen; (ii) written vs. oral elements; (iii) legal justification; (iv) statutory regulation of evidence; (v) control of superior review; (vi) engagement formalities; and (vii) independent procedural actions. The index ranges from 0 to 7, where 7 means a higher level of control or intervention in the judicial process. Some of the components of the index are defined differently than in Djankov et al (2003). For this reason, we provide the revised definition of the components of the index below. <i>Source: Authors' own calculations based on Djankov et al (2003).</i>

Variable	Description
<i>Components of the Formalism index</i>	
<i>Professionals vs. laymen</i>	
General jurisdiction court	The variable measures whether a court of general or of limited jurisdiction would be chosen or assigned to hear the case under normal circumstances. It equals 1 for a court of general jurisdiction and zero otherwise. We define a court of general jurisdiction as a state institution, recognized by the law as part of the regular court system, generally competent to hear and decide regular civil or criminal cases. A limited jurisdiction court would hear and decide only some types of civil cases. Specialized debt-collection or housing courts, small-claims courts, and arbitrators or justices of the peace are examples. Specialized courts typically, but not always, have simpler and faster procedures.
Professional vs. non-professional judge	Equals 1 if the judge (or members of the court or tribunal) are professionals, and zero otherwise. A professional judge is one who has undergone a complete professional training as required by law, and whose primary activity is to act as judge or member of a court. A non-professional judge is an arbitrator, administrative officer, practicing attorney, merchant, or any other layperson who may be authorized to hear and decide the case.
Legal representation is Mandatory	Equals 1 when legal representation by a licensed attorney is mandatory and zero otherwise.
Index: Professionals vs. laymen.	The index measures whether the resolution of the case relies on the work of professional judges and attorneys, as opposed to other types of adjudicators and lay people. The index is the normalized sum of: (i) general jurisdiction court, (ii) professional vs. non-professional judge, and (iii) legal representation is mandatory. The index ranges from 0 to 1, where higher values mean more participation by professionals.
<i>Written vs. oral</i>	
Filing	Equals one if the complaint is normally submitted in written form to the court, and zero otherwise.
Service of process	Equals one if the defendant's first official notice of the complaint is most likely received in writing, and zero otherwise.
Opposition	Equals one if under normal circumstances the defendant's answer to the complaint is normally submitted in writing, and zero otherwise.
Evidence	Equals one if most of the evidence, including documentary evidence, is submitted to the court in written form, in the form of attachments, affidavits, or other written documents, and zero otherwise.
Final arguments	Equals one if final arguments on the case are normally submitted in writing, and zero otherwise.
Judgment	Equals one if normally the parties receive an official notification of the final decision in written form, by notice mailed to them, publication in a court board or gazette, or through any other written means, and zero otherwise.
Notification of judgment	Equals one if normally the parties receive their first notice of the final decision in written form, by notice mailed to them, publication in a court board or gazette, or through any other written means, and zero otherwise.
Enforcement of judgment	Equals one if the enforcement procedure is mostly carried out through the written court orders or written acts by the enforcement authority, and zero otherwise.
Index: Written vs. oral elements	The index measures the written or oral nature of the actions involved in the procedure, from the filing of the complaint until the actual enforcement. The index is calculated as the number of stages carried out mostly in written form over the total number of applicable stages, and it ranges from 0 to 1, where higher values mean higher prevalence of written elements.
<i>Legal justification</i>	
Complaint must be legally justified	The variable measures whether the complaint is required, by law or usual court practice, to include references to the applicable laws, legal reasoning, or formalities beyond a simple statement of the particulars of claim. Equals one for a legally justified complaint, and zero when the complaint does not ordinarily require legal justification (specific articles of the law, case-law, etc).
Judgment must be legally Justified	The variable measures whether the judgment is normally expected to expressly state the legal justification (articles of the law, case-law, etc) for the decision. Equals one for a legally justified judgment, and zero otherwise.

Variable	Description
Judgment must be on law (not on equity)	Equals 1 if the judgment is normally motivated and founded on the law, and zero otherwise.
Index: Legal justification	The index measures the level of legal justification required in the process. The index is formed by the normalized sum of: (i) complaint must be legally justified, (ii) judgment must be legally justified, and (iii) judgment must be on law (not on equity). The index ranges from 0 to 1, where higher values mean a higher use of legal language or justification.
<i>Statutory regulation of evidence</i>	
Judge cannot introduce evidence	Equals one if, by law, the judge cannot freely request or take evidence that has not been requested, offered, or introduced by the parties, and zero otherwise.
Judge cannot reject irrelevant evidence	Equals one if, by law, the judge cannot refuse to collect or admit evidence requested by the parties, even if she deems it irrelevant to the case, and zero otherwise.
Out-of-court statements are inadmissible	Equals one if statements of fact that were not directly known or perceived by the witness, but only heard from a third person, may not be admitted as evidence, and zero otherwise.
Mandatory pre-qualification of questions	Equals one if, by law, the judge must pre-qualify the questions before they are asked of the witnesses, and zero otherwise.
Oral interrogation only by judge	Equals one if by law, parties and witnesses can only be orally interrogated by the judge, and zero otherwise.
Only original documents and certified copies are admissible	Equals one if by law, only original documents and "authentic" or "certified" copies are admissible documentary evidence, and zero otherwise.
Authenticity and weight of evidence defined by law	Equals one if the authenticity and probative value of documentary evidence is specifically defined by the law, and zero if all admissible documentary evidence is freely weighted by the judge.
Mandatory recording of evidence	Equals one if, by law, there must be a written or magnetic record of all evidence introduced at trial, and zero otherwise.
Index: Statutory regulation of evidence	The index measures the level of statutory control or intervention of the administration, admissibility, evaluation and recording of evidence. The index is formed by the normalized sum of the following variables : (i) judge can not introduce evidence, (ii) judge cannot reject irrelevant evidence, (iii) out-of-court statements are inadmissible, (iv) mandatory pre-qualification of questions, (v) oral interrogation only by judge, (vi) only original documents and certified copies are admissible, (vii) authenticity and weight of evidence defined by law, and (viii) mandatory recording of evidence. The index ranges from 0 to 1, where higher values mean a higher statutory control or intervention.
<i>Control of Superior Review</i>	
Enforcement of judgment is automatically suspended until resolution of the appeal	Equals one if the enforcement of judgment is automatically suspended until resolution of the appeal when a request for appeal is granted, and zero otherwise.
Comprehensive review in appeal	Equals one if issues of both law and fact (evidence) can be reviewed by the appellate court, and zero otherwise.
Interlocutory appeals are allowed	Equals one if interlocutory appeals are allowed, and zero otherwise. Interlocutory appeals are defined as appeals against interlocutory or interim judicial decisions made during the course of a judicial proceeding in first instance and before the final ruling on the entire case.
Index: Control of superior review	The index measures the level of control or intervention of the appellate court's review of the first-instance judgment. The index is formed by the normalized sum of the following variables: (i) enforcement of judgment is automatically suspended until resolution of appeal, (ii) comprehensive review in appeal, and (iii) interlocutory appeals are allowed. The index ranges from 0 to 1, where higher values mean higher control or intervention.

Variable	Description
<i>Engagement formalities</i>	
Mandatory pre-trial conciliation	Equals one if the law requires plaintiff to attempt a pre-trial conciliation or mediation before filing the lawsuit, and zero otherwise.
Service of process by judicial officer required	Equals one if the law requires the complaint to be served to the defendant by a judicial officer, and zero otherwise.
Notification of judgment by judicial officer required	Equals one if the law requires the judgment to be notified to the defendant by a judicial officer, and zero otherwise.
Index: Engagement formalities	The index measures the formalities required to engage someone in the procedure or to held him/her accountable of the judgment. The index is formed by the normalized sum of the following variables: (i) mandatory pre-trial conciliation, (ii) service of process by judicial officer required, and (iii) notification of judgment by judicial officer required. The index ranges from 0 to 1, where higher values mean a higher statutory control or intervention in the judicial process.
<i>Independent procedural actions</i>	
Filing and service	The total minimum number of independent procedural actions required to complete filing, admission, attachment, and service.
Trial and judgment	The total minimum number of independent procedural actions required to complete opposition to the complaint, hearing or trial, evidence, final arguments, and judgment.
Enforcement	The total minimum number of independent procedural actions required to complete notification and enforcement of judgment.
Index: Independent procedural actions	An independent procedural action is defined as a step of the procedure, mandated by law or court regulation, that demands interaction between the parties or between them and the judge or court officer (e.g., filing a motion, attending a hearing, mailing a letter, or seizing some goods). We also count as an independent procedural action every judicial or administrative writ, resolution or action (e.g., issuing judgment or entering a writ of execution) which is legally required to advance the proceedings until the enforcement of judgment. Actions are always assumed to be simultaneous if possible, so procedural events that may be fulfilled in the same day and place are only counted as one action or step. To form the index, we: (1) add the minimum number of independent procedural actions required to complete all the stages of the process (from filing of lawsuit to enforcement of judgment); and (2) normalize this number to fall between zero and one using the minimum and the maximum number of independent procedural actions among the countries in the sample. The index ranges from 0 to 1 , where higher values are associated with more procedural actions.