# Section 2. World economy

**https://doi.org/10.29013/EJEMS-22-5.6-7-19**

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## SPENDING HABITS, AND ECONOMIC GROWTH EFFECTS IN COMMON LAW VS. NON-COMMON LAW POLITICAL SYSTEMS AMONG DEVELOPED COUNTRIES

**Abstract**

***Introduction:*** Different law systems often lead to different degrees of economic developments and political systems, which are closely related to the life of citizens. There is a long debate about which law system, Common Law or Civil Law, is better for the economic development of a country. A popular viewpoint is that the Common Law system is superior to non-Common Law systems due to its higher protection for property.

***Objective:*** Our goal is to evaluate which law system is better for economic systems, through data processing and statistical hypothesis testing. The findings can be a reference for further investigation of the advantages of different law systems.

***Methods:*** To develop the model, we use the data from International Monetary Fund (IMF), World Bank, and various government Central Banks' websites). We select 14 variables related to the key field of economic development. We first apply the Shapiro-Wilk test for normality to decide which statistical hypothesis test is appropriate. For normally distributed variables, we employ the parametric independent-samples t-test for mean difference; otherwise, we employ the non-parametric Mann-Whitney U Test. All the tests are done in R.

***Result:*** Out of the 14 variables, we find three (i.e. final consumption expenditure, value-added manufacturing, and GDP growth) to be significant at 0.05 significance level. Common Law countries have significantly higher final consumption expenditure and GDP growth, with lower value-added manufacturing growth, than Civil Law countries.

***Conclusions:*** The results imply that Common Law countries are indeed more helpful for general economic development, while Code Law countries are superior for economic development in manufacturing. These results support the viewpoint that the Common Law system gives people and companies more confidence to participate in the market, and thus, Common Law countries are better for economic developments. It also confirms this report's hypothesis that Common Law countries are better than Code Law countries in promoting economics.

**Keywords:** Common law, Civil Law, Hypothesis Testing, Economic Development, Shapiro-Wilk test, Non-Parametric Mann-Whitney U Test, Parametric Independent-Samples t-Test.

**Introduction**

Many studies often preach and support arguments that countries that implement Common Law as their political system will provide better protection of property rights, unbiasedness, and legal rights for their people. Furthermore, it has been argued that excellent protection encourages businesses to invest more, thus encouraging economic growth. This research paper tests the validity and measures the financial impacts of those claims by studying the economic impacts and analyzing households' spending habits in different countries. The main argument is to test Common Law countries' versus Non-Common Law countries' economic performance and evaluate their economic growth effect for the year of study from 1990 to 2015. This study will significantly help readers understand how the political systems of different countries can impact the direction and growth of their economies.

As initial current preliminary perceptions: Common Law would be superior to non-Common Law countries in their economic performance. Strong legal protection for property rights should encourage more vigorous economic activity. However, it is not confident of how Common Law would affect households within each country and what effect this would influence the end consumers. Fourteen data variables from Common law and Code Law countries: Trade in Services (% of GDP), Inflation, Consumer Prices (Annual%), Interest Rate Spread (lending rate minus deposit rate,%), Household final consumption expenditure per capita growth (annual%), Final consumption expenditure, etc. (annual% growth), Exports of Goods and Services (annual% growth), Gross capital formation (annual% growth), Imports of goods and services (annual% growth), Manufacturing, value added (annual% growth), Industry, value added (annual% growth), Services, etc. value added (annual% growth), GDP growth (annual%), GDP per capita growth (annual%), Gross domestic savings (% of GDP).

These statistical datasets were obtained from publicly available sources: International Monetary Fund (IMF) – International Financial Statistics, World Bank – World Development Economic development, and various government Central Banks' websites. Expert opinions and ideas were also read as references from various political journals, economic journals available on the Internet, and a local library's bank of academic journals accessible via the Internet. These fourteen variables will be evaluated to see which factors are significant in this study. Possible explanations would be provided to explain the significant findings, and further study would be recommended.

This paper will examine the fourteen variables of interest to compute the results of their economic performance statistically. The results will be examined and aggregated to compare different developed countries. Great care will be attempted to understand how different developed countries' political systems affect their economies and household spending habits.

**Literature Review**

Two main camps often preach the superiority of Common Law compared to Non-Common Law political systems: Political and Economic factors. Political factors have supported the argument that Common Law political systems are superior to non-Common Law systems. The Common Law system can tolerate more competition between different parties, and more competitions lead to more significant improvements. For example, in the article Building competition and breaking cartels? The legislative and judicial regulation of political parties in Common Law democracies, Anika Gauja, pointed out that because Common Law countries are less willing to control the activities and organizations within parties, a Common Law political system court in Mulholland was flexible enough that the law system can respond to developments and changes more efficiently.

Economic factors have also supported the argument that Common Law political systems support healthier economic growth on a macroeconomic level. Compared to the Civil Law system, Common Law systems provide more excellent property protection. In Graff Michael's article, Law and Finance: Common-

law and Civil-law Countries Compared, he pointed out that Common Law system countries, like Germany and Scandinavia, have the highest level of protection of property, whereas France, a Civil Law country, has the poorest protection of property, which shows that Common Law System is indeed better for protection of property. This conclusion was backed by rigorous statistical reasoning. Two main camps often preach the superiority of Common Law compared to Non-Common Law political systems: Political and Economic factors.

However, most literature from each camp of the field of studies, political scientists and economists, concentrate their studies strictly on macroeconomic impacts only. They focus strictly on their field of study only, in a more significant overview. It is interesting to see how Common Law may affect individual consumers' purchasing behavior, spending habits, and investment decisions.

**Hypotheses, Formulation, and Measurements of Data**

The perception of Common Law superiority over Non-Common Law will be evaluated via various economic indicators: Trade in Services (% of GDP), Inflation, Consumer Prices (Annual%), Interest Rate Spread (lending rate minus deposit rate,%), Household final consumption expenditure per capita growth (annual%), Final consumption expenditure, etc. (annual% growth), Exports of Goods and Services (annual% growth), Gross capital formation (annual% growth), Imports of goods and services (annual% growth), Manufacturing, value added (annual% growth), Industry, value added (annual% growth), Services, etc. value added (annual% growth), GDP growth (annual%), GDP per capita growth (annual%), Gross domestic savings (% of GDP).

Table 1.– Description of variables being used

| Variables | Description |
|---|---|
| *1* | *2* |
| **Trade in Services (% of GDP)** | The sale and delivery of an intangible product called services |
| **Inflation, Consumer Prices (Annual%)** | The decreasing in purchasing level and increasing in price level, the measurement of inflation |
| **Interest Rate Spread (lending rate minus deposit rate,%)** | The interest rate charged by banks on loans minus the interest rate paid by banks to its customers |
| **Household final consumption expenditure per capita growth (annual%)** | The market value on all goods and services purchased by households in one year divided by the population of a nation in one year not including the purchase of dwellings |
| **Final consumption expenditure, etc. (annual% growth)** | The market value on all goods and services purchased by households in one year divided by the population of a nation in one year including the purchase of dwellings |
| **Exports of Goods and Services (annual% growth)** | Trade of good and services from residences to non-residences |
| **Gross capital formation (annual% growth)** | The net values spend on fixed assets plus the net chargers in the level of inventories. |
| **Imports of goods and services (annual% growth)** | Trade of good and services from non-residences to residences |
| **Manufacturing, value added (annual% growth)** | The total estimate of net-output of all resident manufacturing activity units obtained subtracting intermediate consumption. |

| *1* | *2* |
|---|---|
| **Industry, value added (annual% growth)** | The contribution of private industries and government sectors to total GDP |
| **Services, etc. value added (annual% growth)** | The contribution of intangible products to total GDP |
| **GDP growth (annual%)** | The growth of gross domestic product |
| **GDP per capita growth (annual%)** | The growth of gross domestic product divide by the population of the country |
| **Gross domestic savings (% of GDP)** | GDP minus final consumption expenditure. |

**Formulation of Countries of Interest:**

In this research paper, several criteria were used to limit the countries of interest to study Those criteria include: classified by IMF to fall into the category of having a fully-developed banking system, classified by IMF as developed nations, and classified by World Bank as having minimum GDP of US$19, 000 per year per capita.

As a first-cut approach, refer to Appendix A. The list started with 45 countries as potential candidates of nations. These countries were chosen because IMF and the World Bank categorize them as having robust banking systems. A list in Excel was made, and a comparison of their GNI (Gross National Income) per capita was made to sort out those countries with a minimum GNI of US$19, 000 per capita as of 2002. Furthermore, the countries are then grouped into two groups: Countries that implement Common Law, and Countries that implement non-Common Law. Countries that did not fulfill the three requirements were dropped from observation.

Of 45 countries, 32 were chosen, of which 24 fall into the non-Common Law category, and eight fall into the Common Law category. Each country was then evaluated for its economic performances based on published time-series economic indicators values available through the World Bank from 1990 to 2015. Descriptive Statistics were computed for each variable, then compiled into Table 1.

From Table 1, the assumption of normality is tested for each variable using the Shapiro-Wilk test in R programming. Shapiro-Wilk test is a statistical test used to check whether a population follows a normal distribution with the null hypothesis that the population is normally distributed. With non-normal data, the mean might not represent the most appropriate measure of central tendency. Thus, we considered the non-parametric Mann-Whitney U test for variables with skewed distribution to compare the means.

Mann-Whitney U Test is a non-parametric test used to test whether the difference in mean differs from zero for two independent groups. The null hypothesis for Mann-Whitney U Test is that for randomly selected values X and Y from two populations, the probability of X being more significant than Y is equal to the probability of Y being more significant than X, indicating that the two populations have the same mean. For normally distributed variables, we applied the parametric independent t-test to assess the mean of Common Law and non-Common law countries. The independent t-test also assesses whether the means of the two groups are statistically different from one other. In this test, the null hypothesis is that the means for the two populations are equal.

**Non-Parametric Mann-Whitney U Test Results**

A Mann-Whitney U Statistical tests were conducted unto eight variables. The results of the Mann-Whitney U test are as follows:

Table 2.– Descriptive Statistics for Common Law and Code Law, and Need for Non-parametric Test

| Measurements | Common Law | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Mean | Median | Skewness | Kurtosis | SE | Mean | Median | Skewness | Kurtosis | SE | Shapiro-Wilk statistic | P-Value | Use Non-parametric Test? |
| Trade in Services (% of GDP) | 25.27 | 15.56 | 0.93 | –1.01 | 8.63 | 25.57 | 17.37 | 3.99 | 15.4 | 7.72 | 0.4670 | 0.0000 | Yes |
| Inflation, Consumer Prices (Annnual %) | 2.87 | 2.54 | 1.29 | 0.28 | 0.41 | 4.73 | 2.5 | 3.48 | 12.27 | 1.35 | 0.4560 | 0.0000 | Yes |
| Interest Rate Spread (lending rate minus deposit rate, %) | 3.34 | 3.68 | –0.52 | –1.56 | 0.38 | 6.11 | 4.76 | 3.45 | 11.98 | 1.49 | 0.4655 | 0.0000 | Yes |
| Household final consumption expenditure per capita growth (annual %) | 2.05 | 1.92 | 1.03 | –0.46 | 0.18 | 1.83 | 1.23 | 1.35 | 0.62 | 0.27 | 0.8375 | 0.0002 | Yes |
| Final consumption expenditure, etc.(annual % growth) | 3.17 | 2.76 | 0.66 | –1.13 | 0.4 | 2.2 | 1.78 | 1.1 | 0.22 | 0.23 | 0.9064 | 0.0090 | Yes |
| Exports of Goods and Services (annual % growth) | 5.51 | 5.19 | 0.89 | –0.68 | 0.6 | 5.51 | 4.92 | 1.06 | 0.47 | 0.4 | 0.8917 | 0.0038 | Yes |
| Grooss capital formation (annual % growth) | 3.82 | 3.37 | 1.22 | 0.19 | 0.53 | 2.71 | 2.2 | 0.71 | –0.43 | 0.47 | 0.9572 | 0.2302 | No |
| Imports of goods and services (annual % growth) | 5.74 | 5.29 | 0.64 | –1.16 | 0.58 | 5.41 | 4.41 | 0.91 | –0.7 | 0.44 | 0.8607 | 0.0007 | Yes |
| Manufacturing, value added (annual % growth) | 0.98 | 0.67 | 0.69 | –0.61 | 1.05 | 2.76 | 1.93 | 0.82 | –0.59 | 0.47 | 0.9186 | 0.0216 | Yes |
| Industry, value added Services | 1.88 | 1.43 | 1.1 | –0.28 | 0.82 | 2.03 | 1.5 | 0.7 | –0.6 | 0.37 | 0.9018 | 0.0080 | Yes |
| Services, ets. value added (annual % growth) | 3.44 | 3.1 | 0.86 | –0.7 | 0.6 | 2.6 | 2.25 | 0.77 | –0.56 | 0.25 | 0.9168 | 0.0195 | Yes |
| GDP growth (annual %) | 3.36 | 2.89 | 0.83 | –.75 | 0.5 | 2.38 | 2.01 | 0.83 | –0.55 | 0.26 | 0.9193 | 0.0199 | Yes |
| GDP per capita growth (annual %) | 1.95 | 1.6 | 0.9 | –0.86 | 0.3 | 1.91 | 1.5 | 1.06 | –0.22 | 0.25 | 0.8442 | 0.0003 | Yes |
| Grooss domestic savings (% of GDP) | 25.77 | 23.41 | 1.28 | 0.34 | 3.81 | 26.25 | 26.21 | 0.88 | 1.88 | 1.34 | 0.8854 | 0.0027 | Yes |

Table 3.– Mann-Whitney U test Results

| Measurements | p-value | Mean Rank | |
|---|---|---|---|
| | | Common Law | Code Law |
| Trade in Services (% of GDP) | 0.6852 | 15.25 | 16.92 |
| Inflation, Consumer Prices (Annual%) | 0.9490 | 16.25 | 16.58 |
| Interest Rate Spread (lending rate minus deposit rate,%) | 0.0940 | 13.5 | 17.5 |
| Household final consumption expenditure per capita growth (annual%) | 0.0515 | 22.15 | 14.62 |
| Final consumption expenditure, etc. (annual% growth) | **0.0135** | 23.5 | 14.17 |
| Exports of Goods and Services (annual% growth) | 0.8146 | 17.25 | 16.25 |
| Manufacturing, value added (annual% growth) | **0.0378** | 12.5 | 17.83 |
| Industry, value added (annual% growth) | 0.6945 | 16.88 | 16.38 |
| Services, etc. value added (annual% growth) | 0.1267 | 22.16 | 14.62 |
| GDP growth (annual%) | **0.0328** | 22.62 | 14.46 |
| GDP per capita growth (annual%) | 0.5935 | 18.12 | 15.96 |
| Gross domestic savings (% of GDP) | 0.3345 | 13.62 | 17.46 |

A Mann-Whitney U test was conducted on thirteen variables of interest. Of the thirteen variables, only three were found significant: The final consumption expenditure, Manufacturing, value added, and GDP growth. These results suggest three things:

i) Countries that have Common Laws tend to have higher final consumption expenditure growth in a higher percentage from 1990 to 2015.

ii) Countries with Code Laws tend to encourage manufacturing as value added in their economic engine growth from 1990 to 2015.

iii) Countries that have Common Laws tend to have higher GDP growth in annual percentage from 1990 to 2015

**Parametric Independent-Samples t-Test**

An Independent-Samples t-Test was conducted on one variable. The results of the Independent-Samples t-Test are as follows:

Table 4. Independent-Samples t-Test Results

| Measurements | t-test | | | 95% Confidence Interval of mean difference | | Mean | |
|---|---|---|---|---|---|---|---|
| | t Value | df | p-value | | | Common Law | Code Law |
| **Gross capital formation (annual% growth)** | –1.56 | 18.95 | 0.13 | –2.597 | 0.376 | 2.705 | 25.269 |

An Independent-Samples *t*-test was conducted on one variable of interest. As the p-value was found to be greater than the significance level, we failed to reject the null hypothesis, and the difference in Gross capital formation (annual% growth) between Common Law and non-Common law countries was not found to be significant.

**Discussion of Results**

In this research paper, 32 countries were chosen as test samples: Twenty-four countries implement non-Common Law, and 8 implement Common Law Political Systems. As can be seen from the different non-parametric Mann-Whitney U test and parametric Independent-Samples t-Test conducted on the different countries, three significant findings were found regarding economic performances between countries that implemented common-law and countries that implement Code Law as the country's law system.

Manufacturing, value added (annual % growth) seems to be much higher for countries that implement Code Law Political Systems (Mean Rank =

=17.83) than countries that implement Common Law Political Systems (Mean Rank = 12.5). This is an exciting finding because the rigidity of Code Law may have affected many companies that operate in Code Law Political Systems to have difficulty in hiring and firing employees, inflexible labor-contract agreements, and inability to adapt to fast changes in the world economic environment quickly.

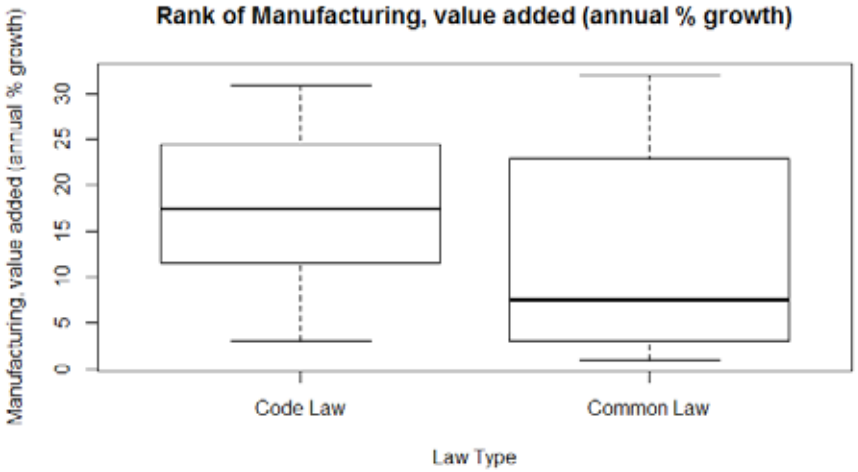


Figure 1. Rank of Manufacturing (value-added) of Code Law and Common Law Countries

GDP growth (annual%) seems to be much higher for countries that implement Common Law Political Systems (Mean Rank = 22.62) than for countries that implement Common Law Political Systems (Mean Rank = 14.46). This result confirms the general perception and suggestion by many experts that Common Law Political Systems tend to be superior in promoting faster economic growth for their citizens. The more robust property protection gives people more incentives to invest due to less risk of losing their property since GDP comprises investments, and the greater the willingness to invest leads to the greater the value of annual GDP growth. Furthermore, the Common Law system allows firms to hire and fire employees more actively. The flexibility allows entrepreneurs to invest in their projects more bravely, and they can fire employees who are not capable of the job more efficiently, eliminating the dead weight loss of the firm.

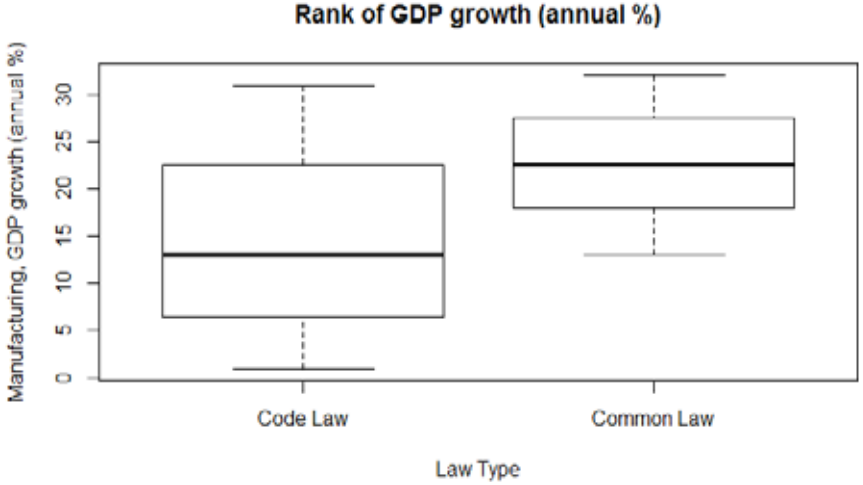


Figure 2. Rank of GDP Growth of Code Law and Common Law Countries

Final Consumption Expenditure, etc. (annual% growth) tend to suggest that countries which implement Common Law (Mean Rank = 23.5) have higher consumption annual growth that countries

which implement Code Law (Mean Rank = 14.17). This finding also suggested that the Common Law system is better for economic growth. Since Common Law system provides more robust protection of property and allows people to react to economic environments more effetely, consumers worry less of losing their properties, which gives them more incentives to spend their money.

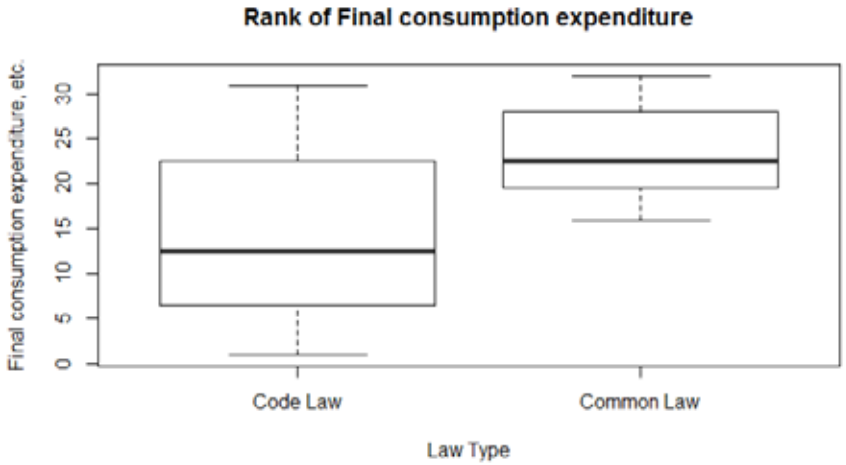


Figure 3. Rank of Final Consumption Expenditure of Code Law and Common Law Countries

**Summary and Conclusion**

The main objectives of this project is to prove the validity that the Common Law political system encourages more vigorous economic growth in developed countries and to see how it affects the spending habits of its inhabitants. In the literary review, some articles demonstrated their opinions on comparing Common Law and Civil Law. Most articles claim that Common Law systems have political and economic advantages. Fourteen variables are observed, measured, and evaluated to see how they affect countries that implement Common Law political systems versus countries that implement non-Common Law (mainly Code Law Political Systems). The results seem to agree and support that Common Law does indeed help invigorate the economic aspects of those countries, as Common Law provides better protection for personal property rights, unbiasedness, and better legal rights for its people.

The results obtained from this study are enlightening because three statistically-significant variables are found: the annual growth of final consumption expenditure, the annual growth of added manufacturing, and the annual GDP growth. The annual growth of value-added manufacturing suggests that Code Law countries are superior for economic development, even if Common Law countries have many incontinences. The other two results suggest that Common Law countries are more helpful for economic development. These results support that the Common Law system gives people and companies more confidence to participate in the market, and thus, Common Law countries are better for economic development. It also confirms this report's hypothesis that Common Law countries are better than Code Law countries in promoting economics. The experience in conducting this research study can help readers understand how different political systems can significantly affect the economic performance in different countries and how they can affect and influence the spending habits of their inhabitants.

There are also some limitations of this research. First of all, our finding indicates that the mean growth of manufacturing (value added) for Code Law countries is higher than that for Common Law countries. One possible reason is that in Code Law countries, governments generally have more power and thus can maintain relative independent fiscal and monetary policies. In situations where the government evolving is helpful, Code Law countries' economies may react bet-

ter than Common Law countries' economies. Another limitation is that due to the lack of the most recent data sources, the data used in research might be outdated and thus may not reflect the most current economic, industrial, and consumption situation in Common Law and Civil Law countries. Lastly, since the variables are not entirely independent, the conclusions drawn in this study might not be sufficiently firm. For example, we observe a significant difference among Common Law and Civil Law countries in the annual percentage growth of both GDP and value-added manufacturing output. However, the two observations might not be independent since manufacturing output is also one of the GDP components, and it is logically natural to observe a high GDP growth, given a high manufacturing output. Therefore, it might be meaningful for future studies to control independent variables to obtain more accurate and refined conclusions.

**Appendix A: List of Countries to Choose From**

| COUNTRIES | Population, Mid-Year (millions) | GNI per capita @ 2002 (in US$) | GNI (US$Billions) | FAIL (if less than 19000)? |
|---|---|---|---|---|
| *1* | *2* | *3* | *4* | *5* |
| Austria | 8 | 23860 | 192.1 | |
| Belgium | 10.3 | 22940 | 237.1 | |
| Denmark | 5.4 | 30260 | 162.6 | |
| Finland | 5.2 | 23890 | 124.2 | |
| France | 59.5 | 22240 | 1362.1 | |
| Germany | 82.5 | 22740 | 1876.3 | |
| Greece | 10.6 | 11660 | 123.9 | X |
| Iceland | 0.28 | 27960 | 7.9 | |
| Ireland | 3.9 | 23030 | 90.3 | |
| Italy | 57.5 | 19080 | 1100.7 | |
| Liechtenstein | NOT AVAILABLE BY IFS nor WB | | | |
| Luxembourg | 0.44 | 39470 | 17.5 | |
| Netherlands | 16.1 | 23390 | 377.6 | |
| Norway | 4.5 | 38730 | 175.8 | |
| Portugal | 10.2 | 10720 | 109.1 | X |
| Spain | 40.9 | 14580 | 596.5 | X |
| Sweden | 8.9 | 25970 | 231.8 | |
| Switzerland | 7.3 | 36170 | 263.7 | |
| United Kingdom | 59.2 | 25510 | 1510.8 | |
| Vatican | NOT AVAILABLE BY IFS nor WB | | | |
| Israel | 6.6 | 16020 | 105.2 | X |
| Taiwan | | 15056.32 | 341.04 | X |
| | | | | |
| ii) Other | | | | |
| Australia | 19.7 | 19530 | 384.1 | |
| Canada | 31.4 | 22390 | 702 | |
| Japan | 127.2 | 34010 | 4323.9 | |
| New Zealand | 3.9 | 13260 | 52.2 | X |
| United States | 288.4 | 35400 | 10207 | |
| | | | | |
| OFFSHORE CENTRES | | | | |
| Aruba | NOT AVAILABLE | | | |

| *1* | *2* | *3* | *4* | *5* |
|---|---|---|---|---|
| Bahamas | NOT AVAILABLE | | | |
| Bahrain | 0.7 | 10500 | 7.3 | X |
| Barbados | 0.27 | 8790 | 2.4 | X |
| Bermuda | NOT AVAILABLE | | | |
| Cayman Islands | NOT AVAILABLE | | | |
| Gibraltar | NOT AVAILABLE | | | |
| Guernsey | NOT AVAILABLE | | | |
| Hong Kong SAR | 6.8 | 24690 | 167.6 | |
| Isle of Man | NOT AVAILABLE | | | |
| Jersey | NOT AVAILABLE | | | |
| Lebanon | 4.4 | 3990 | 17.7 | X |
| Macau SAR | NOT AVAILABLE | | | |
| Mauritius | 1.2 | 3860 | 4.7 | X |
| Netherlands Antilles | NOT AVAILABLE | | | |
| Panama | 2.9 | 4020 | 11.6 | X |
| Singapore | 4.2 | 20690 | 86.1 | |
| Vanuatu | 0.21 | 1070 | 0.22 | X |

## Appendix B

| Ranks | | | | |
|---|---|---|---|---|
| | **Group of Countries** | **N** | **Mean Rank** | **Sum of Ranks** |
| Trade in services (% of GDP) | Common Law | 8 | 15.25 | 122.00 |
| | Code Law | 24 | 16.92 | 406.00 |
| | Total | 32 | | |
| Inflation, consumer prices (annual%) | Common Law | 8 | 16.25 | 130.00 |
| | Code Law | 24 | 16.58 | 398.00 |
| | Total | 32 | | |
| Interest rate spread (lending rate minus deposit rate,%) | Common Law | 7 | 10.86 | 76.00 |
| | Code Law | 24 | 17.50 | 420.00 |
| | Total | 31 | | |
| Gross capital formation (annual% growth) | Common Law | 8 | 21.00 | 168.00 |
| | Code Law | 24 | 15.00 | 360.00 |
| | Total | 32 | | |
| Manufacturing, value added (annual% growth) | Common Law | 7 | 9.71 | 68.00 |
| | Code Law | 24 | 17.83 | 428.00 |
| | Total | 31 | | |
| Industry, value added (annual% growth) | Common Law | 7 | 14.71 | 103.00 |
| | Code Law | 24 | 16.38 | 393.00 |
| | Total | 31 | | |
| GDP growth (annual%) | Common Law | 8 | 22.63 | 181.00 |
| | Code Law | 24 | 14.46 | 347.00 |
| | Total | 32 | | |
| Gross domestic savings (% of GDP) | Common Law | 8 | 13.63 | 109.00 |
| | Code Law | 24 | 17.46 | 419.00 |
| | Total | 32 | | |

## Appendix B – Continued

| Test Statistics[a] | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Trade in services (% of GDP)** | **Inflation, consumer prices (annual%)** | **Interest rate spread (lending rate minus deposit rate,%)** | **Gross capital formation (annual% growth)** | **Manufacturing, value added (annual% growth)** | **Industry, value added (annual% growth)** | **GDP growth (annual%)** | **Gross domestic savings (% of GDP)** |
| Mann-Whitney U | 86.000 | 94.000 | 48.000 | 60.000 | 40.000 | 75.000 | 47.000 | 73.000 |
| Wilcoxon W | 122.000 | 130.000 | 76.000 | 360.000 | 68.000 | 103.000 | 347.000 | 109.000 |
| Z | –.435 | –.087 | –1.701 | –1.567 | –2.079 | –.425 | –2.132 | –1.001 |
| Asymp. Sig. (2-tailed) | .663 | .931 | .089 | .117 | .038 | .671 | .033 | .317 |
| Exact Sig. [2*(1-tailed Sig.)] | .685[b] | .949[b] | .094[b] | .124[b] | .038[b] | .695[b] | .033[b] | .334[b] |
| a. Grouping Variable: Group of Countries | | | | | | | | |
| b. Not corrected for ties. | | | | | | | | |

## Appendix C

| Group Statistics | | | | | |
|---|---|---|---|---|---|
| | **Group of Countries** | **N** | **Mean** | **Std. Deviation** | **Std. Error Mean** |
| Household final consumption expenditure per capita growth (annual%) | Common Law | 8 | 2.0487 | .51313 | .18142 |
| | Code Law | 24 | 1.8266 | 1.33610 | .27273 |
| Final consumption expenditure, etc. (annual% growth) | Common Law | 8 | 3.1704 | 1.12516 | .39781 |
| | Code Law | 24 | 2.1958 | 1.10789 | .22615 |
| Exports of goods and services (annual% growth) | Common Law | 8 | 5.5121 | 1.68549 | .59591 |
| | Code Law | 24 | 5.5139 | 1.97272 | .40268 |
| Imports of goods and services (annual% growth) | Common Law | 8 | 5.7433 | 1.62793 | .57556 |
| | Code Law | 24 | 5.4088 | 2.16144 | .44120 |
| Services, etc., value added (annual% growth) | Common Law | 7 | 3.4434 | 1.59058 | .60118 |
| | Code Law | 24 | 2.6012 | 1.20793 | .24657 |
| GDP per capita growth (annual%) | Common Law | 8 | 1.9537 | .85414 | .30198 |
| | Code Law | 24 | 1.9135 | 1.22916 | .25090 |

**Independent Samples Test**

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | F. | Sig | t | df | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference | |
| | | | | | | | | | Lower | Upper |
| Household final consumption expenditure per capita growth (annual%) | Equal variances assumed | 4.489 | .042 | .455 | 30 | .652 | .22206 | .48821 | –.77499 | 1.21911 |
| | Equal variances not assumed | | | .678 | 29.122 | .503 | .22206 | .32756 | –.44775 | .89187 |
| Final consumption expenditure, etc. (annual% growth) | Equal variances assumed | .025 | .875 | 2.147 | 30 | .040 | .97462 | .45395 | .04753 | 1.90172 |
| | Equal variances not assumed | | | 2.130 | 11.878 | .055 | .97462 | .45759 | –.02352 | 1.97277 |
| Exports of goods and services (annual% growth) | Equal variances assumed | .366 | .550 | –.002 | 30 | .998 | –.00174 | .77958 | –1.59385 | 1.59037 |
| | Equal variances not assumed | | | –.002 | 13.966 | .998 | –.00174 | .71921 | –1.54464 | 1.54115 |
| Imports of goods and services (annual% growth) | Equal variances assumed | 1.014 | .322 | .400 | 30 | .692 | .33454 | .83667 | –1.37417 | 2.04325 |
| | Equal variances not assumed | | | .461 | 15.966 | .651 | .33454 | .72521 | –1.20310 | 1.87218 |
| Services, etc., value added (annual% growth) | Equal variances assumed | .257 | .616 | 1.512 | 29 | .141 | .84223 | .55689 | –.29673 | 1.98118 |
| | Equal variances not assumed | | | 1.296 | 8.128 | .231 | .84223 | .64978 | –.65207 | 2.33652 |
| GDP per capita growth (annual%) | Equal variances assumed | 1.237 | .275 | .086 | 30 | .932 | .04024 | .47055 | –.92077 | 1.00124 |
| | Equal variances not assumed | | | .102 | 17.467 | .920 | .04024 | .39261 | –.78642 | .86689 |

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