

## Data Appendix:

Variable name	Description and source	Number of Observations
<i>Financial sector development:</i>		
Concentration <sup>1</sup>	A measure of the degree of concentration in the banking industry, calculated as the ratio of the three largest banks' assets to total banking sector assets in each country, average over the 1990-97 period	99
Net Interest Margin <sup>1</sup>	A broad measure of the degree of efficiency of bank operations, calculated as the accounting value of a bank's net interest revenue as a share of its total assets, average over 1990-97 period	93
Overhead Cost Margin <sup>1</sup>	A broad measure of the degree of efficiency of bank operations, calculated as the accounting value of a bank's overhead costs as a share of its total assets, average over 1990-97 period	94
Pre-tax Bank Profit		67
After-tax Bank Profit		97
Private Credit <sup>1</sup>	A broad measure of financial development, specifically a measure of savings channeled through financial intermediaries to borrowers. Calculated as the value of credits by financial intermediaries to the private sector divided by GDP, average over 1990-97 period	123
Market capitalization <sup>1</sup>	A measure of stock market development, calculated as the value of shares listed on the stock exchange divided by GDP, average over 1990-97 period	73
Total Value Traded <sup>1</sup>	A measure of the liquidity of the market relative to its size, calculated as the ratio of total shares traded on the stock market exchange to GDP, average over 1990-97 period	71
Turnover <sup>1</sup>	A measure of the efficiency of the stock market, calculated as the ratio of the value of total shares traded and market capitalization (defined above) over the 1990-97 period	71
Public bank ownership <sup>2</sup>	Percentage of assets of the 10 largest banks in each country owned by the government as share of the total assets of these banks.	69
Foreign Bank Assets <sup>1</sup>	A measure of foreign bank penetration, calculated as the share of foreign bank assets in total banking sector assets, average over 1990-97 period	
<i>Financial Policies:</i>		
Generosity of Deposit Insurance <sup>3</sup>	A indicator of the moral hazard associated with the government safety net of deposit insurance	43
Banking Restrictions <sup>4</sup>	A measure of the degree of restrictions on the ability of banks to engage in securities, insurance, real estate, and nonfinancial services	64
Personal Capital Gains Tax <sup>5</sup>		43
Tax Rate on Dividend Income <sup>5</sup>		43
<i>Industrial Competitiveness:</i>		
Market Domination <sup>6</sup>	A measure of the degree of competition, based upon a survey question in which respondents indicate the degree to which they believe market domination is not common in their country	43
Effective Anti-Trust <sup>6</sup>	A measure of the degree of competition, based upon a survey question in which respondents indicate the degree to which they believe the anti-trust laws of a country operate effectively and fairly	64
Business Competitiveness <sup>6</sup>	A measure of the degree of competition, based upon a survey question in which respondents indicate the degree to which they believe the business environment of a country is free and competitive	43

Variable name	Description and source	Number of Observations
<i>Institutional Environment:</i>		
Integrity <sup>7</sup>	An indicator of the degree of corruption in government and society at large (ranging from 0 to 6), averaged over 1990-97 period (note: greater values signify less corruption)	89
Rule of law <sup>7</sup>	An indicator of the degree to which the country adheres to the rule of law (ranging from 0 to 6), averaged over 1990-97 period	89
Tax Compliance <sup>8</sup>	An indicator of the degree to which society complies with tax laws, scaled from 0 to 6 (note: higher scores indicate higher compliance)	42
Outsider Rights <sup>4</sup>	An index of the degree to which legal codes of the country protect participants in financial markets. Constructed as the sum of Creditor (degree of protection of claims of secured creditors in the case of reorganization or liquidation of a company) and Anti-director (degree of protection of monetary shareholder rights). Ranges from 0-10.	44
Accounting <sup>10</sup>	A measure of accounting standards, specifically the comprehensiveness of companies balance sheets and income statements. Ranges from 0-90.	39
<i>Legal origin data</i> <sup>11</sup> :		
British	Indicator for English common law tradition.	122
French	Indicator for French civil law tradition.	122
German	Indicator for German civil law tradition.	122
<i>Initial political structure</i> <sup>13</sup>		
Autocracy	A measure of the general closedness of political institutions ranging from 0 (open) to 10 (closed).	114
Executive Comp.	Measures extent to which executives are chosen through competitive elections. Ranges from 0 (non-competitive) to 3 (competitive).	114
Executive Open.	Measures the opportunity for non-elites to attain executive office. Ranges from 0 (closed) to 4 (open).	114
<i>Economic development:</i>		
Log real GDP per capita <sup>14</sup>	Log of real GDP per capita expressed in 1995 US dollars for period 1990-1997.	126
Growth	Growth rate of real GDP per capita, average over 1990-97 period	126
Inflation Rate <sup>14</sup>	Rate of inflation, calculated as log difference of CPI (1995=100) over 1990-97 period	119
Government Expenditure <sup>15</sup>	Government expenditure as a share of GDP, average over 1990-97	62
Trade <sup>15</sup>	A measure of openness, calculated as the ratio of real exports and imports to GDP, average over 1980-95	117
<i>Development</i> <sup>16</sup> :		
Assassinations	Number of assassinations per thousand inhabitants, average over 1980s	64
Revolutions.Coups	A revolution is defined as any illegal or forced change in the top governmental elite, any attempt at such a change, or any successful or unsuccessful armed rebellion whose aim is independence from central government. Coup d'Etat is defined as an extra-constitutional or forced change in the top government elite and/or its effective control of the nation's power structure in a given year. Note: measure provides average over 1980s	65
Civil Liberties	Index of civil liberties, ranging in scale from 1 (most freedom) to 7 (least freedom), average over 1980s	107
Log(average schooling years)	Log of average schooling years in the total population over 25 in 1980	92
Ethnic Diveristy	Average value of five indices of ethnolinguistic fractionalization, with values ranging from 0 to 1, where higher values denote higher levels of fractionalization	

#### Data Sources:

<sup>1</sup> Beck, Demirguc-Kunt, and Levine (1999). Data is available on the World Bank website at <http://www.worldbank.org/research/projects/finstructure>.

<sup>2</sup> Public ownership data comes from La Porta, Lopez-de-Silanes, Schleifer, and Vishny (2000)

<sup>3</sup> Data on generosity of deposit insurance comes from Demirguc-Kunt (1997)

<sup>4</sup> Data on banking restrictions and outsider rights come from Barth, Caprio, and Levine (2000)

<sup>5</sup> Data on personal capital gains tax and tax rate on dividend income come from Barth Caprio and Levine (2000) using data from Cooper & Lybrand International Tax Network: International Tax Summaries. A Guide for Planning and Decisions.

<sup>6</sup> Data on industrial competitiveness measures come from Levine (2000)

<sup>7</sup> Data on integrity and rule of law come from International Country Risk Guide (ICRG)

<sup>8</sup> Data on tax compliance comes from La Porta, Lopez-de-Silanes, Schleifer, and Vishny (1998) using data from Global Competitiveness Report

<sup>9</sup> Data on creditor rights and anti-director rights come from La Porta, Lopez-de-Silanes, Schleifer, and Vishny (1998)

<sup>10</sup> Accounting data come from the Center for International Financial Analysis and Research (CIFAR) and La Porta, Lopez-de-Silanes, Schleifer, and Vishny (1998)

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Variable name	Description and source	Number of Observations
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<sup>11</sup> All data on legal origin come from La Porta, Lopez-de-Silanes, Schleifer and Vishny (1999)

<sup>13</sup> All data on initial political structure come from the Polity III dataset.

<sup>14</sup> GDP per capita and inflation data come from World Development Indicators

<sup>15</sup> Data on government expenditure, trade, and come from Barth, Caprio and Levine (2000) using data from Loayza, Lopez, Schmidt-Hebbel, and Severn (1998)

<sup>16</sup> Data on development indicators come from Barth, Caprio, and Levine (2000) using data from Barro and Lee (1996), Altas Narodov Mira (1964), Muller (1964),

Roberts (1962), and Gunnermark (1991)

**Table 1a: Summary statistics for indicators of financial development**

	Concentration	Highly concentrated	Net interest margin	Overhead cost	Pre-tax bank profit	After-tax bank profit	Private credit	Market capitalization	Total value traded	Turnover	Public bank ownership	Foreign bank assets
Mean	0.718	0.232	0.055	0.045	1.255	0.854	0.360	0.376	0.189	0.350	40.989	0.245
Median	0.744	0.000	0.038	0.036	1.091	0.837	0.242	0.218	0.061	0.261	37.200	0.192
Standard Deviation	0.216	0.424	0.080	0.035	1.242	1.068	0.305	0.439	0.363	0.419	29.162	0.244
Maximum	1.000	1.000	0.656	0.295	5.171	4.031	1.647	2.015	2.478	2.906	100.000	1.000
Minimum	0.186	0.000	0.008	0.007	-3.777	-4.140	0.029	0.009	0.000	0.008	0.000	0.000
Observations	99	99	93	94	67	97	123	73	71	71	69	83

**Table 1b: Correlation of indicators of financial development**

	Concentration	Highly concentrated	Net interest margin	Overhead cost	Pre-tax bank profit	After-tax bank profit	Private credit	Market capitalization	Total value traded	Turnover	Public bank ownership
Concentration											
Highly concentrated	0.661***										
Net interest margin	0.009	-0.038									
Overhead cost	-0.015	0.013	0.421***								
Pre-tax bank profit	-0.073	-0.164	0.127	-0.030							
After-tax bank profit	-0.119	-0.212*	0.104	-0.101	0.979***						
Private credit	-0.309***	-0.277***	-0.269**	-0.349***	-0.278**	-0.230*					
Market capitalization	-0.175	-0.180	-0.235*	-0.326***	-0.052	-0.007	0.651***				
Total value traded	-0.244**	-0.146	-0.164	-0.233*	-0.043	-0.005	0.661***	0.615***			
Turnover	-0.365***	-0.215*	-0.145	-0.210*	-0.024	-0.008	0.523***	0.246**	0.803***		
Public bank ownership	0.081	0.042	0.084	0.139	0.114	0.123	-0.334***	-0.000***	-0.072	0.017	
Foreign bank assets	0.448***	0.473***	0.091	0.033	-0.007	-0.082	-0.317***	-0.153	-0.178	-0.242*	-0.050

Note: \*, \*\*, and \*\*\* denote significance at the 10%, 5%, and 1% level respectively

**Table 2a: Summary statistics for indicators of financial policies**

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	Generosity of deposit insurance	Banking restrictions	Personal capital gains tax	Tax rate on dividend income
Mean	0.609	2.411	0.208	0.400
Median	1.910	2.500	0.150	0.428
Standard Deviation	2.485	0.670	0.199	0.185
Maximum	3.976	3.750	0.610	0.660
Minimum	-2.491	1.000	0.000	0.000
Observations	43	64	43	43

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**Table 2b: Correlation of indicators of financial policies**

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	Concentration	Highly Concentrated	Generosity of Deposit Insurance	Banking Restrictions	Personal Capital Gains Tax
Concentration					
Highly Concentrated	0.661***				
Generosity of Deposit Insurance	-0.260*	-0.089			
Banking Restrictions	-0.272**	0.104	-0.059		
Personal Capital Gains Tax	0.140	-0.122	-0.131	0.099	
Tax Rate on Dividend Income	0.228	0.000	-0.142	-0.178	0.512***

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Note: \*, \*\*, and \*\*\* denote significance at the 10%, 5%, and 1% level respectively

**Table 3a: Summary statistics for indicators of industrial competitiveness**

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	Market Domination	Effective Anti-Trust	Business Competitiveness
Mean	3.410	4.114	7.208
Median	3.355	4.115	7.500
Standard Deviation	0.753	0.821	2.063
Maximum	4.770	5.470	10.000
Minimum	2.000	2.130	2.500
Observations	43	64	43

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**Table 3b: Correlation of indicators of industrial competition**

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	Highly Concentrated	Market Domination	Effective Anti-Trust	
Concentration				
Highly Concentrated	0.661***			
Market Domination	-0.032	0.199		
Effective Anti-Trust	-0.112	0.122	0.655***	
Business Competitiveness	-0.108	0.092	0.159	0.436***

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Note: \*\*\* denotes significance at the 1% level

**Table 4a: Summary statistics for indicators of institutional environment**

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	Integrity	Rule of Law	Tax Compliance	Outrights	Account
Mean	3.876	3.910	3.289	5.205	60.487
Median	4.000	4.000	3.410	5.000	62.000
Standard Deviation	1.242	1.474	1.004	2.184	13.559
Maximum	6.000	6.000	5.050	9.000	83.000
Minimum	1.000	1.000	1.430	1.000	24.000
Observations	89	89	42	44	39

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**Table 4b: Correlation of indicators of institutional environment**

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	Concentration	Highly Concentrated	Integrity	Rule of Law	Tax Compliance	Outrights
Concentration						
Highly Concentrated	0.661***					
Integrity	0.007	-0.127				
Rule of Law	-0.163	-0.121	0.807***			
Tax Compliance	-0.026	-0.285*	0.425***	0.540***		
Outrights	0.008	0.091	0.008	-0.089	0.147	
Account	0.255	0.131	0.334**	0.200	0.162	0.220

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Note: \*, \*\*, and \*\*\* denote significance at the 10%, 5%, and 1% level respectively

**Table 5a: Summary statistics for indicators of economic growth**

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	Economic Growth	Assassinations	Revolutions/ Coups	Civil Liberties	Government Expenditures	Trade	Log(Schooling, 1980)
Mean	-0.077	0.373	0.171	3.906	15.795	116.748	1.434
Median	0.013	0.000	0.000	4.500	14.780	88.896	1.504
Standard Deviation	0.409	0.816	0.288	2.033	6.383	126.109	0.603
Maximum	0.159	4.000	1.500	7.000	40.211	999.688	2.485
Minimum	-3.190	0.000	0.000	1.000	7.201	19.406	0.113
Observations	126	64	65	107	62	117	92

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**Table 5b: Correlation of indicators of growth**

	Highly Concentrated	Economic Growth	Trade	Inflation Rate	Government Expenditures	Assassinations	Revolutions/ Coups	Civil Liberties	
Concentration									
Highly Concentrated	0.661***								
Economic Growth	-0.034	-0.052							
Trade	0.035	0.005	-0.266***						
Inflation Rate	0.095	-0.007	0.164*	-0.359***					
Government Expenditures	-0.099	-0.010	-0.179	0.130	-0.201				
Assassinations	-0.252*	0.055	0.058	-0.154	0.179	-0.303**			
Revolutions./Coups	-0.225*	-0.101	0.071	-0.105	0.634***	-0.256**	0.637***		
Civil Liberties	0.203*	0.348***	0.200**	-0.223**	0.402***	-0.075	0.209	0.245*	
Log(Schooling, 1980)	-0.252**	-0.279**	-0.204*	0.202*	-0.443***	0.229*	-0.097	-0.008	0.743***

Note: \*, \*\*, and \*\*\* denote significance at the 10%, 5%, and 1% level respectively

**Table 6a: Summary statistics for indicators of banking crises**

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	Banking Crises	Inflation Rate	Securities
Mean	0.523	1.785	1.848
Median	1.000	1.683	2.000
Standard Deviation	0.503	0.792	0.749
Maximum	1.000	3.749	4.000
Minimum	0.000	0.010	1.000
Observations	65	119	66

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**Table 6b: Correlation of indicators of banking crises**

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	Concentration	Highly Concentrated	Banking Crisis	Inflation Rate	Securities
Concentration					
Highly Concentrated	0.661***				
Banking Crisis	-0.249*	-0.229*			
Inflation Rate	0.095	-0.007	0.402***		
Securities	-0.154	-0.032	0.311**	0.300**	
Generosity of Deposit Insurance	-0.260*	-0.089	0.286*	0.059	-0.041

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Note: \*, \*\*, and \*\*\* denote significance at the 10%, 5%, and 1% level respectively

**Table 7: Financial Development**

	Log (real GDP per capita)	Concentration	Public bank ownership	Foreign bank assets	Highly concentrated	Trade	R <sup>2</sup>	Observations
Net Interest Margin	-0.025	-0.0509					0.088	90
	<i>0.005</i>	<i>0.177</i>						
	-0.0225	-0.0553	-0.0001				0.063	63
	<i>0.054</i>	<i>0.129</i>	<i>0.646</i>					
	-0.0180	-0.0781	0.0000	0.0808			0.084	58
	<i>0.037</i>	<i>0.192</i>	<i>0.940</i>	<i>0.429</i>				
Overhead Costs	-0.0211	-0.0482	-0.0001			-0.00005	0.062	59
	<i>0.082</i>	<i>0.203</i>	<i>0.523</i>			<i>0.227</i>		
	-0.0226	-0.0400	-0.0001		-0.0188	-0.00005	0.065	59
	<i>0.100</i>	<i>0.232</i>	<i>0.485</i>		<i>0.405</i>	<i>0.224</i>		
	-0.0133	-0.0316					0.132	91
	<i>0.001</i>	<i>0.185</i>						
Pre-tax Bank Profits	-0.0149	-0.0379	-0.00002				0.138	63
	<i>0.023</i>	<i>0.142</i>	<i>0.865</i>					
	-0.0166	-0.0324	-0.00007	-0.0257			0.145	58
	<i>0.039</i>	<i>0.174</i>	<i>0.675</i>	<i>0.309</i>				
	-0.0146	-0.0353	-0.00005			-0.00004	0.157	59
	<i>0.050</i>	<i>0.219</i>	<i>0.699</i>			<i>0.094</i>		
After-tax Bank Profits	-0.0153	-0.0312	-0.0001		-0.0094	-0.00004	0.160	59
	<i>0.057</i>	<i>0.252</i>	<i>0.655</i>		<i>0.348</i>	<i>0.112</i>		
	-0.4359	-0.8980					0.100	65
	<i>0.010</i>	<i>0.338</i>						
	-0.4250	-0.7874	-0.0008				0.126	54
	<i>0.050</i>	<i>0.323</i>	<i>0.849</i>					
Private Credit	-0.2952	-0.8111	0.0013	1.3088			0.135	49
	<i>0.154</i>	<i>0.281</i>	<i>0.780</i>	<i>0.209</i>				
	-0.4338	-0.8398	-0.0007			0.00037	0.120	52
	<i>0.062</i>	<i>0.334</i>	<i>0.875</i>			<i>0.735</i>		
	-0.3481	-0.9977					0.096	65
	<i>0.013</i>	<i>0.239</i>						
Foreign Bank Assets	-0.3514	-0.7078	-0.0006				0.130	54
	<i>0.044</i>	<i>0.289</i>	<i>0.860</i>					
	-0.2366	-0.6721	0.0012	1.0802			0.138	49
	<i>0.161</i>	<i>0.262</i>	<i>0.741</i>	<i>0.160</i>				
	-0.3610	-0.7486	-0.0001			0.00054	0.123	52
	<i>0.058</i>	<i>0.308</i>	<i>0.980</i>			<i>0.461</i>		
Public Bank Ownership	0.1741	-0.0960					0.389	94
	<i>0.000</i>	<i>0.044</i>						
	0.1962	-0.1138	-0.0019				0.423	63
	<i>0.000</i>	<i>0.494</i>	<i>0.149</i>					
	0.1956	-0.1238	-0.0019	-0.0813			0.424	56
	<i>0.1664</i>	<i>-0.2326</i>	<i>-0.0014</i>			0.00036	0.44691	59
<i>0.000</i>	<i>0.146</i>	<i>0.305</i>			<i>0.073</i>			
Public Bank Ownership	0.1653	-0.2136	-0.0014		-0.0355	0.00037	0.448	59
	<i>0.000</i>	<i>0.256</i>	<i>0.308</i>		<i>0.740</i>	<i>0.049</i>		
	-0.0400	0.4301					0.232	81
	<i>0.122</i>	<i>0.002</i>						
	-0.0599	0.2752	-0.0013				0.197	58
	<i>0.039</i>	<i>0.073</i>	<i>0.198</i>					
Public Bank Ownership	0.0020	0.2009	0.00003		0.2983		0.253	58
	<i>0.781</i>	<i>0.127</i>	<i>0.966</i>		<i>0.081</i>			
	-0.0691	0.2244	-0.0008			0.00491	0.262	54
	<i>0.021</i>	<i>0.132</i>	<i>0.403</i>			<i>0.048</i>		
	-0.0505	0.0939	-0.0004		0.2366	0.00042	0.335	54
	<i>0.091</i>	<i>0.479</i>	<i>0.664</i>		<i>0.193</i>	<i>0.009</i>		
Public Bank Ownership	-12.2219	-2.0040					0.173	65
<i>0.000</i>	<i>0.910</i>							

P-values in italics

**Table 7: Financial Development**

	Log (real GDP per capita)	Concentration	Public bank ownership	Foreign bank assets	Highly concentrated	Trade	R <sup>2</sup>	Observations
Market Capitalization	0.1179	-0.2450					0.091	72
	<i>0.0224</i>	<i>0.1858</i>						
	0.0919	0.0004	-0.0048				0.278	58
	<i>0.0504</i>	<i>0.9984</i>	<i>0.0169</i>					
	0.0872	0.1121	-0.0055	-0.3540			0.316	52
	<i>0.2101</i>	<i>0.6492</i>	<i>0.0384</i>	<i>0.4116</i>				
	0.0480	-0.1366	-0.0041			0.00106	0.346	54
	<i>0.2794</i>	<i>0.4828</i>	<i>0.0608</i>			<i>0.00190</i>		
0.0480	-0.0663	-0.0041			-0.1936	0.356	54	
<i>0.2707</i>	<i>0.7683</i>	<i>0.0607</i>			<i>0.0975</i>	<i>0.00210</i>		
Total Value Traded	0.0933	-0.3267					0.112	70
	<i>0.0113</i>	<i>0.1047</i>						
	0.1468	-0.3405	0.0092				0.166	56
	<i>0.0161</i>	<i>0.1814</i>	<i>0.7324</i>					
	0.1730	-0.2880	0.0016	0.1890			0.168	50
	<i>0.0516</i>	<i>0.3820</i>	<i>0.6675</i>	<i>0.6073</i>				
	0.1165	-0.4387	0.0015			0.00736	0.205	52
	<i>0.0413</i>	<i>0.0942</i>	<i>0.5901</i>			<i>0.00170</i>		
0.1165	-0.4407	0.0015		0.0058	0.00074	0.205	52	
<i>0.0439</i>	<i>0.1206</i>	<i>0.5940</i>		<i>0.9673</i>	<i>0.00210</i>			
Turnover	0.1583	-0.5653					0.248	70
	<i>0.0000</i>	<i>0.0247</i>						
	0.2374	-0.6753	0.0023				0.307	56
	<i>0.0004</i>	<i>0.0317</i>	<i>0.2455</i>					
	0.2717	-0.5209	0.0045	0.2172			0.303	50
	<i>0.0031</i>	<i>0.1511</i>	<i>0.2497</i>	<i>0.5626</i>				
	0.2310	-0.7190	0.0032			0.00005	0.313	52
	<i>0.0006</i>	<i>0.0287</i>	<i>0.2890</i>			<i>0.8327</i>		
0.2309	-0.7062	0.0032			-0.0353	0.313	52	
<i>0.0007</i>	<i>0.0421</i>	<i>0.2942</i>		<i>0.8907</i>	<i>-0.84270</i>			

P-values in italics

**Table 8: Financial Policies**

	Log (real GDP per capita)	Concentration	Public Bank Ownership	Foreign Bank Assets	Highly Concentrated	Trade	R <sup>2</sup>	Observations
Generosity of Deposit Insurance	0.202	-2.793					0.074	42
	<i>0.638</i>	<i>0.135</i>						
	0.605	-2.772	0.029				0.149	38
	<i>0.237</i>	<i>0.142</i>	<i>0.087</i>					
	0.548	-2.841	0.024	0.467			0.104	34
	<i>0.438</i>	<i>0.301</i>	<i>0.215</i>	<i>0.890</i>				
	0.518	-2.850	0.016	-1.541	3.720		0.138	34
	<i>0.479</i>	<i>0.287</i>	<i>0.480</i>	<i>0.690</i>	<i>0.115</i>			
	0.859	-1.909	0.035			-0.004	0.223	35
	<i>0.120</i>	<i>0.333</i>	<i>0.045</i>			<i>0.027</i>		
	0.960	-2.424	0.031			2.352	-0.004	0.241
<i>0.122</i>	<i>0.249</i>	<i>0.088</i>			<i>0.251</i>	<i>0.023</i>		
Banking Restrictions	-0.074	-0.952					0.085	60
	<i>0.392</i>	<i>0.047</i>						
	-0.121	-1.362	0.002				0.185	48
	<i>0.316</i>	<i>0.005</i>	<i>0.573</i>					
	-0.194	-1.420	0.001	-0.324			0.216	42
	<i>0.173</i>	<i>0.010</i>	<i>0.782</i>	<i>0.623</i>				
	-0.189	-1.433	0.000	-0.463	0.250		0.218	42
	<i>0.184</i>	<i>0.011</i>	<i>0.825</i>	<i>0.653</i>	<i>0.743</i>			
	-0.125	-1.408	0.002			-0.001	0.240	45
	<i>0.353</i>	<i>0.007</i>	<i>0.615</i>			<i>0.009</i>		
	-0.121	-1.716	0.001			0.823	-0.001	0.285
<i>0.339</i>	<i>0.001</i>	<i>0.883</i>			<i>0.117</i>	<i>0.007</i>		
Personal Capital Gains Tax	0.051	0.175					0.082	41
	<i>0.100</i>	<i>0.282</i>						
	0.020	0.281	-0.001				0.100	37
	<i>0.648</i>	<i>0.114</i>	<i>0.557</i>					
	-0.055	0.312	-0.002	-0.635			0.255	33
	<i>0.224</i>	<i>0.152</i>	<i>0.275</i>	<i>0.005</i>				
	-0.051	0.290	-0.002	-0.781	0.221		0.272	33
	<i>0.251</i>	<i>0.209</i>	<i>0.248</i>	<i>0.009</i>	<i>0.239</i>			
	0.028	0.306	-0.002			-0.001	0.200	35
	<i>0.525</i>	<i>0.100</i>	<i>0.249</i>			<i>0.002</i>		
	0.028	0.290	-0.002			0.322	-0.001	0.201
<i>0.528</i>	<i>0.154</i>	<i>0.232</i>			<i>0.869</i>	<i>0.002</i>		
Tax Rate on Dividend Income	0.031	0.241					0.076	41
	<i>0.275</i>	<i>0.136</i>						
	0.027	0.032	0.000				0.129	37
	<i>0.417</i>	<i>0.064</i>	<i>0.783</i>					
	0.002	0.366	0.001	-0.402			0.192	33
	<i>0.960</i>	<i>0.119</i>	<i>0.551</i>	<i>0.056</i>				
	0.006	0.338	0.000	-0.584	0.277		0.220	33
	<i>0.879</i>	<i>0.176</i>	<i>0.677</i>	<i>0.019</i>	<i>0.106</i>			
	0.032	0.357	0.000			0.000	0.182	35
	<i>0.350</i>	<i>0.045</i>	<i>0.955</i>			<i>0.000</i>		
	0.031	0.393	0.000			0.000	0.187	35
<i>0.372</i>	<i>0.068</i>	<i>0.949</i>			<i>0.507</i>	<i>0.000</i>		

P-values in italics

**Table 9: Industrial Competition**

	Log (real GDP per capita)	Concentration	Public Bank Ownership	Foreign Bank Assets	Highly Concentrated	Trade	R <sup>2</sup>	Observations
Market Domination	0.029	0.046					0.001	34
	<i>0.824</i>	<i>0.945</i>						
	0.193	-0.810	0.001				0.123	26
	<i>0.287</i>	<i>0.272</i>	<i>0.870</i>					
	0.241	-1.494	0.004	1.388			0.272	24
	<i>0.152</i>	<i>0.056</i>	<i>0.577</i>	<i>0.056</i>				
	0.170	-1.199	0.007			0.005	0.246	24
	<i>0.371</i>	<i>0.132</i>	<i>0.218</i>		<i>0.001</i>			
Effective Anti-trust	0.132	0.114					0.037	34
	<i>0.181</i>	<i>0.860</i>						
	0.112	-0.422	-0.005				0.090	26
	<i>0.398</i>	<i>0.566</i>	<i>0.309</i>					
	0.126	-1.083	-0.005	0.397			0.218	24
	<i>0.332</i>	<i>0.116</i>	<i>0.342</i>	<i>0.546</i>				
	0.177	-0.218	-0.002			0.001	0.099	24
	<i>0.192</i>	<i>0.792</i>	<i>0.716</i>		<i>0.702</i>			
Business Competitiveness	-0.460	-1.725					0.061	47
	<i>0.070</i>	<i>0.183</i>						
	-0.663	-0.970	0.013				0.204	32
	<i>0.042</i>	<i>0.551</i>	<i>0.321</i>					
	-0.689	-1.243	0.007	-2.162			0.259	29
	<i>0.064</i>	<i>0.526</i>	<i>0.611</i>	<i>0.401</i>				
	-0.505	-0.173	0.017			-0.001		30
	<i>0.137</i>	<i>0.927</i>	<i>0.135</i>		<i>0.805</i>			

P-values in italics

**Table 10: Institutional Environment**

	Log (real GDP per capita)	Concentration	Public Bank Ownership	Foreign Bank Assets	Highly Concentrated	Trade	R <sup>2</sup>	Observations
Integrity	0.870	1.839					0.510	76
	<i>0.000</i>	<i>0.000</i>						
	0.770	2.326	-0.002				0.555	58
	<i>0.000</i>	<i>0.000</i>	<i>0.579</i>					
	0.788	2.397	-0.004	-0.555			0.526	51
	<i>0.000</i>	<i>0.001</i>	<i>0.364</i>	<i>0.555</i>				
	0.816	2.238	-0.004	-0.697	0.566		0.532	51
	<i>0.000</i>	<i>0.002</i>	<i>0.374</i>	<i>0.450</i>	<i>0.563</i>			
	0.915	2.443	-0.003			-0.002	0.543	54
	<i>0.000</i>	<i>0.000</i>	<i>0.500</i>			<i>0.011</i>		
0.926	2.261	-0.003			0.392	-0.002	54	
<i>0.000</i>	<i>0.000</i>	<i>0.456</i>			<i>0.433</i>	<i>0.011</i>		
Rule of Law	1.078	1.213					0.624	76
	<i>0.000</i>	<i>0.007</i>						
	1.155	0.991	-0.005				0.642	58
	<i>0.000</i>	<i>0.093</i>	<i>0.243</i>					
	1.167	0.784	-0.004	0.655			0.635	51
	<i>0.000</i>	<i>0.260</i>	<i>0.384</i>	<i>0.567</i>				
	1.206	0.562	-0.004	0.456	0.790		0.644	51
	<i>0.000</i>	<i>0.421</i>	<i>0.383</i>	<i>0.656</i>	<i>0.499</i>			
	1.176	1.061	-0.004			0.000	0.644	54
	<i>0.000</i>	<i>0.068</i>	<i>0.408</i>			<i>0.322</i>		
1.200	0.677	-0.004			0.825	0.658	54	
<i>0.000</i>	<i>0.214</i>	<i>0.303</i>			<i>0.326</i>	<i>0.303</i>		
Tax Compliance	0.584	0.195					0.243	42
	<i>0.002</i>	<i>0.755</i>						
	0.614	0.448	-0.009				0.385	37
	<i>0.001</i>	<i>0.476</i>	<i>0.103</i>					
	0.756	0.521	-0.003	1.475			0.423	32
	<i>0.001</i>	<i>0.546</i>	<i>0.570</i>	<i>0.162</i>				
	0.525	0.150	-0.008			0.002	0.473	34
	<i>0.006</i>	<i>0.806</i>	<i>0.159</i>			<i>0.000</i>		
	0.571	0.411	-0.006			-0.814	0.489	34
	<i>0.002</i>	<i>0.548</i>	<i>0.283</i>			<i>0.033</i>	<i>0.000</i>	
Outrights	-0.546	0.285					0.059	42
	<i>0.128</i>	<i>0.889</i>						
	-0.270	1.145	-0.004				0.239	38
	<i>0.531</i>	<i>0.570</i>	<i>0.722</i>					
	-0.560	-0.199	-0.013	0.815			0.056	34
	<i>0.259</i>	<i>0.929</i>	<i>0.292</i>	<i>0.720</i>				
	-0.608	-0.011	-0.011	2.544	-2.670		0.077	34
	<i>0.246</i>	<i>0.996</i>	<i>0.375</i>	<i>0.501</i>	<i>0.447</i>			
	-0.271	1.093	0.001			0.004	0.096	36
	<i>0.555</i>	<i>0.624</i>	<i>0.943</i>			<i>0.000</i>		
-0.271	0.135	-0.004			1.945	0.131	36	
<i>0.530</i>	<i>0.956</i>	<i>0.779</i>			<i>0.395</i>	<i>0.000</i>		
Account	3.910	21.920					0.143	37
	<i>0.134</i>	<i>0.092</i>						
	4.712	21.567	-0.120				0.281	33
	<i>0.083</i>	<i>0.175</i>	<i>0.088</i>					
	6.252	20.499	-0.107	12.093			0.289	29
	<i>0.076</i>	<i>0.301</i>	<i>0.189</i>	<i>0.452</i>				
	4.492	20.639	-0.117			0.006	0.283	31
	<i>0.135</i>	<i>0.207</i>	<i>0.130</i>			<i>0.315</i>		
	4.512	16.645	-0.135			7.149	0.294	31
	<i>0.135</i>	<i>0.421</i>	<i>0.153</i>			<i>0.618</i>	<i>0.277</i>	

P-values in italics

**Table 11: Determinants of Concentration**

	Initial political structure											R <sup>2</sup>	Observations	
	British	French	German	Ethnic Diversity	Settler Mortality	Autocracy	Democracy	Executive Comp.	Executive Open	Principal F-test Comp.	Legal Origin			
Concentration	-0.093 <i>0.058</i>	-0.201 <i>0.000</i>	-0.274 <i>0.006</i>									3.367	0.099	96
				0.148 <i>0.052</i>									0.039	85
					0.063 <i>0.001</i>								0.139	58
						-0.016 <i>0.010</i>							0.062	94
							0.014 <i>0.017</i>						0.052	94
								0.039 <i>0.054</i>					0.038	94
									0.017 <i>0.267</i>				0.013	94
											-0.089 <i>0.457</i>		0.005	94

P-values in italics

**Table 12: Economic Growth and Concentration**

	Log (real GDP per capita)	Log (average Concentration schooling years)	Assassinations	Revolutions	Civil Liberties	Trade	Inflation Rate	Government Expenditure	Highly Concentrated	R <sup>2</sup>	Observations
Growth	0.0319	-0.2112	-0.2266							0.057	82
	<i>0.484</i>	<i>0.382</i>	<i>0.051</i>								
	0.0401	0.0132	-0.2560						-0.2038	0.077	82
	<i>0.402</i>	<i>0.965</i>	<i>0.046</i>						<i>0.191</i>		
	0.0597	-0.2221	-0.1675	-0.0113	-0.0608	0.0441	0.00102	0.08189	-0.01456	0.098	50
	<i>0.421</i>	<i>0.593</i>	<i>0.246</i>	<i>0.846</i>	<i>0.756</i>	<i>0.454</i>	<i>0.679</i>	<i>0.557</i>	<i>0.287</i>		
0.0551	0.1341	-0.1645	0.0351	-0.1361	0.0603	0.00129	0.05646	-0.01427	-0.3440	0.121	50
<i>0.446</i>	<i>0.848</i>	<i>0.214</i>	<i>0.718</i>	<i>0.565</i>	<i>0.403</i>	<i>0.626</i>	<i>0.649</i>	<i>0.317</i>	<i>0.397</i>		

P-values in italics

**Table 13: Banking Crises**

	Log (real GDP per capita)	Concentration	Inflation Rate	Generosity of Deposit Insurance	Securities	Probability Statistic	Observations
Banking Crisis	-0.841	-3.838				0.0021	61
	<i>0.012</i>	<i>0.013</i>					
	-0.200	-3.233	1.182			0.0013	59
	<i>0.622</i>	<i>0.043</i>	<i>0.025</i>				
	-0.851	-4.153			0.904	0.006	59
	<i>0.020</i>	<i>0.130</i>			<i>0.031</i>		
	-1.684	-2.944		0.439		0.009	59
	<i>0.001</i>	<i>0.165</i>		<i>0.036</i>			
	-1.398	-0.852	0.679	0.505	0.663	0.004	38
	<i>0.034</i>	<i>0.688</i>	<i>0.319</i>	<i>0.032</i>	<i>0.470</i>		

P-values in italics