

Gutmann, Jerg; Voigt, Stefan

Working Paper

Judicial Independence in the EU – A Puzzle

ILE Working Paper Series, No. 4

Provided in Cooperation with:

University of Hamburg, Institute of Law and Economics (ILE)

Suggested Citation: Gutmann, Jerg; Voigt, Stefan (2017) : Judicial Independence in the EU – A Puzzle, ILE Working Paper Series, No. 4, University of Hamburg, Institute of Law and Economics (ILE), Hamburg

This Version is available at:

<http://hdl.handle.net/10419/156756>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



Universität Hamburg
DER FORSCHUNG | DER LEHRE | DER BILDUNG

FAKULTÄT
FÜR RECHTSWISSENSCHAFT

INSTITUTE OF LAW AND ECONOMICS
WORKING PAPER SERIES

Judicial Quality in the EU

Jerg Gutmann
Stefan Voigt

Working Paper 2017 No. 4

April 2017



NOTE: ILE working papers are circulated for discussion and comment purposes.
They have not been peer-reviewed.

© 2017 by the authors. All rights reserved.

Judicial Independence in the EU – A Puzzle

Jerg Gutmann*

Stefan Voigt†

Abstract:

Based on data from the EU Justice Scoreboard, we identify a puzzle: National levels of judicial independence (as perceived by the citizens of EU member states) are negatively associated with the presence of formal legislation usually considered as conducive to judicial independence. We try to resolve this puzzle based on political economy explanations and specificities of legal systems, but to no avail. We then ask whether cultural traits can help to put together the puzzle. And indeed, countries with high levels of generalized trust (and to a lesser extent individualistic countries) exhibit increased levels of de facto judicial independence and, at the same time, reduced levels of de jure judicial independence. The combination of these two effects can explain why judicial reforms that should be conducive to an independent judiciary may seem to have adverse consequences. We conclude that cultural traits are of fundamental importance for the quality of formal institutions, even in societies as highly developed as the EU member states.

Key words: judicial independence, EU Justice Scoreboard, informal institutions, culture.

JEL classification: H11, K40, O40, P51

* Institute of Law & Economics, Johnsallee 35, 20148 Hamburg, Germany. Tel.: +49-40-42838 3040, E-mail: jerg.gutmann@uni-hamburg.de.

† Director, Institute of Law & Economics, Johnsallee 35, 20148 Hamburg, Germany. Tel.: +49-40-42838 5782, Fax: +49-40-42838 6974, E-mail: stefan.voigt@uni-hamburg.de.

The authors thank Giovanni Ramello for inviting them to participate in the panel in honor of Ted Eisenberg at the 2016 Italian Society of Law & Economics Conference in Turin and participants of the 2017 Danish Public Choice Workshop in Aarhus for helpful comments.

Judicial Independence in the EU – A Puzzle

1 Introduction

Judicial independence (JI) is an important precondition for implementing the rule of law. Its effective implementation is supposed to guarantee that all subjects are treated equally under the law, independent of their political influence or status. There is also mounting evidence that having such an independent judiciary is conducive to economic growth (see, e.g., Feld and Voigt 2003; Gutmann and Voigt 2017; Voigt et al. 2015). It is, thus, not surprising that international organizations, such as the World Bank, have been trying for years and with substantial amounts of resources to promote JI. If the functioning of the judicial sector is important for a country's development, then taking measures to improve its quality seems like a straightforward plan (Helmke and McLean 2014). Whether these endeavors are promising is, however, a different question. The scant literature on the determinants of judicial independence seems to suggest that judicial independence is largely determined by factors that are beyond the control of politicians (see Hayo and Voigt 2007; Melton and Ginsburg 2014).

The Council of Europe has adopted an indirect approach towards improving judicial quality in Europe. Its “European Commission for the Efficiency of Justice” (CEPEJ) compares hundreds of characteristics of the judicial systems of member states. By making these comparisons publicly available, CEPEJ not only provides guidance on how the judiciary can be managed, but it also exerts gentle pressure on countries that perform below expectations to reform their judiciary. Similar benchmarking programs have been set up by the OECD (see Palumbo et al. 2013) and the European Commission (2016, the “EU Justice Scoreboard”).

An assumption shared by representatives of all these organizations appears to be that good formal institutions are an important and effective tool in enhancing the quality of the judicial system. More precisely, by passing legislation one could make a country's judiciary more independent. Based on data published as part of the EU Justice Scoreboard, we show that the *de jure* independence of the judiciary and its actual independence (as perceived by members of society) are significantly negatively correlated. This is a puzzling observation that could demoralize policy-makers who hope to improve the quality of the judiciary.

After presenting this puzzle in more detail in the next section, we test some potential explanations in Section 3. Since none of them allow us to piece together the puzzle, we resort to a more fundamental explanation in Section 4. We ask

whether cultural aspects – such as the levels of individualism and generalized trust in a country – are better suited to solve our puzzle. We find that both individualism and trust are highly correlated with JI. Hence, we argue that culture is an important factor determining JI. At the same time, countries with high levels of individualism and trust are less likely to introduce regulation that could preserve the independence of the judiciary. The combination of these two effects can explain why judicial reforms that should be conducive to an independent judiciary may seem on the surface to have adverse consequences. Section 5 concludes.

2 The Puzzle

We construct a *de jure* JI-indicator drawing on data contained in EU Justice Scoreboard (2016). It is based on three components, namely: (i) how difficult it is to transfer judges against their will, (ii) how difficult it is to dismiss judges, and (iii) how difficult it is to manipulate the allocation of incoming cases to individual judges. Furthermore, our *de facto* measure of JI is composed of the stated perceptions of both the general public and business people. These and all other indicators used in this study are explained in more detail in Appendix A. Appendix B provides descriptive statistics for all indicators.

<<< Figure 1 about here >>>

Surprisingly, in our sample of 28 EU member states, the bivariate correlation between our two indicators for the independence of judges is negative and statistically significant ($r = -0.39$). Figure 1 depicts this negative association graphically. To rule out that our observation is due to the specific construction of our indicators, we compare the results to those we obtain when drawing on two established indicators of *de jure* and *de facto* judicial independence, which were introduced by Feld and Voigt (2003) and recently updated by Voigt et al. (2015). Based on the 25 EU member states covered by these two indicators (data is missing for Belgium, Luxembourg and Malta), we get a correlation coefficient that is only slightly smaller than before ($r = -0.33$). This is remarkable, given that the indicators by Voigt et al. (2015) measure JI based on the highest court of a country and their *de facto* indicator is built from objective information. In contrast, the *de jure* indicator we have constructed here from the EU Justice Scoreboard focuses on first and second instance courts; and our *de facto* indicator is perception-based.

<<< Table 1 about here >>>

Table 1 shows that the negative association between *de jure* and *de facto* JI in the EU is driven by the *de jure* subcomponent for constraints on the transfer of judges against their will.

3. Putting Together the Puzzle

In a next step, we hope to resolve the puzzle by testing two potential explanations for why countries with better legal institutions for the protection of JI appear to end up with lower levels of *de facto* JI. The EU's Justice Scoreboard is limited to EU member states, which constrains our analysis to a cross-sectional comparison of 28 cases. The scoreboard is not suited to comparison over time.

The first potential explanation is based on the enlargement process of the EU. New member states need to fulfill the Copenhagen criteria, which require stable democratic institutions and respect for the rule of law. The accession process entails a detailed screening of a candidate country's laws regarding differences to EU law. At the end of this process, the candidate country is supposed to have implemented the *Acquis Communautaire*, the full set of European directives and regulations. The Eastern enlargements of the EU in 2004, 2007 and 2013 incorporated countries into the EU that had experienced only a brief record of democracy and rule of law after the fall of the Iron Curtain. In many respects, their democratic systems were not as stable and established as those of the old EU-15. Being eager to enter the EU, these countries were forced to pass legal reforms over short periods of time to convince the EU that their laws and administrative capacity were sufficient to execute EU law. In this process, member states with relatively bad *de facto* institutions might have tried to compensate their deficits by passing exemplary legal acts.¹ If this is the reason for the observed negative association between *de jure* and *de facto* JI in the European Union, we would expect this result to be driven by the new member states, which introduced black letter laws that they were either not willing or able to put into practice. The resulting *de jure-de facto* gap would then be the result of the political incentives set by the rules of the EU accession process.

¹ This would be in line with Bjørnskov's (2015) observation that constitutional property rights protection in these formerly communist countries was, at best, ineffective.

A closely related alternative explanation is the following: Over the last couple of years, the importance of judicial organization has become apparent. Countries that have passed or reformed their procedural law in the recent past are therefore more likely to have a modern law and are, hence, more likely to receive high *de jure* scores. This potential explanation is difficult to untangle empirically from the EU accession process, as all transition countries, i.e. all new members from Central and Eastern Europe, have completely revised their legal systems over the course of the last two decades.

Our second potential explanation concerns fundamental differences between countries with respect to the functioning of their legal systems. La Porta et al. (2008), for example, argue that a country's legal origin is highly correlated with its legal rules and regulations. Specifically, they summarize empirical evidence showing that common law countries have a less formalized, but more independent judicial system in comparison to French civil law countries. Based on this observation, one could expect that a specific group of countries with a shared legal origin is driving the negative association between *de jure* and *de facto* JI in the European Union.

<<< Figure 2 about here >>>

Figure 2 splits our sample into the EU-15 and the remaining 13 member states (left panel), as well as into two groups of countries with shared legal origin, plus one residual group (right panel). Here we use recoded legal origin data by Klerman et al. (2011) to distinguish between French legal origin, German/Scandinavian legal origin, and a small residual group of common law and mixed legal origin. For the EU, we find exactly the opposite of the expected pattern. The negative association between *de jure* and *de facto* JI is clearly driven by the old member states. The results for legal origins do not meet our expectations either: All groups of countries exhibit a comparable negative slope.

To sum up, trying to put together the puzzle that a seemingly “better” organizational structure of the judiciary is significantly correlated with lower perceived JI, we have asked whether differences between old and new EU member states, or differences between particular legal families might be responsible. Neither explanation turned out to be of help in dealing with our puzzle. This is why we propose to look at more fundamental cultural traits in Section 4.

4 Culture as an Explanation?

Given that neither recent EU membership, nor legal tradition have proven helpful in explaining the discrepancy between *de jure* and *de facto* JI in the EU, we now turn to a more fundamental explanation, namely culture. An important theoretical basis for approaching our puzzle with culture as a potential explanation is provided by Aghion et al. (2010) who argue that beliefs and institutions co-evolve. More specifically, their model predicts that distrust creates public demand for regulation in a society, and regulation in turn discourages the formation of trust, allowing for multiple stable equilibria. These conjectures are supported by empirical cross-country evidence (Aghion et al. 2010; Pinotti 2012; Pitlik and Kouba 2015). More recent studies have linked individualism to a reduced demand for regulation (Pitlik and Rode 2017).

Although individualism and trust may decrease the public's demand for regulation (of the judiciary), both traits might, at the same time, be responsible for higher levels of *de facto* JI. More individualistic societies should be less tolerant of state interference in judges' decision-making, whereas more collectivistic societies might be more willing to accept such interventions at the detriment of individuals whose rights might be violated as a consequence. Research by Nannicini et al. (2013) suggests that generalized trust enhances the accountability of politicians, making violations of laws and social norms less likely. Taken together, these arguments suggest that societies with high levels of individualism and trust might be less in need of formal barriers between the judiciary and the other branches of government to maintain high levels of JI. These countries might enjoy considerable JI even in the absence of formal rules for the insulation of the judiciary, because politicians expect to be held accountable for their behavior and have, thus, few incentives to intervene in court decisions. In the following, we test whether individualism and trust might be responsible for the gap between *de jure* and *de facto* JI that we observe in the EU.

Generalized trust measures the share of the population that believes that most people can be trusted. In trying to make culture empirically accessible, Hofstede (2001) proposed a number of dimensions. Here, we rely on individualism which is measured as the degree to which a society is individualistic as opposed to collectivistic.

<<< Figures 3 and 4 about here >>>

Figures 3 and 4 provide a first impression of whether our theoretical conjectures on the role of individualism and trust for JI are borne out by the data. Both figures

split the sample between the EU-15 and the “new” member states. This serves to check whether cultural traits play a different role for JI in post-communist transition countries relative to established Western democracies.

Figure 3 illustrates the relationship between individualism in society, as measured by Hofstede et al. (2010), and our indicators of *de jure* and *de facto* JI. As expected, we observe that more individualistic societies are more likely to have high levels of (perceived) *de facto* JI, whereas their expected level of *de jure* JI is lower than that of low-trust countries. Figure 4 shows the same pattern for trust. High-trust societies can be expected to have a *de facto* independent judiciary, whereas they lack strict regulation to insulate the judiciary from the other branches of government. Taking Figures 3 and 4 together, the effect of culture on *de jure* JI appears to be comparable between the old and new EU member states, whereas the effect on *de facto* JI seems to be more pronounced in the EU-15.

While these figures offer a first impression of the validity of our theory, regression analysis allows us to carry out more precise and differentiated evaluations. In Section 2, we demonstrated that *de jure* constraints on the transfer of judges contribute particularly to the negative relationship between *de jure* and *de facto* JI. When we explain the different *de jure* components by the levels of individualism or trust found in specific countries, we observe that trust is indeed negatively associated with *de jure* constraints on the transfer of judges. These results are shown in Appendix C. We run the three regressions for individualism and trust, respectively, using seemingly unrelated regression analysis, which allows us to test the coefficient of individualism or trust across all three equations for being significantly different from zero. We can reject the null hypothesis of no statistical association only for trust, underlining its robust negative association with *de jure* JI.

Another question we can address using regression analysis is whether *de jure* and *de facto* JI are, in fact, directly influenced by cultural differences between countries, or whether the effect of culture on *de facto* JI partially runs via *de jure* JI. For this purpose, we rely on causal mediation analysis, as proposed by Hicks and Tingley (2011). We set up a simple model, where both individualism and trust may affect *de facto* JI. However, they may do so either directly or indirectly by affecting *de jure* JI, which would then serve as a mediator. In line with our theoretical arguments, we find that less than 5% of the effect of culture on *de facto* JI is mediated via *de jure* JI (detailed results available on request). We consider this evidence as support of our theoretical argument that *de jure* and *de facto* JI are, directly and independently of each other, affected by cultural traits.

<<< Table 2 about here >>>

Table 2 digs a bit deeper into the relationship between culture and JI by testing individualism and trust against each other and by addressing potential endogeneity concerns with respect to our simple OLS regression analyses. Panel A shows OLS estimates for 27 EU member states (as individualism data is lacking for Cyprus) and Panel B shows the corresponding results of 2SLS instrumental variable regressions using standard instruments for individualism and trust from the literature. As instrumental variables for individualism we follow Gorodnichenko and Roland (2016) and use two indicators of blood distance from the UK and pathogen prevalence. For trust, we use four of the instruments suggested by Bjørnskov and Voigt (2014): flag ratings, a dummy for monarchies, a dummy for Nordic countries, and a dummy that identifies countries in which the predominant language allows for dropping personal pronouns.

Our OLS results in Panel A show consistently negative associations between individualism and trust on the one hand, and *de jure* JI on the other hand. For *de facto* JI, the relationship is positive throughout. Overall, the relationship between trust and JI appears to be slightly more robust than that for individualism. The results from instrumental variable regressions shown in Panel B confirm our simple regression results. In line with this, tests for endogeneity clearly suggest that individualism and trust can be treated as exogenous variables vis-à-vis JI. Further diagnostic tests confirm that our instrumental variables are not weak and the overidentification test rejects the null hypothesis only in one of six cases. The results of our IV regressions suggest that there is a causal effect of culture on JI.

Table 3 offers another extension of our regression analysis by distinguishing old and new EU member states. For this purpose, we include an interaction term between each cultural trait and an EU-15 dummy in our regression models from Panel A in Table 2. Table 3 reports the marginal effects for each group of countries. Due to the very small samples comprising each of these two groups, the results should be treated with caution. Overall, we find no significant difference between the role of culture in the EU-15 and the remaining member states.

To sum up, our results suggest that the observed negative association between *de jure* and *de facto* JI in member states of the European Union is the result of two independent effects of cultural traits. Individualism and (maybe even more importantly) trust lead to higher levels of *de facto* JI; at the same time, both traits reduce the public demand for regulation and thereby lower incentives for politicians to introduce legislation that would formally insulate the judiciary from the other branches of government.

5 Conclusion and Outlook

Based on data from the EU's Justice Scoreboard, we make a puzzling finding, namely that formal legislation passed to enhance judicial independence (JI) is negatively correlated with *de facto* JI. We ask whether this finding is driven by the new EU member states or by belonging to a particular legal family, but find that this is not the case. Therefore, we turn to a more fundamental explanation, namely that culture, in the form of individualism and trust, might be responsible for the gap between *de jure* and *de facto* JI. We find that both individualism and trust are negatively associated with *de jure* independence, but positively with perceived independence.

The findings of this paper can also be read as a contribution to the growing literature that finds a very important role for informal institutions. What is striking about our particular findings is that informal institutions seem to be highly relevant in one of the most highly developed regions of the world, namely Western Europe. It would, of course, be interesting to extend this study and ask whether the relevance of culture extends beyond the EU, as we would expect.

It is hard to overstate the policy implications of our findings. On the one hand, they might be discouraging, because culture plays an important role for the quality of institutions and it is largely exempt from policy interventions by the government. On the other hand, our results suggest that mere correlations are not always indicative of the effectiveness of a policy reform. The negative association between *de jure* and *de facto* JI does not imply that legal reforms are necessarily ineffective or even counterproductive. However, their relevance seems to be substantially smaller than that of deeply rooted cultural differences between countries.

References

- Aghion, P., Y. Algan, P. Cahuc & A. Shleifer (2010). Regulation and distrust. *The Quarterly Journal of Economics* 125(3), 1015-1049.
- Bjørnskov, C. (2006). Determinants of generalized trust: A cross-country comparison. *Public Choice* 130(1), 1-21.
- Bjørnskov, C. (2015). Constitutional property rights protection and economic growth: evidence from the post-communist transition. *Constitutional Political Economy* 26(3), 247-280.
- Bjørnskov, C. & P.-G. Méon (2013). Is trust the missing root of institutions, education, and development? *Public Choice* 157(3), 641-669.
- Bjørnskov, C. & S. Voigt (2014). Constitutional verbosity and social trust. *Public Choice* 161(1), 91-112.
- European Commission (2016). *The 2016 EU justice scoreboard*. Luxembourg: Publications Office of the European Union.
- Feld, L. P. & S. Voigt (2003). Economic growth and judicial independence: Cross-country evidence using a new set of indicators. *European Journal of Political Economy* 19(3), 497-527.
- Gorodnichenko, Y. & G. Roland (2016). Culture, institutions and the wealth of nations. Forthcoming: *Review of Economics and Statistics*.
- Gutmann, J. & S. Voigt (2017). *Is judicial independence good for business?* Paper presented at the Annual Meeting of the Public Choice Society in New Orleans.
- Hayo, B. & S. Voigt (2007). Explaining de facto judicial independence. *International Review of Law and Economics* 27(3), 269-290.
- Helmke, G. & E. V. McLean (2014). Inducing independence: A strategic model of World Bank assistance and legal reform. *Conflict Management and Peace Science* 31(4), 383-405.
- Hicks, R. & D. Tingley (2011). Causal mediation analysis. *The Stata Journal* 11(4):605-619.
- Hofstede, G., G. J. Hofstede & M. Minkov (2010). *Cultures and organizations: Software of the mind*. Third Edition. London: McGraw-Hill.
- Klerman, D. M., P. G. Mahoney, H. Spamann & M. I. Weinstein (2011). Legal Origin or Colonial History? *Journal of Legal Analysis* 3(2), 379-409.
- La Porta, R., F. Lopez-de-Silanes & A. Shleifer (2008). The Economic Consequences of Legal Origins. *Journal of Economic Literature* 46(2), 285-332.
- Melton, J. & T. Ginsburg (2014). Does de jure judicial independence really matter? A reevaluation of explanations for judicial independence. *Journal of Law and Courts* 2(2), 187-217.
- Murray, D. R. & M. Schaller (2010). Historical prevalence of infectious diseases within 230 geopolitical regions: A tool for investigating origins of culture. *Journal of Cross-Cultural Psychology* 41(1), 99-108.
- Nannicini, T., A. Stella & G. Tabellini (2013). Social capital and political accountability. *American Economic Journal: Economic Policy* 5(2):222-250.
- Palumbo, G., G. Giupponi, L. Nunziata & J. S. M. Sanguinetti (2013). The economics of civil justice – New Cross-country Data and Empirics. *OECD Economics Department Working Papers* DOI: 10.1787/18151973.

Parsons, J. (2017). *The world's flags given letter grades*. Available at: www.joshparsons.net/flags/ (accessed: March 2017).

Pinotti, P. (2012). Trust, regulation and market failures. *Review of Economics and Statistics* 94(3), 650-658.

Pitlik, H. and L. Kouba (2015). Does social distrust always lead to a stronger support for government intervention? *Public Choice* 163(3), 355-377.

Pitlik, H. and M. Rode (2017). Individualistic values, institutional trust, and interventionist attitudes. Forthcoming: *Journal of Institutional Economics*.

Voigt, S., J. Gutmann & L. P. Feld (2015). Economic growth and judicial independence, a dozen years on: Cross-country evidence using an updated Set of indicators. *European Journal of Political Economy* 38, 197-211.

Appendix A: Description of variables

Variable name	Variable description and source
<i>De Jure</i> Judicial Independence	Mean value of “Transfer of Judges”, “Dismissal of Judges”, and “Case Allocation”, see below.
<i>De Facto</i> Judicial Independence	Mean value of perceived judicial independence as measured (1) by the World Economic Forum and in the Eurobarometer (2) for companies and (3) for the general public. Source: European Commission (2016).
Transfer of Judges	Safeguards regarding the transfer of judges without their consent. Own calculation. (3P): “not allowed”; (2P): transfer decided by members of the judiciary; (1P): transfer decided by members of the judiciary and members of the other branches of government; (0P): transfer decided by members of executive or legislature; (+1) if review of transfer by members of the judiciary. Standardized between 0 and 1. Source: European Commission (2016).
Dismissal of Judges	Dismissal of judges at courts of first and second instance. Own calculation. (+1) if proposal for dismissal by judiciary or an independent body; (+1) if decision on dismissal by a council for the judiciary or a court; (+1) if review of dismissal before a court or an independent body. Standardized between 0 and 1. Source: European Commission (2016).
Case Allocation	Allocation of cases within a court. Own calculation. (+1) if allocation is random or according to a pre-defined order; (+1) if formal criteria for allocation have been established by legislature or judiciary; (–1) if allocation is supervised by members of the judiciary; (–2) if allocation is supervised by the Ministry of Justice. Standardized between 0 and 1. Source: European Commission (2016).
Individualism	Extent to which it is believed that individuals are supposed to take care of themselves as opposed to being strongly integrated and loyal to a cohesive group, divided by 100. Source: Hofstede et al. (2010).
Trust	Generalized trust, divided by 100. Source: Bjørnskov and Méon (2013).
Blood Distance to the UK	Mahalanobis distance between the frequency of blood types in a given country and the frequency of blood types in the UK. Source: Gorodnichenko and Roland (2016).
Pathogen Prevalence	Based on nine pathogens: leishmanias, trypanosomes, malaria, schistosomes, filariae, leprosy, dengue, typhus and tuberculosis. Source: Murray and Schaller (2010).
Flag Rating	Rating of the aesthetic value of the national flag, divided by 100. Source: Parsons (2017).
Monarchy	Source: Bjørnskov and Voigt (2014).
Nordic Country	Source: Bjørnskov and Voigt (2014).
Pronoun Drop	Does the predominant language allow dropping the personal pronoun? Source: Bjørnskov (2006).

Appendix B: Descriptive statistics

Variable name	N	Mean	SD	Min	Max
<i>De Jure</i> Judicial Independence	28	0.71	0.17	0.44	0.89
<i>De Facto</i> Judicial Independence	28	0.57	0.25	0.11	0.92
Transfer of Judges	28	0.71	0.42	0.00	1.00
Dismissal of Judges	28	0.79	0.26	0.00	1.00
Case Allocation	28	0.62	0.20	0.00	1.00
Individualism	27	0.59	0.18	0.27	0.89
Trust	28	0.31	0.14	0.14	0.68
Blood Distance	27	1.00	0.54	0.00	2.03
Pathogen Prevalence	26	-0.62	0.42	-1.11	0.47
Flag Rating	28	0.67	0.09	0.40	0.79
Monarchy	28	0.25	0.44	0	1
Nordic Country	28	0.11	0.31	0	1
Pronoun Drop	28	0.54	0.51	0	1

Appendix C: Seemingly unrelated regressions – Culture and *De Jure* judicial independence

Dependent Variable:	Transfer of Judges	Dismissal of Judges	Allocation of Cases
Variable	(1)	(2)	(3)
Individualism	-0.72 (0.45)	-0.29 (0.27)	0.03 (0.22)
N	27	27	27
R ²	0.09	0.04	0.00
F-test [p]	F(3,75) = 1.35 [0.27]		
Variable	(4)	(5)	(6)
Trust	-1.44** (0.49)	-0.14 (0.35)	0.30 (0.26)
N	28	28	28
R ²	0.37	0.26	0.20
F-test [p]	F(3,78) = 3.68* [0.02]		

Note: Seemingly unrelated regression coefficient estimates with small-sample adjusted statistics and standard errors in parentheses, constant omitted. Breusch-Pagan tests of independence (not reported) do not reject that all equations could be estimated independently. F-tests assess whether coefficient estimates in all equations are equal to zero. ***: $p < 0.001$, **: $p < 0.01$, *: $p < 0.05$.

Table 1: *De jure* and *de facto* judicial independence

Variable	(1)	(2)	(3)	(4)	(5)
Transfer of Judges	-0.22* (0.10)			-0.23* (0.10)	
Dismissal of Judges		-0.22 (0.14)		-0.24 (0.15)	
Case Allocation			0.13 (0.15)	0.08 (0.15)	
<i>De Jure</i> Judicial Independence					-0.58* (0.26)
N	28	28	28	28	28
R ²	0.13	0.05	0.01	0.20	0.15

Note: OLS regression coefficient estimates with robust standard errors in parentheses, constant omitted. *De Facto* Judicial Independence is the dependent variable. ***: $p < 0.001$, **: $p < 0.01$, *: $p < 0.05$.

Table 2: Culture and judicial independence

Dependent Variable:	<i>De facto</i> judicial independence			<i>De jure</i> judicial independence		
Variable	(1A)	(2A)	(3A)	(4A)	(5A)	(6A)
Individualism	0.78*** (0.20)		0.37 (0.22)	-0.33* (0.16)		-0.19 (0.18)
Trust		1.24*** (0.17)	1.01*** (0.20)		-0.47* (0.18)	-0.35 (0.22)
N	27	27	27	27	27	27
R ²	0.31	0.49	0.55	0.12	0.16	0.18
Variable	(1B)	(2B)	(3B)	(4B)	(5B)	(6B)
Individualism	1.30*** (0.40)		0.60* (0.24)	-0.39 (0.28)		-0.21 (0.26)
Trust		1.27*** (0.21)	0.85*** (0.23)		-0.51** (0.19)	-0.34 (0.26)
N	26	26	26	26	26	26
R ²	0.17	0.51	0.53	0.12	0.15	0.18
<u>Weak Instruments</u>						
F-test, Individualism [p]	10.75*** [0.00]		18.79*** [0.00]	10.75*** [0.00]		18.79*** [0.00]
F-test, Trust [p]		96.96*** [0.00]	95.35*** [0.00]		96.96*** [0.00]	95.35*** [0.00]
<u>Exogeneity</u>						
Rob. score test [p]	2.46 [0.12]	0.00 [0.98]	1.45 [0.48]	0.10 [0.75]	0.23 [0.63]	0.04 [0.98]
Rob. regression-based test [p]	3.23 [0.09]	0.00 [0.98]	0.64 [0.54]	0.09 [0.76]	0.20 [0.66]	0.02 [0.98]
<u>Overidentification</u>						
Rob. score test [p]	0.09 [0.77]	4.92 [0.18]	0.77 [0.94]	2.40 [0.12]	10.36* [0.02]	8.55 [0.07]

Note: Panel A: OLS regression coefficient estimates with robust standard errors in parentheses, constant omitted. Panel B: 2SLS-IV regression coefficient estimates with robust standard errors in parentheses, constant omitted. Instrumental variables for Individualism are Blood Distance and Pathogen Prevalence. Instrumental variables for Trust are Flag Rating, Monarchy, Nordic Country, and Pronoun Drop. First stage F-Test for weak instruments H₀: Instruments are weak. Wooldridge's robust score test and robust regression-based test H₀: "Endogenous regressors" are exogenous. Wooldridge's robust score test H₀: Instruments may be valid. ***: p<0.001, **: p<0.01, *: p<0.05.

Table 3: Culture and judicial independence by country groups

Variable	Dependent Variable: <i>De facto</i> judicial independence			Dependent Variable: <i>De jure</i> judicial independence		
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Non-EU15</u>						
...Individualism	0.40*		0.34	-0.40*		-0.56*
	(0.18)		(0.28)	(0.16)		(0.21)
...Trust		0.67	0.56		-0.87	0.12
		(0.58)	(1.04)		(0.45)	(0.21)
<u>EU15</u>						
...Individualism	0.74***		0.38	-0.33*		0.50
	(0.17)		(0.30)	(0.15)		(0.70)
...Trust		1.07***	0.84**		-0.59**	-0.70**
		(0.22)	(0.29)		(0.19)	(0.23)
N	27	27	27	27	27	27

Note: Marginal effects based on OLS regression coefficient estimates with robust standard errors in parentheses. ***: $p < 0.001$, **: $p < 0.01$, *: $p < 0.05$.

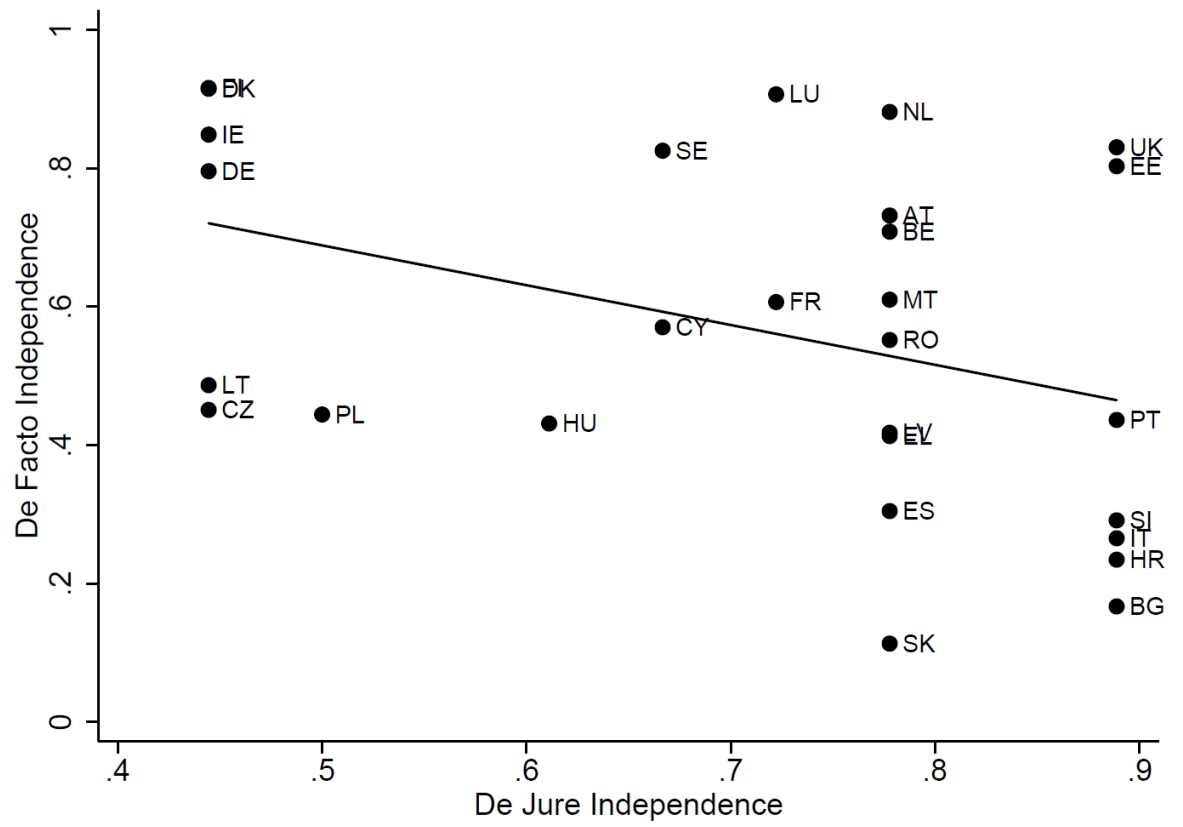
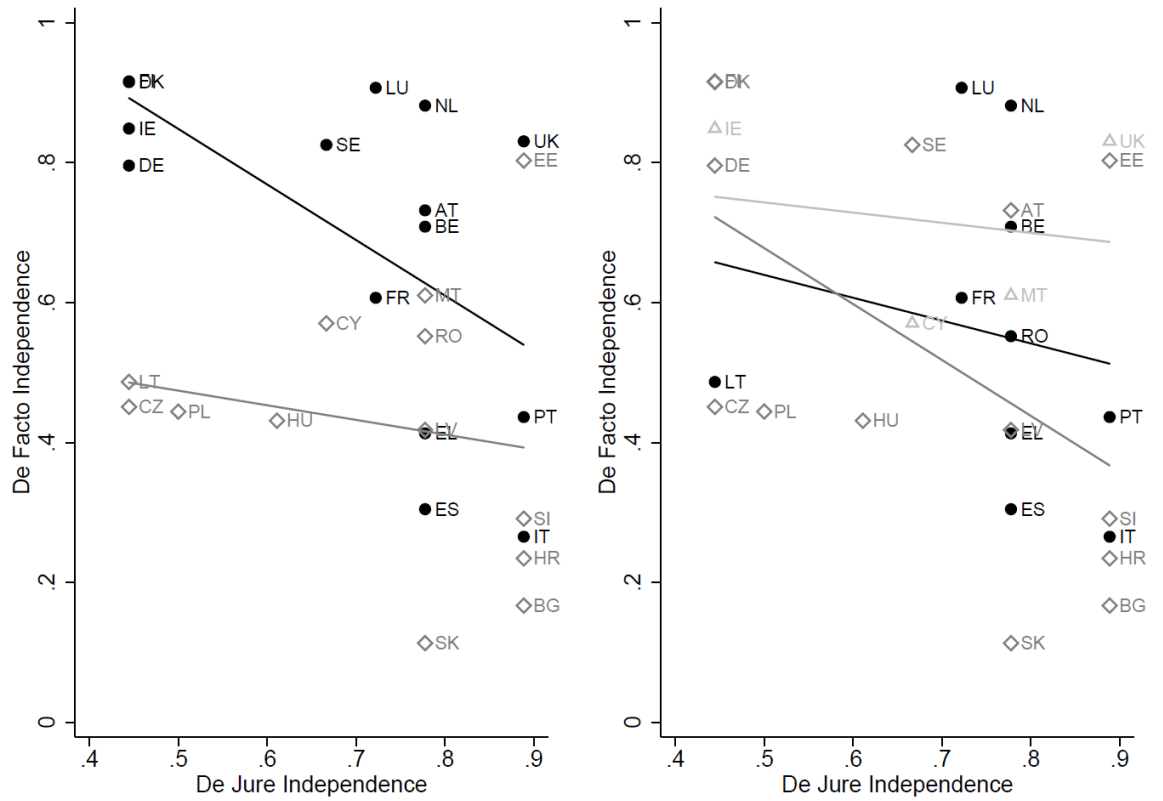
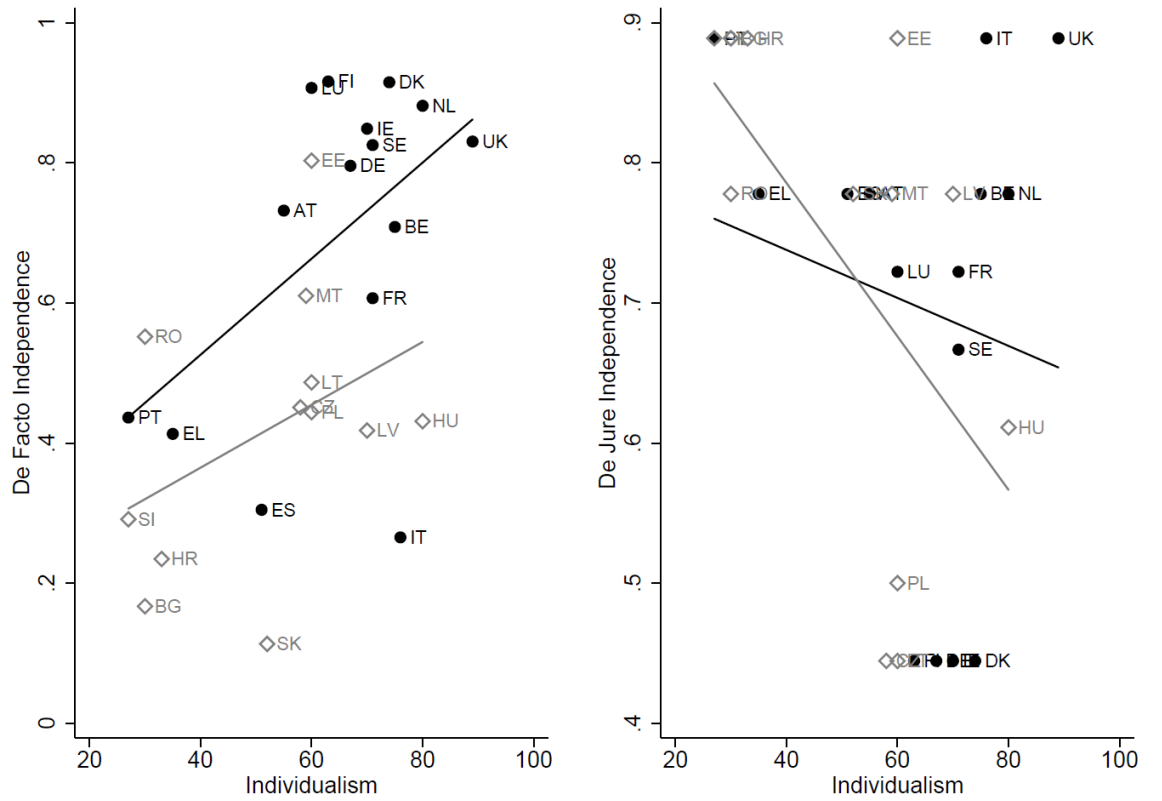
Figure 1: *De jure* and *de facto* judicial independence

Figure 2: *De jure* and *de facto* judicial independence by country groups



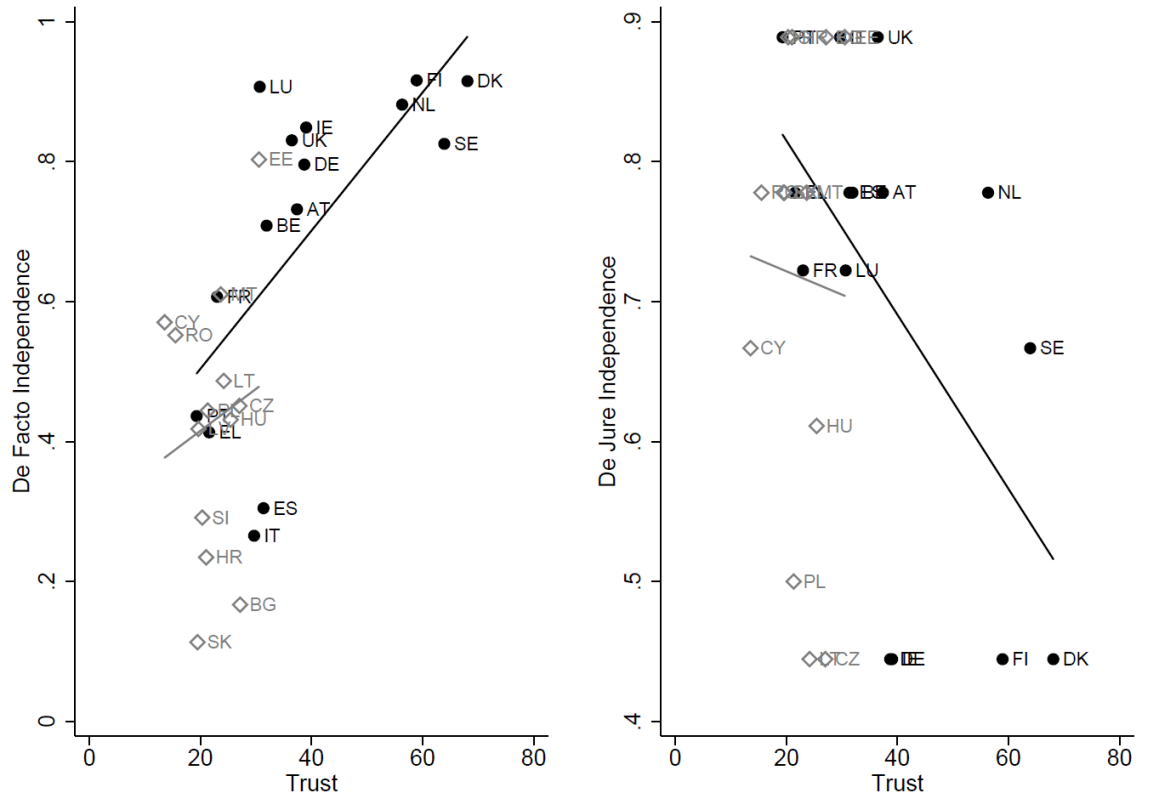
Note: Country groups represent the EU-15 (black) versus the remaining member states (grey) in the left panel; and countries with French (black), German/Scandinavian (grey) and other legal origin (light grey) in the right panel.

Figure 3: Individualism and judicial independence by country groups



Note: Country groups represent the EU-15 (black) versus the remaining member states (grey).

Figure 4: Trust and judicial independence by country groups



Note: Country groups represent the EU-15 (black) versus the remaining member states (grey).