

Table 1A: MOC Index and CBI Index: Codings

Criterion	Com- ponent	Explanation	Numerical codings
Stated objectives of monetary policy	<i>obj*</i> (0.1)	1. Price stability only goal	1.00
		2. Other objectives mentioned	0.66
		3. Other objectives equally important	0.33
		4. No goals for monetary policy	0.00
Locus of legal commitment	<i>const*</i> (0.1)	1. Constitution	1.00
		2. Central bank law	0.66
		3. Decree	0.33
		4. Not fixed at all	0.00
Discretionary power belonging to the government	<i>gov*</i> (0.1)	1. No power left to the government	1.00
		2. Exchange rate only issue to be consulted between government and monetary authority	0.66
		3. Exchange rate regime completely left to government	0.33
		4. Government may override central bank as regards monetary policy	0.00
Conditions of appoint- ment and dismissal of monetary CEO	<i>ceo*</i> (0.05)	1. CEO must be a reputed expert	1.00
		2. No expertise demanded	0.00
	<i>diss*</i> (0.05)	1. Appointment with fixed term and dismissal only after criminal offenses and bad performance	1.00
		2. No rules for dismissal	0.50
		3. Dismissal unconditioned or linked to resignation of governments and ministers	0.00
Conditions of lending to the government	<i>limcred*</i> (0.2)	1. No central bank credit allowed	1.00
		2. Central bank credit allowed conditionally	0.50
		3. Central bank credit allowed unconditionally	0.00
	<i>limprim*</i> (0.1)	1. Central bank is not allowed to purchase public bonds on the primary market	1.00
		2. Central bank is allowed to purchase public bonds in hard currency on the primary market	0.66
		3. Central bank is allowed to purchase public bonds in any cur- rency on the primary market	0.33
	4. No limitations on credit activities	0.00	

(cont.)

Accountability of the central bank	<i>acc*</i> (0)	1. Obligation to inform the public	1.00
		2. Obligation to inform the parliament in public hearings	0.66
		3. Obligation to inform the government without publicity	0.33
		4. No accountability	0.00
External pledges of the government	<i>extern</i> (0.1)	1. Exchange rate fixed to a hard currency and money base fully backed with foreign reserves	1.00
		2. Exchange rate fixed	0.75
		3. Crawling peg	0.50
		4. Managed floating	0.25
		5. Free floating	0.00
Convertibility restrictions	<i>conv</i> (0.1)	1. Full convertibility	1.00
		2. Partial convertibility	0.75
		3. Convertibility for current account transactions only	0.50
		4. Convertibility for capital account transactions only	0.25
		5. No convertibility	0.00
	<i>mult</i> (0.05)	1. One exchange rate	1.00
		2. Multiple exchange rate	0.00
Interactions with other currencies	<i>comp</i> (0.05)	1. A hard currency can be used for all transactions	1.00
		2. A hard currency can be used for some transactions, others excluded	0.66
		3. A hard currency may be held	0.33
		4. No holdings or transactions in Hard currencies allowed	0.00

The numbers in parenthesis show the weights for the MOC index used in section six.

Source: Freytag (2001, p. 198-199), own changes.

Table 1B: Supervisory Authorities in 48 countries

	Countries	Banking Sector (b)	Securities Sector (s)	Insurance Sector (i)	Rating	Weight	FAC INDEX	CBFA INDEX
1	Argentina	CB	S	I	1	0	1	2
2	Australia	BI,S	BI,S	BI,S	5	1	6	1

3	Austria	U, CB	U	U	7	-1	6	1
4	Belgium	U	U	U	7	0	7	1
5	Bolivia	B	SI	SI	3	0	3	1
6	Bosnia	CB,B1,B2	S	I	1	-1	0	2
7	Brazil	CB	S	CB,I	1	1	2	3
8	Bulgaria	CB	S	I	1	0	1	2
9	Canada	BI	Ss(**)	BI	3	0	3	1
10	Chile	B	SI	SI	3	0	3	1
11	Croatia	CB	S	I	1	0	1	2
12	Czech Republic	CB	S	I	1	0	1	2
13	Denmark	U	U	U	7	0	7	1
14	Estonia	U	U	U	7	0	7	1
15	Finland	BS	BS	I	5	0	5	1
16	France	BC,B1,B2,B3	CB,S	I	1	-1+1	1	3
17	Germany	U,CB	U	U	7	-1	6	1
18	Greece	CB	S	I	1	0	1	2
19	Hong Kong	CB	S	I	1	0	1	2
20	Hungary	U	U	U	7	0	7	1
21	Iceland	U	U	U	7	0	7	1
22	Ireland	CB	CB	CB	7	0	7	4
23	Israel	CB	S,I	I	1	1	2	2
24	Italy	CB,S	CB,S	I	1	1	2	3
25	Japan	U,CB	U	U	7	-1	6	1
26	Korea	U	U	U	7	0	7	1
27	Latvia	U	U	U	7	0	7	1
28	Lithuania	CB	S	I	1	0	1	2
29	Macedonia	CB	S	-	1	0	1	2
30	Mexico	BS	BS	I	5	0	5	1
31	Netherlands	CB,S	CB,S	I,S	1	1	2	3
32	New Zealand	CB	S	I	1	0	1	2
33	Nicaragua	U	U	U	7	0	7	1
34	Norway	U	U	U	7	0	7	1
35	Peru	BI	S	BI	3	0	3	1
36	Poland	B	B,S	I1,I2	1	1-1	1	1
37	Romania	CB	S	I	1	0	1	2
38	Russia	CB	S	I	1	0	1	2
39	Slovak Republic	CB	SI	SI	3	-1	2	2
40	Slovenia	CB	S	I	1	0	1	2
41	Spain	CB.Bs(**)	CB,S	I	1	1-1	1	3
42	Sweden	U	U	U	7	0	7	1
43	Switzerland	BS	BS	I	5	0	5	1
44	Turkey	B	S	I	1	0	1	1
45	Ukraine	CB	S	-	1	0	1	2
46	UK	U	U	U	7	0	7	1
47	USA	CB,B	S,Ss**	I,Is(**)	1	-1	0	2
48	Uruguay	BS, BC	BS, BC	I, BC	5	1	6	4

The initials have the following meaning: B = authority specialized in the banking sector; BI = authority specialized in the banking sector and insurance sector; CB = central bank; G= government; I = authority specialized in the insurance sector; S = authority specialized in the securities markets; U = single authority for all sectors ; BS = authority specialized in the banking sector and securities markets; SI = authority specialized in the insurance sector and securities markets.

(*) (b) = banking or central banking law; (s) = security markets law; (i) = insurance law

(**) = state or regional agencies

Table 1C: FAC Index, BCFA Index, MOC Index and CBI Index in 48 Countries

	Countries	FAC Index	CBFA Index	MOC Index	CBI Index
1	Argentina	1	2	0.803333	0.7475
2	Australia	6	1	0.408333	0.3525
3	Austria	6	1	0.7275	0.58125
4	Belgium	7	1	0.755	0.6225
5	Bolivia	3	1	0.52	0.395
6	Bosnia	0	2	0.943333	0.8325
7	Brazil	2	3	0.36	0.2275
8	Bulgaria	1	2	0.8875	0.8325
9	Canada	3	1	0.678333	0.60125
10	Chile	3	1	0.353333	0.27
11	Croatia	1	2	0	0
12	Czech Republic	1	2	0.755	0.6225
13	Denmark	7	1	0.554167	0.4775
14	Estonia	7	1	0.915833	0.8325
15	Finland	5	1	0.7525	0.6225
16	France	1	3	0.789167	0.7475
17	Germany	6	1	0.710833	0.56
18	Greece	1	2	0.755	0.6225
19	Hong Kong	1	2	0.638333	0.54125
20	Hungary	7	1	0.670833	0.53875
21	Iceland	7	1	0.63	0.56
22	Ireland	7	4	0.436667	0.3325
23	Israel	2	2	0.373333	0.33125
24	Italy	2	3	0.290833	0.0825
25	Japan	6	1	0.485	0.31125
26	Korea	7	1	0.519167	0.435
27	Latvia	7	1	0.755833	0.67625
28	Lithuania	1	2	0.7075	0.645
29	Macedonia	1	2	0.705833	0.71625
30	Mexico	5	1	0.664167	0.56
31	Netherlands	2	3	0.443333	0.31125
32	New Zealand	1	2	0.526667	0.37375
33	Nicaragua	7	1	0.61	0.6025
34	Norway	7	1	0.429167	0.18625
35	Peru	3	1	0.554167	0.54
36	Poland	1	1	0.644167	0.45625
37	Romania	1	2	0.686667	0.645
38	Russia	1	2	0.554167	0.4775
39	Slovak Republic	2	2	0.685833	0.6025
40	Slovenia	1	2	0.519167	0.395
41	Spain	1	3	0.761667	0.70625
42	Sweden	7	1	0.623333	0.51875
43	Switzerland	5	1	0.3875	0.29
44	Turkey	1	1	0.588333	0.4975
45	Ukraine	1	2	0.186667	0.145
46	UK	7	1	0.415833	0.2075
47	USA	0	2	0.595833	0.4775
48	Uruguay	6	4	0.409167	0.27

**Table 2 Ordered Estimates with
Central Bank Involvement and Monetary Commitment**

VARIABLES	Logit I	II	III	IV	Probit I	II	III	IV
DEPENDENT VARIABLE	FAC	FAC		FAC	FAC	FAC		FAC
CBFA								
Coefficient β_1	-0.86		-1.04	-0.99	-0.46		-0.57	-0.57
Std. Error	(0.45)		(0.47)	(0.57)	(0.22)		(0.23)	(0.31)
P > z	0.06*		0.03**	0.08*	0.04**		0.01***	0.06 *
MOC								
Coefficient β_{13}		-3.33	-4.04	-3.76		-1.73	-2.33	-2.32
Std. Error		(1.81)	(1.86)	(2.49)		(1.00)	(1.07)	(1.41)
P > z		0.06 *	0.03 **	0.13		0.08 *	0.03 **	0.10 *
CBFAMOC								
Coefficient β_{13}				0.17				0.00
Std. Error				(1.03)				(0.58)
P > z				0.86				0.99
MvB								
Coefficient β_2	1.04	0.95	1.23	1.22	0.58	0.62	0.69	0.69
Std. Error	(0.79)	(0.80)	(0.81)	(0.81)	(0.45)	(0.46)	(0.46)	(0.47)
P > z	0.19	0.23	0.13	0.13	0.20	0.17	0.13	0.14
mcap								
Coefficient β_3	-1.33	-1.04	-1.25	-1.24	-0.82	-0.68	-0.84	-0.84
Std. Error	(0.84)	(0.82)	(0.86)	(0.86)	(0.48)	(0.48)	(0.50)	(0.50)
P > z	0.11	0.20	0.14	0.15	0.09 *	0.15	0.09*	0.09 *
goodgov								
Coefficient β_4	1.95	1.48	1.63	1.61	1.17	0.95	1.05	1.05
Std. Error	(0.92)	(0.89)	(0.93)	(0.95)	(0.52)	(0.52)	(0.53)	(0.54)
P > z	0.03 **	0.09 *	0.08 *	0.09 *	0.02 **	0.07 *	0.05 **	0.05 *
Gdp								
Coefficient β_5	-0.0005	-0.0006	-0.0006	-0.0006	-0.0003	-0.0003	-0.0003	-0.0003
Std. Error	(0.0002)	(0.0002)	(0.0002)	(0.0002)	(0.0001)	(0.0001)	(0.0001)	(0.0001)
P > z	0.01***	0.00***	0.01***	0.01***	0.01***	0.01***	0.01***	0.01***
OECD								
Coefficient β_6	-0.74	-0.07	-0.83	-0.79	-0.52	-0.32	-0.64	-0.62
Std. Error	(0.98)	(0.94)	(1.01)	(1.05)	(0.54)	(0.52)	(0.54)	(0.56)
P > z	0.45	0.93	0.40	0.45	0.33	0.54	0.24	0.26
Europe								
Coefficient β_7	0.52	0.47	1.16	1.17	0.36	0.45	0.72	0.72
Std. Error	(0.88)	(0.86)	(0.92)	(0.93)	(0.47)	(0.49)	(0.51)	(0.51)
P > z	0.54	0.58	0.20	0.20	0.44	0.36	0.16	0.16
Anglo Saxon Law								
Coefficient β_8	0.35	0.52	0.74	0.74	0.45	0.31	0.60	0.60

Std. Error	(1.29)	(1.24)	(1.28)	(1.28)	(0.72)	(0.72)	(0.74)	(0.74)
P > z	0.78	0.67	0.56	0.56	0.52	0.66	0.41	0.41
French Law								
Coefficient β_9	0.89	0.56	1.20	1.21	0.62	0.33	0.78	0.78
Std. Error	(0.98)	(0.96)	(1.01)	(1.01)	(0.58)	(0.56)	(0.59)	(0.59)
P > z	0.36	0.56	0.23	0.23	0.28	0.54	0.18	0.18
GermanScandLaw								
Coefficient β_{10}	2.36	3.37	3.04	3.00	1.44	1.86	1.75	1.75
Std. Error	(1.24)	(1.28)	(1.33)	(1.35)	(0.69)	(0.70)	(0.71)	(0.72)
P > z	0.05 **	0.00***	0.00***	0.02 **	0.03 **	0.0 ***	0.0 ***	0.01 ***
Latitude								
Coefficient β_{12}	-1.92	-1.59	-0.95	-0.94	-0.70	-0.52	-0.20	-0.19
Std. Error	(2.92)	(3.00)	(3.00)	(3.00)	(1.76)	(1.77)	(1.80)	(1.80)
P > z	0.51	0.59	0.75	0.75	0.68	0.76	0.91	0.91
No of observations	48	48	48	48	48	48	48	48
LR chi2(5)	34.29	34.00	39.40	39.43	35.13	33.94	40.04	40.09
Prob>chi2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pseudo R2	0.20	0.20	0.23	0.23	0.21	0.20	0.24	0.24
Log Likelihood	-65.10	-65.25	-62.55	-62.53	-64.68	-65.28	-62.20	-62.20

Note: *** indicates statistical significance at one percent; ** indicates statistical significance at five percent; * indicates statistical significance at ten percent.

Table 3 Ordered Estimates with Central Bank Involvement and Central Bank Independence

VARIABLES	Logit I	II	III	IV	Probit I	II	III	IV
DEPENDENT VARIABLE	FAC	FAC	FAC	FAC	FAC	FAC	FAC	FAC
CBFA								
Coefficient β_1	-0.86		-1.15	-1.10	-0.46		-0.63	-0.63
Std. Error	(0.45)		(0.48)	(0.56)	(0.22)		(0.23)	(0.30)
P > z	0.06*		0.01***	0.04 **	0.04**		0.00 **	0.03 **
CBI								
Coefficient β_{13}		-3.80	-4.72	-4.32		-1.98	-2.75	-2.67
Std. Error		(1.72)	(1.78)	(2.28)		(0.94)	(1.03)	(1.69)
P > z		0.02 **	0.00***	0.12		0.03 **	0.00 **	0.09 *
CBFACBI								
Coefficient β_{13}				0.22				0.04
Std. Error				(1.20)				(0.68)
P > z				0.85				0.94
MvB								
Coefficient β_2	1.04	0.94	1.25	1.24	0.58	0.61	0.69	0.69
Std. Error	(0.79)	(0.81)	(0.82)	(0.82)	(0.45)	(0.46)	(0.47)	(0.47)
P > z	0.19	0.20	0.12	0.13	0.20	0.18	0.14	0.14

mcap									
Coefficient β_3	-1.33	-1.11	-1.41	-1.40	-0.82	-0.73	-0.92	-0.91	
Std. Error	(0.84)	(0.83)	(0.88)	(0.89)	(0.48)	(0.49)	(0.51)	(0.51)	
P > z	0.11	0.17	0.11	0.11	0.09 *	0.13	0.07 *	0.07 *	
goodgov									
Coefficient β_4	1.95	1.53	1.77	1.75	1.17	0.98	1.10	1.09	
Std. Error	(0.92)	(0.88)	(0.84)	(0.95)	(0.52)	(0.52)	(0.54)	(0.54)	
P > z	0.03 **	0.08 *	0.06 *	0.06 *	0.02 **	0.06 *	0.04 *	0.04 *	
Gdp									
Coefficient β_5	-0.0005	-0.0007	-0.0006	-0.0006	-0.0003	-0.0004	-0.0004	-0.0004	
Std. Error	(0.0002)	(0.0002)	(0.0002)	(0.0002)	(0.0001)	(0.0001)	(0.0001)	(0.0001)	
P > z	0.01***	0.00***	0.01***	0.01***	0.01***	0.01***	0.00***	0.00***	
OECD									
Coefficient β_6	-0.74	-0.12	-1.00	-0.96	-0.52	-0.36	-0.71	-0.71	
Std. Error	(0.98)	(0.94)	(1.00)	(1.06)	(0.54)	(0.53)	(0.55)	(0.56)	
P > z	0.45	0.89	0.33	0.36	0.33	0.49	0.19	0.21	
Europe									
Coefficient β_7	0.52	0.40	1.12	1.13	0.36	0.42	0.72	0.72	
Std. Error	(0.88)	(0.85)	(0.91)	(0.92)	(0.47)	(0.49)	(0.51)	(0.51)	
P > z	0.54	0.63	0.22	0.21	0.44	0.38	0.15	0.15	
Anglo Saxon Law									
Coefficient β_8	0.35	0.57	0.78	0.77	0.45	0.32	0.66	0.66	
Std. Error	(1.29)	(1.23)	(1.28)	(1.29)	(0.72)	(0.73)	(0.75)	(0.75)	
P > z	0.78	0.63	0.54	0.54	0.52	0.65	0.37	0.37	
French Law									
Coefficient β_9	0.89	0.44	1.12	1.12	0.62	0.28	0.75	0.76	
Std. Error	(0.98)	(0.96)	(1.01)	(1.01)	(0.58)	(0.56)	(0.59)	(0.59)	
P > z	0.36	0.64	0.26	0.26	0.28	0.61	0.20	0.20	
GermanScandLaw									
Coefficient β_{10}	2.36	3.31	2.91	2.86	1.44	1.82	1.78	1.77	
Std. Error	(1.24)	(1.26)	(1.32)	(1.34)	(0.69)	(0.69)	(0.71)	(0.72)	
P > z	0.05 **	0.00***	0.02 **	0.03 **	0.03 **	0.0 **	0.01***	0.02 **	
Latitude									
Coefficient β_{12}	-1.92	-1.44	-0.82	-0.83	-0.70	-0.45	-0.07	-0.06	
Std. Error	(2.92)	(3.04)	(3.04)	(3.04)	(1.76)	(1.78)	(1.82)	(1.82)	
P > z	0.51	0.63	0.78	0.78	0.68	0.79	0.96	0.97	
No of observations	48	48	48	48	48	48	48	48	
LR chi2(5)	34.29	35.72	42.20	42.23	35.13	35.49	42.79	42.80	
Prob>chi2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Pseudo R2	0.20	0.21	0.25	0.25	0.21	0.21	0.26	0.26	
Log Likelihood	-65.10	-64.39	-61.15	-61.13	-64.68	-64.50	-60.85	-60.85	

Note: *** indicates statistical significance at one percent; ** indicates statistical significance at five percent; * indicates statistical significance at ten percent.

**Table 4 Ordered Estimates with
Central Bank Involvement and Central Bank Age**

VARIABLES	Logit I	II	III	Probit I	II	III
DEPENDENT VARIABLE	FAC	FAC	FAC	FAC	FAC	FAC
CBFA						
Coefficient β_1	-0.86		-0.85	-0.46		-0.44
Std. Error	(0.45)		(0.48)	(0.22)		(0.24)
P > z	0.06*		0.07*	0.04**		0.06**
CBAGE						
Coefficient β_{13}		0.001	0.0007		0.0009	0.0003
Std. Error		(0.005)	(0.006)		(0.003)	(0.003)
P > z		0.72	0.91		0.75	0.92
CBFACBAGE						
Coefficient β_{13}			-0.00008			-0.0002
Std. Error			(0.0033)			(0.001)
P > z			0.98			0.89
MvB						
Coefficient β_2	1.04	0.76	1.03	0.58	0.53	0.57
Std. Error	(0.79)	0.79	0.80	(0.45)	(0.45)	(0.46)
P > z	0.19	0.33	0.20	0.20	0.24	0.21
mcap						
Coefficient β_3	-1.33	-1.20	-1.34	-0.82	-0.72	-0.82
Std. Error	(0.84)	(0.82)	(0.84)	(0.48)	(0.48)	(0.49)
P > z	0.11	0.14	0.11	0.09 *	0.13	0.09 *
goodgov						
Coefficient β_4	1.95	1.80	1.94	1.17	1.06	1.16
Std. Error	(0.92)	(0.89)	(0.92)	(0.52)	(0.51)	(0.52)
P > z	0.03 **	0.04 **	0.03 **	0.02 **	0.03 **	0.02 **
Gdp						
Coefficient β_5	-0.0005	-0.0006	-0.0005	-0.0003	-0.0003	-0.0003
Std. Error	(0.0002)	(0.0002)	(0.0002)	(0.0001)	(0.0001)	(0.0001)
P > z	0.01***	0.00***	0.01***	0.01***	0.01***	0.01***
OECD						
Coefficient β_6	-0.74	-0.12	-0.73	-0.52	-0.30	-0.51
Std. Error	(0.98)	(0.93)	(1.00)	(0.54)	(0.52)	(0.54)
P > z	0.45	0.89	0.46	0.33	0.56	0.34
Europe						
Coefficient β_7	0.52	0.01	0.52	0.36	0.18	0.37
Std. Error	(0.88)	(0.84)	(0.89)	(0.47)	(0.47)	(0.49)
P > z	0.54	0.98	0.56	0.44	0.69	0.44
Anglo Saxon Law						
Coefficient β_8	0.35	0.23	0.35	0.45	0.22	0.46
Std. Error	(1.29)	(1.25)	(1.31)	(0.72)	(0.72)	(0.73)

P >z	0.78	0.85	0.78	0.52	0.75	0.52
French Law						
Coefficient β_9	0.89	0.28	0.85	0.62	0.20	0.63
Std. Error	(0.98)	(1.00)	(1.09)	(0.58)	(0.59)	(0.65)
P >z	0.36	0.77	0.43	0.28	0.72	0.33
GermanScandLaw						
Coefficient β_{10}	2.36	2.66	2.35	1.44	1.58	1.43
Std. Error	(1.24)	(1.22)	(1.24)	(0.69)	(0.69)	(0.70)
P >z	0.05 **	0.02 **	0.06 *	0.03 **	0.02 **	0.04 **
Latitude						
Coefficient β_{12}	-1.92	-2.56	-2.01	-0.70	-1.02	-0.73
Std. Error	(2.92)	(3.02)	(3.02)	(1.76)	(1.80)	(1.82)
P >z	0.51	0.39	0.50	0.68	0.57	0.68
No of observations	48	48	48	48	48	48
LR chi2(5)	34.29	30.50	34.30	35.13	30.98	35.14
Prob>chi2	0.00	0.00	0.00	0.00	0.00	0.00
Pseudo R2	0.20	0.18	0.20	0.21	0.18	0.21
Log Likelihood	-65.10	-67.00	-65.10	-64.68	-66.76	-64.67

Note: *** indicates statistical significance at one percent; ** indicates statistical significance at five percent; * indicates statistical significance at ten percent.

**Table 5 Ordered Estimates with
Different Dependant Variable: Central Bank Involvement**

VARIABLES	Logit (a)	Probit (a)
DEPENDENT VARIABLE	CBFA	CBFA
FAC		
Coefficient β_1	-0.65	-0.29
Std. Error	(0.21)	(0.11)
P >z	0.00***	0.00***
MvB		
Coefficient β_2	0.76	0.21
Std. Error	(0.94)	(0.54)
P >z	0.41	0.68
mcap		
Coefficient β_3	-0.99	-0.71
Std. Error	(0.98)	(0.60)
P >z	0.31	0.23

goodgov		
Coefficient β_4	0.51	0.22
Std. Error	(1.03)	(0.57)
P >z	0.62	0.69
Gdp		
Coefficient β_5	0.00001	0.00001
Std. Error	0.00002	0.00001
P >z	(0.94)	(0.92)
OECD		
Coefficient β_6	2.09	1.32
Std. Error	(1.17)	(0.67)
P >z	0.07 *	0.05 **
Europe		
Coefficient β_7	2.07	1.19
Std. Error	(1.33)	(0.73)
P >z	0.12	0.10 *
Anglo Saxon Law		
Coefficient β_8	2.15	1.88
Std. Error	2.11	1.17
P >z	0.30	0.10 *
French Law		
Coefficient β_9	2.05	1.48
Std. Error	(1.30)	(0.77)
P >z	0.11	0.05 **
GermanScandLaw		
Coefficient β_{10}	-34.41	- 6.81
Std. Error	(3.6e+07)	(203)
P >z	1.00	1.00
Latitude		
Coefficient β_{12}	0.91	1.17
Std. Error	(3.56)	(2.06)
P >z	0.79	0.57
No of observations	48	48
LR chi2(5)	32.16	29.23
Prob>chi2	0.00	0.00
Pseudo R2	0.30	0.27
Log Likelihood	-37.31	-38.78

Note: *** indicates statistical significance at one percent; ** indicates statistical significance at five percent; * indicates statistical significance at ten percent. (a) 9 observations completely determined. Standard errors questionable.

**Table 6 Ordered Estimates with
Different Independent Variable: Central Bank Involvement**

VARIABLES	Logit	Probit
DEPENDENT VARIABLE	FAC	FAC
CBFA TWO		
Coefficient β_1	-0.43	-0.23
Std. Error	(0.22)	(0.11)
P > z	0.06*	0.04**
MvB		
Coefficient β_2	1.04	0.58
Std. Error	(0.79)	(0.45)
P > z	0.19	0.20
mcap		
Coefficient β_3	-1.33	-0.82
Std. Error	(0.84)	(0.48)
P > z	0.11	0.09 *
goodgov		
Coefficient β_4	1.95	1.17
Std. Error	(0.92)	(0.52)
P > z	0.03 **	0.02 **
Gdp		
Coefficient β_5	-0.0005	-0.0003
Std. Error	(0.0002)	(0.0001)
P > z	0.01***	0.01***
OECD		
Coefficient β_6	-0.74	-0.52
Std. Error	(0.98)	(0.54)
P > z	0.45	0.33
Europe		
Coefficient β_7	0.52	0.36
Std. Error	(0.88)	(0.47)
P > z	0.54	0.44
Anglo Saxon Law		
Coefficient β_8	0.35	0.45
Std. Error	(1.29)	(0.72)
P > z	0.78	0.52
French Law		
Coefficient β_9	0.89	0.62
Std. Error	(0.98)	(0.58)
P > z	0.36	0.28
GermanScandLaw		
Coefficient β_{10}	2.36	1.44

Std. Error	(1.24)	(0.69)
P >z	0.05 **	0.03 **
Latitude		
Coefficient β_{12}	-1.92	-0.70
Std. Error	(2.92)	(1.76)
P >z	0.51	0.68
No of observations	48	48
LR chi2(5)	34.29	35.13
Prob>chi2	0.00	0.00
Pseudo R2	0.20	0.21
Log Likelihood	-65.10	-64.68

Note: *** indicates statistical significance at one percent; ** indicates statistical significance at five percent; * indicates statistical significance at ten percent.

Table 7 Correlation Matrix

	CBFA	MOC	CBI	CBICUK	CBAGE
CBFA	1				
MOC	-0.1650	1			
CBI	-0.1424	0.9621	1		
CBAGE	-0.1284	0.0088	-0.0489	-0.3671	1

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