The Impact of Experience on How we Perceive the Rule of Law

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Benito Arruñada[*]

Pompeu Fabra University and BGSE, Barcelona (Spain)

E-mail: benito.arrunada@upf.edu

Abstract

Experience is a major source of knowledge. Could institutions be improved by eliciting the additional knowledge held by experienced individuals? I show here that in several areas of the law experienced individuals are more critical of institutional quality than inexperienced individuals. Moreover, performance indexes built with experienced subsamples substantially alter country rankings. Assuming no unmeasured confounders, more knowledge arguably leads experienced individuals to revise the more benign view held by the general population, composed mostly of inexperienced individuals. Moreover, experience is a stronger driver than alternative sources of knowledge, including education, which might therefore be reinforcing milder and, arguably, incorrect assessments of institutional quality. After observing how this "experience effect" varies systematically across countries, I conclude by proposing that evaluations of institutional quality pay greater attention to experienced individuals and cautioning against basing inferences on assessments made by the general population.

Keywords: institutions, experience, knowledge, perception, rule of law, measurement.

JEL codes: D02, D71, D83, K12, K14, K31, K32, K41, K42

1. Introduction

Evaluation of legal institutions is necessary for making good decisions when creating and reforming them. In recent decades we have relied on indicators based on surveys eliciting the perceptions of experts and citizens, as well as metrics based on assessments of formal rules. Prominent examples are the *Governance Indicators* of the World Bank (Kaufmann, Kraay and Mastruzzi, 2010); specific measures focusing on the rule of law, such as the *World Justice Project Rule of Law Index* (WJP, 2017) or, more narrowly, on corruption, such as Transparency International's *Corruption Perception Index* (TI, 2018); or individual assessments of formal rules, such as those of *Doing Business* (World Bank, 2003-2018).

This reliance on general information makes sense if knowledge is held by experts and the general public. However, experts and the public are often asked for their perceptions without considering their position regarding the institution being evaluated. This differs starkly from the established practice for all sorts of organizations. The latter—from business firms to churches to universities—routinely collect the opinions of users and customers, who are assumed to be better informed on how the organizations satisfy their demands.

Can we do better with institutions? Given that information is costly, one should not expect the relevant information on institutions to be evenly distributed among members of society. Moreover, much information —in particular "knowledge of the particular circumstances of time and place"— is costly or even impossible to transfer (Hayek, 1945:521). This "specific" information (Jensen and Meckling, 1992) is likely prevalent for legal institutions, but eliciting it is particularly difficult: in legal institutions, the main channel for transferring information—prices—is often missing or distorted.

Moreover, as opposed to markets, artificial systems to gather information require identifying who knows most, and this is harder for institutions than for organizations. For instance, in a sense all citizens "use" general institutions such as the political system or the rule of law. However, even if all citizens benefit from the law, some of them are likely to be better informed on its functioning. In fact, the rule of law operates through supporting organizations such as the judiciary, the police and administrative bodies, and all citizens are unlikely to be equally well informed on how these organizations work.

This paper assumes that those who interact most closely with such organizations are better informed about the corresponding set of institutions. In particular, those who contract with them, experience contractual conflicts and litigate with them can be expected to have more information on the performance of contract law and litigation. Similarly, both victims and criminals should know more than the rest of the public on the functioning of the police and the courts and, therefore, on criminal law; those who most often deal with public bureaucracies should know more on administrative law; and parties to employment contracts should know more on labor law. In short: those with experience should know more because the experiences considered in this paper imply proximity to the public organizations and institutions being evaluated and are, therefore, likely to reflect greater knowledge on how they work. In a sense, experienced

individuals are considered here as "institutional customers". Basing performance indicators on their perceptions is akin to considering users' satisfaction with their service providers.

To the extent that this proximity assumption holds water, it opens up many questions on how to design information systems to evaluate legal institutions and even on how to manage them. If some users or constituencies hold specific information about institutional performance, should we still focus our information-gathering efforts for evaluating those institutions on the whole population (as is often done) or, instead, on those particular users or constituencies? Should we apply, as the *WB Governance Indicators* and *WJP Rule of Law Index* do, a mixed methodology, asking both the whole population and a sample of experts? Should experts be replaced by users? In any case, how should we combine information from such mixed sources? More generally, should not we design our information-gathering efforts with a more explicit focus on the actual distribution of knowledge?

As a first step, this paper focuses on more modest questions: How does experience affect perceptions of institutional quality? How does considering experienced subsamples modify performance indicators, both at the individual level and in terms of country scores, and what drives such changes? What are the consequences for our understanding of the distribution of knowledge across the population? Does experience affect perceptions more or less than, e.g., education and other demographic variables?

To answer them, using the World Justice Project general surveys (WJP, 2014), the paper explores how indicators of performance in four areas of the rule of law systematically vary depending on which persons we consider—the general population or experienced individuals—, and how experience may be more informative than variables such as education, age or wealth.

In doing so, the paper is related and contributes to several strands of the literature. By pointing out how perceptions vary with experience, it adds a more nuanced view on indexes built on perceptions. To the best of my knowledge, the role of experience has up to now been discussed in part of the literature on corruption, which, since it aims to assess the true extent of corruption, is concerned about the differences between estimates of countries' corruption obtained (1) from individuals' or experts' perceptions and (2) from personal recollections of direct experience of corruption. Most of these studies rely on recollections of bribes to directly estimate the extent of corruption. The lack of correlation between perceptions and recollections of experience observed by many of these studies suggests that perceptions by the general population and even by experts may have serious systematic weaknesses.[1] The present paper

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[1] In this area, experience-based indicators generally correlate imperfectly with those based on perceptions. Discrepancies have been observed both in specific contexts (Olken, 2009; Rose and Mishler 2010; Razafindrakoto and Roubaud, 2010) and in cross-country evaluations. In particular, country scores based on perceptions and experience often diverge widely for less-developed countries (Treisman 2007). Moreover, some variables thought to "explain" perceived corruption—such as media freedom or the empowerment of women—do not correlate strongly with experience-based measures (Treisman, 2007; Weber, 2008, Donchev and Ujhelyi, 2010). An exception is Charron (2016), who finds a positive correlation between perception and

follows a different strategy by focusing on knowledge-related experiences and using them to, first, identify allegedly better-informed individuals and, then, analyze how their perceptions on institutional quality differ from those of the inexperienced—and allegedly less-informed—individuals.

The paper also relates to works examining the methodologies and difficulties for measuring institutions (Voigt, 2013 and 2018) and, in particular, the rule of law (Ginsburg, 2011; Voigt, Gutmann, and Feld, 2015). These include discussions on the comparative advantages of subjective versus objective measures of governance (Kaufmann, Kraay and Mastruzzi, 2006), the different results obtained when focusing on citizens or experts (Arndt and Oman, 2006; Kurtz and Schrank, 2007; Kaufmann, Kraay, and Mastruzzi, 2007a; Razafindrakoto and Roubaud, 2010), the potential conflict of interest posed by relying on lawyers (Arruñada, 2007), and the interpretation of lobbying as a way of using information as a tool for gaining influence (Grossman and Helpman, 2001:223-318). The paper is also linked to the literature concerned with tax salience (Chetty, Looney and Kroft, 2009; Zheng, McLaughlin and Kaiser, 2013; Goldin and Listokin, 2014), as some of the experience indicators could be taken as salient incidents and be subject to a similar debate.

It proceeds in two main stages corresponding to sections 2 to 3.

Section 2 identifies for each legal area—i.e., for contract, criminal, administrative and labor law—at least one experienced and allegedly better-informed group of respondents, develops performance measures for each legal area, and estimates the "impact" of experience on such measures. Experience shows a consistently negative correlation with stated perceptions of performance in all four legal areas. Moreover, it is the main observed driver of perceived performance, well above other popular variables, such as education, wealth, gender, age and participation in economic activity, some of which are shown to exert their influence only through inexperienced individuals, therefore casting doubt on their reality: e.g., educated individuals hold stronger and more positive opinions which may be unfounded.

Given the observational nature of the data, any claim that experience is causing the observed differences in perceptions must be subject to the assumption that there are no unmeasured confounding variables. Under this assumption, the results pass several robustness checks using matched samples, diverse (additional as well as narrower) experience indicators, and an alternative survey with additional and slightly different questions.

Section 3 calculates the corresponding country scores and rankings, and examines how the effect of experience varies across countries. Differences between performance scores based on the responses given by the general population and by the corresponding experienced subsample cause substantial changes in how countries are ranked by both sets of indexes. Moreover, the alleged informational advantage of experienced subsamples increases with some plausibly exogenous country features, such as countries whose legal system originated in France and regulatory quality (both of them arguably connected to the efficacy of the state), and positively with ethno-linguistic fractionalization (possibly through legal discrimination). Moreover, while

experience of corruption in European countries, with little difference in country and regional rankings.

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the estimated effect of experience does not vary with the percentage of experienced respondents in each country sample, the estimation error decreases significantly as this percentage rises.

Section 4 concludes.

2. How individual perceptions on rule-of-law performance differ between the general public and experienced individuals

2.1. Model

To examine how experience with rule-of-law services correlates with perceptions of institutional performance and how this experience interacts with some relevant variables such as education, wealth, gender, age and involvement in economic activity, I estimate several variants of the following equations:

$$i\_Law = \alpha_i + \beta_{ij}\,Exp_j + \gamma_i\,X + \delta_{ij}\,Exp_j{}^*X + \varepsilon_{ir}\,Country_r + e_i \tag{1}$$

whose dependent variables, *i_Law*, are the individual (respondent-level) scores of performance indexes in different legal areas (with *i = Contract Law*, *Criminal Law*, *Administrative Law and Labor Law*), while the independent variables of interest are the experience variables *Exp_j* identifying the experienced subsamples. Controls are: *X*, a vector of individual characteristics including respondents' *Education*, *Wealth*, *Male*, *Age* and being *Economically active*, as well as *Country_r*, a vector of country dummies (*r* = 1, 2,… 102). Some equations will also include experience interactions. In other equations, country controls will be replaced by *GDP* to easily observe possible differences at different stages of economic development.

2.2. Variables

Experience indicators. The data from the WJP surveys of the general public (the "General Population Polls" or GPPs[2]) allows to define four legal areas—contract, criminal, administrative and labor law—with their corresponding indicators of experience and performance.

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[2] The GPPs "provide firsthand information on the experiences and the perceptions of ordinary people regarding a range of pertinent rule of law information, including their dealings with the government, the ease of interacting with state bureaucracy, the extent of bribery and corruption, the availability of dispute resolution systems, and the prevalence of common crimes to which they are exposed. The [2015] GPP questionnaire includes 87 perception-based questions and 56 experience-based questions, along with socio-demographic information on all respondents. The questionnaire is translated into local languages, adapted to common expressions, and administered by leading local polling companies using a probability sample of 1,000 respondents in the three largest cities of each country. Depending on the particular situation of each country,

Experience indicators are built as follows:

- For contract law, the variable *Has had a contractual conflict* is equal to one for respondents who have suffered a conflict with someone who refused to fulfill a contract or pay a debt in the past three years; zero, otherwise. Complementarily, I also use the variable *Has litigated a conflict*, a binary variable equal to one if the conflict exists and was litigated before a third-party enforcer (be it a court, commercial arbitrator or traditional ruler); zero, if there is no conflict or, in the case of a conflict, it was not litigated.
- For criminal law, the variable *Has been a victim, detained or abused* is equal to one for those who, either themselves or those living in their households, have been victims of crime or have been detained or abused by the police or the military; zero, otherwise. Complementarily, I also use the variables *Has been a crime victim* and *Has been detained/abused* to identify those who have been victims or detained/abused; zero, otherwise. In addition, I also consider how the perceptions of crime victims are affected by their having reported the crime and by the perpetrator having been caught and punished.
- For administrative law, the variable *Has requested a permit* is equal to one for those who, either themselves or anyone living in their household, in the past three years have requested a government permit or license in a local authority; zero, otherwise. Complementarily, I also use the variable *Has paid a bribe*, which is one if, according to the respondent, the request led to payment of a bribe; zero, if the respondent did not ask for a permit or, after asking for it, did not pay a bribe.
- For labor law, the variable *Has had employment experience* is equal to one for those who have employment experience either as employers or employees (independent professionals, business owners, salaried employees or retired/pensioners); zero, otherwise.

Panel A of Table A.1 in the Appendix explains in more detail how these indicators have been built. Panel A of Table A.2 presents summary statistics for the experience variables. The relative size of the four main subsamples ranges from 11.31% for *Has had a contractual conflict* to 56.81% for *Has had employment experience*, with intermediate values for *Has requested a permit* (22.01%) and *Has been a victim, detained or abused* (30.21%).

Performance indexes. The *WJP Rule of Law Index* survey also asks respondents to assess different institutional services. I use these responses to build four corresponding indicators of perceived performance, which are built as follows:

- For the contract law area, the *Contract Law* indicator is a composite index built as the first principal component of three variables, calculated by codifying responses to the

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three different polling methodologies are used: face-to-face, telephone, or online. The GPPs are carried out in each country every other year. The polling data used in this year's report was collected during the fall of 2012 (for 5 countries), the fall of 2013 (for 43 countries), and the fall of 2014 (for 54 countries)." (WJP, 2015:165). See also, on the ROL index methodology, Botero and Ponce (2011).

WJP survey asking whether judges are captured by private interests, to what extent there is corruption in the judiciary and to what extent the courts guarantee everyone a fair trial.

- For criminal law, the *Criminal Law* indicator is the first principal component of seven variables related to the extent of self-help, punishment of homicides, punishment of corrupt police chiefs, safety when walking at night, police acting according to the law, the police respecting basic rights of suspects, and punishment of the police when it violates the law.
- For administrative law, performance is measured with the index *Administrative Law*, built as the first principal component of three survey questions related to punishment of a nepotistic government officer, extent of corruption in local government, and punishment of corrupt government officers who unlawfully issue licenses.
- For labor law, its performance indicator, *Labor Law*, was built from the response to a single question asking if workers can freely form labor unions and bargain for their rights with employers.

Panel B of Table A.1 in the Appendix lists the questions used to build these performance indexes.[3] For easier interpretation, all these indexes are built so that they rise with greater lawfulness. Panels B and C of Table A.2 present summary statistics of these performance indicators for the whole sample and for each experienced subsample.

Covariates. The covariates *X* were obtained as follows: *Education* uses directly the zero-to-five scale in the survey. *Wealth* is composite index measuring respondents' wealth standardized within each country to capture relative individuals' wealth, built as the first principal component of 23 wealth binary variables asking respondents if they or any member of their household have a variety of assets. *Male* is a binary variable equal to one for male respondents; zero, otherwise. *Age* is a continuous variable measured in years. *Economically active* is a binary variable equal to one if the respondent is an independent professional, a business owner, an informally self-employed person, a salaried employee or is temporarily out of work; zero, otherwise. (This variable is omitted in the analyses of labor law performance and experience, given that it is correlated with the *Has had employment experience* variable.) *GDP* is the log of the 2015 gross domestic product per capita, based on purchasing power parity, as estimated by the International Monetary Fund.[4]

Panel C of Table A.1 explains how these variables have been built. Panels D and E_i of Table A.2 present summary statistics of the covariates for the full sample and for each experienced subsample.

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[3] Note that both experience and performance variables are likely driven by, and may be capturing, the effects of both, legal rules and supporting organizations, such as the courts or the police. The data does not make it possible—and consequently the methodology makes no attempt—to distinguish or explore the relative importance or the interactions between these different dimensions of the rule of law.

[4] The source is the International Monetary Fund's *World Economic Outlook* database (https://www.imf.org/external/pubs/ft/weo/data/assump.htm, accessed June 7, 2018).

All non-binary independent variables were standardized.

2.3. Results

Most of the mean scores and variances of the performance indexes are significantly different for the experienced and inexperienced subsamples. Moreover, the mean scores and the variances are predominantly and significantly lower for the experienced subsamples (Table 1). According to the estimated equations presented in Table 2, experience is associated with statistically significant negative evaluations of performance, which are also substantively significant. For instance, having suffered a contractual conflict in the last three years lowers the perception of contract law performance in 0.128 standard deviations. Similarly, having being a victim of crime or having being detained or abused by the police account for a fall of 0.141 standard deviations in the perception of how well criminal law institutions work.

Furthermore, these negative impacts of experience are around 3.6 times bigger—in terms of the average of absolute values for significant coefficients—than those of other independent variables. In addition, the coefficients associated with active economic participation (those of the *Economically active* variable), which can be seen as a source of knowledge across different legal areas, are also significantly negative. Overall, experience seems to be the main observed driver of performance perceptions.

Some interactions of experience with the dependent variables are also significant (presented in the even columns in Table 2). This suggests that estimating the effect of these variables without considering experience (as in, e.g., Behrer *et al*., 2019) might lead to mistaken inferences. For instance, column (2) of Table 2 suggests that the positive effect that education and age seem to have on how respondents evaluate the performance of contract law is concentrated among subjects without experience. Intriguingly, this unfounded optimism of educated—therefore, arguably, influential—individuals poses the possibility that individuals' general education may exert a negative externality on how well societies evaluate and eventually decide on their institutions.

To see how these effects of experience may change with economic development, Table 3 replaces country fixed effects with country-level controls (*GDP* and its interactions with X_j). As expected, countries with greater *GDP* show better performance (in all but labor law). However, this is less so according to experienced individuals—in other words: experience has a significantly more negative impact in high-GDP countries.[5] Moreover, the effects of other variables, such as education or relative wealth, are substantially different for poor and rich countries, hinting again that inferences about these variables should be made with great care and probably not based solely on their single effects.

The almost consistently negative effect of experience is remarkable considering that the four indicators of experience refer to quite different phenomena and relate to four different legal

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[5] Compare Charron (2016), who finds little effect of experience in corruption perception in a survey of relatively wealthier Europeans.

areas. It is therefore tempting to explore a causal inference on the impact of the experience (i.e., "treatment") variables on perception of institutional quality. Moreover, given that experience is associated with specific knowledge and the other independent variables used as controls (*Education*, etc.) are closer to general knowledge, their relative impact might have consequences for institutional evaluation.

2.4. Discussion and robustness

However, given the nature of the data, it is important to keep in mind that the analysis is merely observational. In particular, the negative correlation consistently observed between experience and perception might be spurious. It might be the case that experience does not affect perception but that experienced individuals have particular features that also affect perception—i.e., some hidden variable may affect both the treatment assignment (experience) and the outcome (perception). In other words: any claim that experience is causing the observed differences in perceptions must be subject to the assumption that there are "no unmeasured confounders" or "no omitted variables"—that is, the treatment assignment is independent of the potential outcomes: $P(Exp|X, i\_Law) = P(Exp|X)$ or, in words, controlling for all covariates, the probability of experience remains unchanged when we know the perception of performance.

The consistency of results across quite diverse types of experience makes it hard to imagine confounders which could be driving the results; however, they cannot be ruled out. Working, therefore, under this strong ignorability assumption, I check for robustness with respect to the functional-form restrictions in simple OLS estimation using coarsened exact matching, CEM (Blackwell et al., 2009), to replicate a randomized experiment by building "treated" (i.e., experienced) and control (inexperienced) groups of respondents with similar distribution of covariates.[6] Table 4 presents the results of four equations that adjust for the remaining imbalance in the matched data. This matching exercise hardly alters the estimated coefficients of contractual and crime experiences. It only substantially reduces the coefficient linked to

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[6] Given the reliance of matching and other non-experimental methods on the strong ignorability assumption (Stuart 2010:6), and trying to include all variables likely to affect both the treatment assignment and the outcome, I consider in the matching process not only *Education*, *Wealth*, *Male*, *Age*, *Economically active* (in all but *Labor Law*), but also all country controls. Relying on the automated coarsening provided by CEM, the statistic measures of imbalance for the full joint distributions, including all interactions, are reduced by matching: the multivariate *L1* distances (Iacus, King and Porro, 2008) go from 0.981 to 0.917 for *Contract Law/Has had a contractual conflict*, from 0.992 to 0.911 for *Contract Law/Has litigated a conflict*, from 0.956 to 0.904 for *Criminal Law/Has been a victim, detained or abused*, from 0.969 to 0.915 for *Criminal Law/Has been a crime victim*, from 0.974 to 0.905 for *Criminal Law/Has been detained/abused*, from 0.967 to 0.888 for *Administrative Law/Has requested a permit*, from 0.992 to 0.874 for *Administrative Law/Has paid a bribe*, and from 0.939 to 0.888 for *Labor Law/Has had employment experience*.

requesting a permit, but without changing its sign or statistical significance, and also makes the coefficient associated to employment experience insignificant.

Second, the complementary indicators of experience provide additional robustness checks because of their different characteristics. While having litigated a conflict and having paid a bribe are additional experiences, having been a victim of crime or having being detained or abused by the police are narrower experiences with respect to having been a victim or a criminal (the *Has been a victim, detained or abused* variable). Moreover, they also differ in the extent to which most of the experiences of each type are decided by respondents (having litigated) or by service providers (having paid a bribe). They should therefore clarify the nature and the impact of diverse types of experience.

In this vein, the additional-versus-narrower difference between the complementary indicators of experience calls for different models. Table 5 reports results for additional experiences by adding experience variables as determinants of performance. We observe that those who have litigated a conflict hold a better perception but the size of this positive effect is approximately one-third of the negative coefficient associated with having a contractual conflict. However, the significance of the litigation coefficient disappears with proper sample matching, suggesting a selection effect in the raw subsample. At this point, it is worth saying that those who in the last three years had a contractual conflict but chose not to litigate are still likely better informed in two dimensions: first and foremost, about the preventive efficacy of contract law institutions; second, about the quality of the litigation process if the conflict encouraged them to gather information before deciding not to litigate.

On the contrary, the negative effect observed in those who had requested a permit seems to be concentrated among those who paid a bribe for it. The experience of having paid a bribe after asking for a permit seems to greatly worsen perceptions on the lawfulness of administrative law. The greater impact we find for this experience than for individual characteristics such as education, age, wealth and economic status contrasts with the conclusions reached by Donchev and Ujhelyi (2014) with respect to corruption experience. (Note that concentration of the experience effect on those who paid a bribe does not make the having-requested-a-permit indicator less relevant, as the information which those requesting a permit convey includes not only the perception effect of having paid a bribe but also the social incidence of bribes, which seems to be the key aspect.)

Table 6 reports results for narrower experiences determining perceptions of performance in the criminal law area (being a victim versus being detained or abused by police), which hardly change with respect to the combined experience variable (i.e., being a victim, being detained/abused, or both). This is consistent with the interpretation that what drives the change in stated perceptions is proximity to the institution, rather than the outcome of the experience, which would predict different effects for victims than for detainees. Moreover, punishment of perpetrators is significantly related to a more positive perception among victims of crime (columns 3 and 4). This suggests that, in a similar fashion to what happened with paying bribes in administrative law, considering the corresponding experience (victimhood) weights both dimensions of performance (that is, the effect of punishment on perception and the probability of punishment).

Third, the overall conclusion that the type of experience being considered in the paper correlates negatively with perceptions of institutional performance is also consistent with the

results obtained by replicating the estimations with different WJP (2017-2018) data, as presented in Table 7. We observe again that having experienced problems and disputes is negatively associated to the perception of contract law institutions, while having litigated a conflict has a positive but much smaller impact. Moreover, both effects are also significant for the matched samples.

Another possibility to consider is that experience does change perception but does not improve the knowledge held or transmitted by respondents. For instance, stated perceptions might worsen when the legal institution works well. According to this hypothesis, respondents are sour as a consequence of having been treated impartially for the benefit of the general public. However, even if this possibility might drive some individual responses, it seems unlikely to explain the observed negative aggregate effects. For a start, contractual conflicts affect two parties with opposite outcomes and, therefore, opposite inclinations to fall prey to this bias. The argument sounds more sensible for criminals than for victims but, as we have just seen, *both victims and criminals* hold similar views and these are significantly more negative than those of the rest of the population. Moreover, the negative coefficient for those requesting a permit is not driven by those who were denied a permit (possibly for the sake of positive externalities) but by those who had paid a bribe (hardly a socially-beneficial event).

Lastly, experience might also improve perception simply because being in touch with legal institutions is costly for individuals. To make use of some institutions, respondents may have to pay professional services, fees and taxes, in addition to spending time and effort. This is plausible. However, to the extent that such costs reflect social opportunity costs, experienced respondents would indeed be better informed. This might be particularly important if inexperienced individuals suffer the illusion that costs are zero. Furthermore, if such costs are salient, respondents' reactions should help reduce the bias towards political correction seemingly suffered by surveys of stated preferences on some types of public policies (e.g., Funk, 2016).

3. Impact of considering experience on country scores and rankings

3.1. How experience alters country rankings

To analyze the impact of considering experience on country scores, I calculate the scores for each country in the four legal areas using the responses given both by the full sample of respondents (i_Law_r with $i = Contract$, $Criminal$, $Administrative$ and $Labor Law$ and $r = 1, 2, \ldots$ 102), and by different inexperienced and experienced subsamples—that is, i_Law_r/Exp_{jr}. (Summary statistics are offered in panels F and G of Table A.2 of the Appendix).

With respect to the corresponding indexes based on responses by the general public, correlation coefficients of average country scores based on their corresponding experienced subsamples are between 0.7269 for administrative law and 0.9922 for labor law (Table 8). Kendall's rank correlation coefficients are between 0.5411 for the index based on respondents who paid a bribe and 0.9123 for those with employment experience. Rankings are therefore more

sensitive to methodological changes, which adds doubts as to the effects of using them to encourage competition and emulation.

Despite these positive correlations, country ranks drastically change when estimated with allegedly better-informed subsamples. Table 9 summarizes the changes that countries experience in the four main rankings. Rankings change more for contract law and less for labor law, with criminal and administrative law in between. Some countries move much more than average: the first quartile of countries concentrates 47% of the total movements. Country details are reported in Table A.3. The maximum number of changes is reached by Vietnam with 68.

3.2. Why does the experience effect vary across countries?

To tentatively explore the determinants behind these changes and therefore identify how the effect of experience varies across countries, for each main performance index, I estimate a version of model (1) adding experience-country interactions ($\eta_{ijr} Exp_j * Country_r$) so that the estimated coefficients $\hat{\eta}_{ijr}$ measure the impact of each type of experience in each country. These impacts are then regressed against a set of country characteristics, estimating the following cross-country equations:

$$\hat{\eta}_{ijr} = \alpha_{ij} + \beta_{ijr} X_r + e_r \tag{2},$$

whose independent variables X_r are country characteristics and whose dependent variables are the estimated experience-country interaction coefficients (descriptive statistics are presented in panel H of Table A.2). Assuming that particular subsamples are better informed, these experienced-country interaction coefficients, $\hat{\eta}_{ijr}$, measure the informational advantage that experienced individuals have over the general population in a given country.

Table 10 presents the results of estimating OLS regressions with a set of independent variables selected by applying the procedure in Treisman (2000).[7] For contract, criminal and administrative law, this informational advantage increases significantly—i.e., given that such

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[7] Given that it is difficult to avoid endogeneity, this procedure consists of running nested regressions (one for each index) introducing first, as independent variables, the sets of variables (e.g., colonial roots, religious adherence, legal origins, ethno-linguistic fractionalization) which, being older and slow-changing, are more likely exogenous, hoping to identify the additional contribution of later sets of variables (such as political organization, considered in terms of democratic traditions, presidential system, proportional representation, federal state and tiers of government); next, political performance with respect to political rights and regulatory quality; and finally country's characteristics related to economic policy, development and education, as well as the incidence of experience (the percentage of experienced respondents). The idea in this admittedly imperfect solution is to go through the alleged causal sequence to isolate the additional effect of later variables and to observe how the already estimated coefficients are modified when new variables are introduced.

advantage involves a more negative perception, it is significantly more negative—in countries with French legal origin. This may be the result of these countries having worse institutions, as argued in the literature pioneered by LLSV (La Porta et al., 1997 and 2008), but one may also conjecture that this type of statist action in legal matters worsens the (allegedly optimistic) perceptions of the inexperienced, perhaps because they become more inclined to rely on statutory law. A similar argument might account for the negative coefficients of regulatory "quality": in countries with allegedly better (perhaps simply more intrusive) regulation, only the experienced individuals know its full costs.

We also observe in Table 10 significantly positive coefficients for ethno-linguistic fractionalization,[8] which are consistent with the possibility that in more divided societies even the inexperienced have greater incentives to know, and therefore do know, more about the rule of law, a version of the "complacency" argument proposed for French legal origin and regulatory quality. One would also expect that better politics, by increasing personal involvement, would reduce the advantage of the experienced respondents and therefore lead to positive coefficients. Indeed, we observe a slightly positive coefficient for political rights.

Robustness checks confirm these results. First, considering influential outliers through robust regression, following Li (1985), modifies some coefficients and significance levels (such as fractionalization) but hardly affects most of them. Second, most coefficients change little when the model is estimated using as dependent variables the estimated coefficients of experience-country interactions in regressions run on individual data using matched samples, similar to those reported in Table 4.

As shown in column (4) of Table 10, results for labor law and employment experience depart from the pattern observed for the other three types of experience, which is consistent with the greater correlation shown for labor law between their general-population-based and experienced-sample-based indexes. Even if they are more in line with that pattern when the model is calculated using matched samples, the (fewer) variables behind the labor law index and employment experience seem to be less effective for capturing cross-country differences. In other words, performance indicators built with more underlying information generate stronger results.

Assessing how the effect of experience varies across countries by estimating experience-country interactions is similar to calculating the differences between (1) the average score obtained by each country from the responses given by allegedly better-informed subsamples minus (2) the score that each country obtains for the same index from the responses given by the whole sample. Correlation of both sets of scores is 91.80%, 90.38% and 90.65%, for contract, criminal and administrative and labor law, respectively. Labor law again departs from this pattern, showing a significant but lower correlation (62.13%).

An advantage of using interaction coefficients is that they provide estimation errors (panel I of Table A.2 in the Appendix contains their descriptive statistics), which decrease significantly with the percentage of experienced respondents in each country (Figure A.1 and panel B of Table

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[8] This index measures the probability that two randomly selected individuals from a given country will not be from the same ethno-linguistic group in 1985 (Roeder, 2001).

A.4). However, this percentage shows no significant effect on the level of the interaction coefficient, as can be seen in panel A of Table A.4. (For labor law, the unmatched sample shows a positive coefficient, which again turns out non-significant in the matched sample). Contrary to the contention in Michelson and Read (2011), based on observing Chinese surveys, the percentage of experienced individuals in each country does not therefore bias perceptions in a particular direction but does increase the variance, as might have been expected given that, for constant sample sizes, the percentage of experienced respondents is the size of the experienced subsample.

4. Concluding remarks

Individuals who have had experience with rule-of-law institutions evaluate them more negatively than the general population. Subject to the ignorability assumption, this "experience effect" holds two important consequences. First, indexes based on the assessments of experienced individuals rather than those of the general population rank countries very differently. Second, based on available information, experience is more influential on stated perceptions than alternative variables often considered as proxies of knowledge, such as education, gender, wealth or age.

To this extent, if confirmed and all other things being equal, these findings support focusing indexes of institutional performance more on experienced individuals. This could be achieved by selecting respondents, weighting the data towards experienced respondents or, at least, asking additional experience questions that would help in evaluating respondents' knowledge. These experience-related questions would also provide additional evidence for clarifying many key issues, such as the presence of possible confounders and the effects of different types of experience, including the role of recurrent and expected experience, as well as the tradeoffs of relying more on experienced individuals.

In this vein, a likely advantage of experience is that it does not rely on informational intermediaries, but is more factual, governed by transactions and less centralized. On the contrary, perceptions by the inexperienced might be reflecting stereotypes that experts and the media create and educated individuals help to disseminate. Hopefully, there is a lesser risk that experienced respondents suffer the biases that have been pointed out in the literature with respect to subjective evaluations, which might be tainted by theories, ideologies and prejudices (Voigt 2013): e.g., basing their responses on countries' reputations (Treisman, 2015); suffering a "halo effect" that might lead them to consider economic growth as evidence that institutions are good (as hinted by Glaeser *et al.*, 2004, and discussed by Kurtz and Schrank, 2007); or basing their assessments on the same observed variables (e.g., authoritarian political regimes) that theories had been claiming to be driving institutional quality (Treisman, 2007).

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Table 1. Summary statistics of individual scores for the inexperienced and experienced subsamples

Perfor-mance indexes:	Experience indicators:	Inexperienced subsamples			Experienced subsamples			Difference of means < 0	Ratio of Std Dev < 1
		N	mean	sd	N	mean	sd	Pr(T<t)	Pr(F<f)
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Contract Law	*Has had a contractual conflict*	80963	0.253	0.999	10499	-0.186	0.988	1.0000	0.9404
	Has litigated a conflict	86727	0.111	1.000	4735	-0.184	0.986	1.0000	0.9106
Criminal Law	*Has been a victim, detained or abused*	60486	0.107	0.985	28857	-0.229	1.001	1.0000	0.0010
	Has been a crime victim	69166	0.083	0.988	20177	-0.293	0.998	1.0000	0.0375
	Has been detained or abused by police	73903	0.043	0.995	15440	-0.216	1.010	1.0000	0.0095
Admin. Law	*Has requested a permit*	72224	0.009	0.998	20876	-0.034	1.017	1.0000	0.0006
	Has paid a bribe	87506	0.013	1.004	5594	-0.214	0.949	1.0000	1.0000
Labor Law	*Has had employment experience*	41372	-0.002	0.978	55040	-0.002	1.019	0.5056	0.0000

Table 2. The effect of specific experience on perceptions of institutional performance in four areas of the rule of law
Note that experience variables differ across columns

Performance index:	Contract law		Criminal law		Administrative law		Labor law	
Corresponding Exp_i:	Had a contractual conflict		Crime victim, detained/abused		Had requested a permit		Had employment experience	
	(1)	(2)	(5)	(6)	(7)	(8)	(9)	(10)
Experience (Exp_i)	-0.128***	-0.157***	-0.141***	-0.151***	-0.042***	-0.028*	-0.019***	-0.043***
	(0.009)	(0.019)	(0.006)	(0.012)	(0.008)	(0.015)	(0.007)	(0.009)
Education	0.025***	0.029***	0.025***	0.029***	0	-0.001	0.018***	0.002
	(0.003)	(0.004)	(0.003)	(0.004)	(0.004)	(0.004)	(0.004)	(0.005)
Wealth	0.031***	0.031***	0.034***	0.033***	0.016***	0.016***	0.027***	0.028***
	(0.003)	(0.003)	(0.003)	(0.004)	(0.003)	(0.004)	(0.003)	(0.005)
Male	0.013**	0.012**	0.019***	0.01	0.008	0.009	0.021***	-0.012
	(0.006)	(0.006)	(0.006)	(0.007)	(0.006)	(0.007)	(0.006)	(0.009)
Age	0.033***	0.038***	0.046***	0.052***	0.022***	0.022***	0.026***	0.005
	(0.004)	(0.004)	(0.003)	(0.004)	(0.004)	(0.004)	(0.004)	(0.005)
Economically active	-0.048***	-0.051***	-0.030***	-0.026***	-0.039***	-0.035***		
	(0.006)	(0.007)	(0.006)	(0.008)	(0.007)	(0.007)		
Exp_i * Education		-0.025***		-0.012*		0.006		0.029***
		(0.009)		(0.006)		(0.008)		(0.007)
Exp_i * Wealth		0.004		0.003		0		-0.002
		(0.009)		(0.006)		(0.008)		(0.007)
Exp_i * Male		0.007		0.028**		-0.005		0.058***
		(0.018)		(0.012)		(0.014)		(0.013)
Exp_i * Age		-0.045***		-0.020***		0.002		0.034***
		(0.010)		(0.006)		(0.007)		(0.006)
Exp_i * Econ. active		0.037*		-0.009		-0.016		
		(0.020)		(0.013)		(0.016)		
Adj_R2	0.3060	0.3062	0.3393	0.3394	0.22878	0.22875	0.1586	0.1591
N	85327	85327	84033	84033	87648	87648	91834	91834

Notes: Dependent variables are the corresponding indexes of institutional performance. OLS models with constants and country controls (omitted). * p<0.10, ** p<0.05, *** p<0.01. Clustered standard errors are shown in parentheses.

Table 3. The effect of specific experience on perceptions of institutional
performance with GDP interactions instead of country controls

Performance index:	Contract law	Criminal law	Admin. law	Labor law
Corresponding Exp_i:	Had a contractual conflict	Crime victim, detained/ abused	Had requested a permit	Had employment experience
	(1)	(2)	(3)	(4)
Experience (Exp_i)	-0.190***	-0.272***	-0.078***	-0.051***
	(0.021)	(0.014)	(0.016)	(0.010)
Education	0.049***	0.057***	0.018***	-0.001
	(0.004)	(0.004)	(0.004)	(0.006)
Wealth	0.031***	0.031***	0.022***	0.016***
	(0.004)	(0.004)	(0.004)	(0.005)
Male	0.017**	0.017**	0.020**	-0.01
	(0.007)	(0.008)	(0.008)	(0.010)
Age	0.015***	0.035***	0.007*	-0.028***
	(0.004)	(0.004)	(0.004)	(0.006)
Economically active	-0.019**	0.001	-0.033***	
	(0.007)	(0.008)	(0.008)	
GDP	0.203***	0.251***	0.028***	-0.101***
	(0.008)	(0.008)	(0.008)	(0.007)
Exp_i * Education	-0.011	0.015**	0.020**	0.036***
	(0.011)	(0.007)	(0.009)	(0.007)
Exp_i * Wealth	-0.016	-0.002	-0.018**	0.026***
	(0.010)	(0.007)	(0.009)	(0.007)
Exp_i * Male	0.011	0.039***	0	0.060***
	(0.020)	(0.014)	(0.016)	(0.014)
Exp_i * Age	-0.016	0.012	-0.025***	0.073***
	(0.012)	(0.007)	(0.008)	(0.007)
Exp_i * Econ. active	-0.004	-0.011	0.030*	
	(0.023)	(0.015)	(0.018)	
Exp_i * GDP	-0.111***	-0.150***	-0.033***	0.009
	(0.010)	(0.007)	(0.008)	(0.007)
GDP * Education	0.063***	0.072***	0.065***	0.029***
	(0.003)	(0.003)	(0.004)	(0.004)
GDP * Wealth	0.008**	0.011***	0.001	0.001
	(0.003)	(0.003)	(0.004)	(0.004)
GDP * Male	0.012***	0.022***	0.012**	-0.004
	(0.005)	(0.005)	(0.005)	(0.005)
GDP * Age	0.121***	0.093***	0.114***	0.119***
	(0.006)	(0.006)	(0.006)	(0.006)
GDP * Econ. Active	-0.005	0.002	-0.002	
	(0.006)	(0.006)	(0.006)	
Adj_R2	0.11	0.141	0.026	0.012
N	85327	84033	87648	91834

Notes: Dependent variables are the corresponding indexes of institutional performance. OLS models with
constants (omitted). * p<0.10, ** p<0.05, *** p<0.01. Clustered standard errors are shown in parentheses.

Table 4. The effect of specific experiences on perceptions of institutional performance, matched samples

	Dependent variables: Individual-level scores of performance indexes			
	Contract law	*Criminal law*	*Administrative law*	*Labor law*
	(1)	(2)	(3)	(4)
Experiences:				
Had a contractual conflict	-0.120***			
	(0.011)			
Crime victim, detained or abused		-0.142***		
		(0.007)		
Requested a permit			-0.058***	
			(0.009)	
Had employment experience				-0.005
				(0.008)
Adj_R2	0.236	0.283	0.21	0.167
N	32422	53168	44326	59275

Notes: OLS equations in columns. Dependent variables are the individual-level scores of the corresponding indexes of institutional performance. Matched samples with importance weights as well as demographic *(Education, Wealth, Male, Age* and *Economically active* [but for *Labor_Law*]), constants and country controls (all of them omitted). * p<0.10, ** p<0.05, *** p<0.01. Clustered standard errors in parentheses.

Table 5. The effect of additional specific experience on perceptions of institutional performance in two legal areas. Note that experience variables differ across sets of columns

	Contract law		Administrative law	
	Full sample	Matched sample	Full sample	Matched sample
	(1)	(2)	(3)	(4)
Experiences:				
Had a contractual conflict	-0.147***	-0.125***		
	(0.012)	(0.025)		
Litigated a conflict	0.044***	0.021		
	(0.017)	(0.028)		
Had requested a permit			0.015*	0.058***
			(0.009)	(0.018)
Paid a bribe			-0.224***	-0.253***
			(0.015)	(0.021)
Covariates:				
Education	0.025***	0.026***	0.001	-0.004
	(0.003)	(0.009)	(0.004)	(0.009)
Wealth	0.031***	0.020**	0.016***	0.021***
	(0.003)	(0.008)	(0.003)	(0.008)
Male	0.013**	0.029**	0.009	0.022
	(0.006)	(0.014)	(0.006)	(0.014)
Age	0.033***	0.028***	0.022***	0.013
	(0.004)	(0.010)	(0.004)	(0.011)
Economically active	-0.048***	-0.077***	-0.038***	-0.074***
	(0.006)	(0.017)	(0.007)	(0.017)
Adj_R2	0.306	0.209	0.231	0.178
N	85327	17705	87648	17851

Notes: Dependent variables are the corresponding indexes of institutional performance. OLS models with constants and country controls (omitted). * $p<0.10$, ** $p<0.05$, *** $p<0.01$. Clustered standard errors are shown in parentheses.

Table 6. The effect of specific experience on perceptions of institutional performance on criminal law, relying on complementary indicators of experience. Note that experience variables differ across columns

	Dependent variable: *Criminal law*					
	Full sample	Matched sample	Full sample	Matched sample	Full sample	Matched sample
	(1)	(2)	(3)	(4)	(5)	(6)
Experiences:						
Crime victim	-0.131***	-0.130***	-0.145***	-0.152***		
	(0.007)	(0.009)	(0.010)	(0.012)		
Crime reported			-0.037***	-0.023		
			(0.013)	(0.016)		
Perpetrator caught			-0.005	0.003		
			(0.025)	(0.030)		
Perpetrator punished			0.250***	0.225***		
			(0.028)	(0.033)		
Detained or abused					-0.139***	-0.135***
					(0.008)	(0.009)
Covariates:						
Education	0.026***	0.024***	0.026***	0.024***	0.023***	0.028***
	(0.003)	(0.005)	(0.003)	(0.005)	(0.003)	(0.006)
Wealth	0.033***	0.040***	0.033***	0.040***	0.033***	0.027***
	(0.003)	(0.005)	(0.003)	(0.005)	(0.003)	(0.005)
Male	0.017***	0.032***	0.017***	0.032***	0.020***	0.022**
	(0.006)	(0.008)	(0.006)	(0.008)	(0.006)	(0.009)
Age	0.049***	0.045***	0.048***	0.044***	0.047***	0.048***
	(0.003)	(0.006)	(0.003)	(0.006)	(0.003)	(0.006)
Economically active	-0.032***	-0.038***	-0.033***	-0.038***	-0.030***	-0.037***
	(0.006)	(0.010)	(0.006)	(0.010)	(0.006)	(0.011)
Adj_R2	0.338	0.263	0.34	0.265	0.338	0.277
N	84033	45408	84033	45408	84033	39597

Notes: Dependent variables are the corresponding indexes of institutional performance. OLS models with constants and country controls (omitted). * p<0.10, ** p<0.05, *** p<0.01. Clustered standard errors are shown

Table 7. The effect of conflict and litigation experiences on perceptions of institutional performance, relying on the WJP 2017-2018 surveys

	Dependent variable:			
	Index of institutional performance (*Contract law*)			
	Full sample	Matched sample	Full sample	Matched sample
	(1)	(2)	(3)	(4)
<u>Experiences:</u>				
Had a conflict in the last two years	-0.154***	-0.177***	-0.166***	-0.187***
	(0.016)	(0.020)	(0.016)	(0.021)
Has litigated a serious conflict			0.066**	0.068*
			(0.027)	(0.040)
<u>Had requested a permit</u>				
Education	-0.033***	-0.020*	-0.032***	-0.020*
	(0.006)	(0.011)	(0.006)	(0.011)
Social class	0.042***	0.048***	0.042***	0.048***
	(0.004)	(0.008)	(0.004)	(0.008)
Male	-0.006	-0.004	-0.006	-0.004
	(0.013)	(0.021)	(0.013)	(0.021)
Age	0.001	0.002*	0.001	0.002*
	(0.000)	(0.001)	(0.000)	(0.001)
Economically active	-0.037**	-0.034	-0.039***	-0.034
	(0.015)	(0.024)	(0.015)	(0.024)
Adj_R2	0.253	0.188	0.253	0.188
N	17958	6458	17958	6458

Notes: Equation in columns. The dependent variable is the index of institutional performance in contract law. OLS with constants and country controls (omitted). Full sample in columns (1) and (3); matched samples in (2) and (4). * $p<0.10$, ** $p<0.05$, *** $p<0.01$. Clustered standard errors are shown in parentheses.

Table 8. Correlations between the pairs of country scores and country rankings calculated with responses given by the population and by the corresponding experienced subsamples of respondents

Performance indexes (1)	Experiences defining the corresponding subsample (2)	Correlations	
		Country scores (3)	Country rankings (4)
Contract Law	Has had a contractual conflict	0.9465 (101)	0.8031 (102)
	Has litigated a conflict	0.8913 (99)	0.7325 (102)
Criminal Law	Has been a victim, detained or abused	0.9664 (100)	0.8582 (101)
	Has been a crime victim	0.9555 (100)	0.8327 (102)
	Has been detained or abused by police	0.9436 (100)	0.7880 (102)
Administrative Law	Has requested a permit	0.9632 (100)	0.8444 (101)
	Has paid a bribe	0.7269 (101)	0.5411 (102)
Labor Law	Has employment experience	0.9922 (100)	0.9123 (102)

Notes: Column (3) presents Pearson correlation coefficients between country scores calculated with the full population for the index defined in column (1) and the corresponding subsample defined in column (2). Column (4) reports Kendall's rank correlations of country rankings. For all coefficients $p<0.01$. Observations in parentheses.

Table 9. Summary of country rank jumps and drops in the main four indexes

	Contract law	Criminal law	Admin. law	Labor law	Rank changes
Mean of rank changes	7.04	5.11	5.68	3.33	21.16
Std. dev.	7.71	6.44	6.57	4.57	14.37
Rank changes, Q1	337	254	293	140	1,024
Rank changes, Q2	201	131	132	96	560
Rank changes, Q3	115	100	93	68	376
Rank changes, Q4	65	36	61	36	198
Total number of rank changes	718	521	579	340	2,158

Table 10. Determinants of the "experience effect" across countries for each legal area

	Dependent variables: estimated coefficients of experience-country interactions in regressions run on individual data			
Legal area:	Contract law	Criminal law	Admin. law	Labor law
Corresponding experience:	*Had a contractual conflict*	*Crime victim, detained/ abused*	*Had requested a permit*	*Had employment experience*
	(1)	(2)	(3)	(4)
<u>Country characteristics:</u>				
French civil law	-0.088**	-0.166***	-0.089**	0.048**
	(0.042)	(0.034)	(0.034)	(0.023)
Ethnolinguistic fractionalization	0.018	0.125*	0.160**	0.024
	(0.085)	(0.068)	(0.068)	(0.046)
Freedom House political rights	0.012	0.03	0.052**	0.006
	(0.026)	(0.021)	(0.021)	(0.014)
Regulatory Quality	-0.079**	-0.005	-0.047*	-0.006
	(0.034)	(0.028)	(0.028)	(0.019)
Protestant %	-0.131	-0.139	0.006	0.215***
	(0.107)	(0.085)	(0.086)	(0.058)
Log of GDPpc, 2015	0.002	-0.023	0.054**	0.013
	(0.027)	(0.022)	(0.022)	(0.015)
Adj_R2	0.121	0.217	0.172	0.146
N	97	96	96	96

Notes: OLS equations in columns. Independent variables are country characteristics; constants omitted (sources: Treisman (2015) but for GDP (IMF)). * p<0.10, ** p<0.05, *** p<0.01.

Appendix

Table A.1. Description of the survey questions used for building the dataset

Variables	Survey questions	Answer Choice
Panel A. Experience indicators:		
Had contractual conflict	q35. During the past three years, have you or someone in your household had a conflict with someone who refused to fulfill a contract or pay a debt?	Yes
Has litigated	q35a. Which one of the following mechanisms was used to solve the conflict?	A. Filed a lawsuit in court
		B. Used a small-claims court or procedure
		C. Used a commercial arbitration procedure
		D. Sought help from a chief or traditional ruler
Has crime experience	q30. In the past 3 YEARS, did anyone actually BREAK into your home/residence without permission, and steal or try to steal something?	Yes
	q31. In the past 3 YEARS, were you a victim of an ARMED ROBBERY (with a weapon such as a knife or a gun)?	Yes
	q32. Over the past 3 years, have you or anyone living in your household been a victim of blackmail or EXTORTION?	Yes
	q33. Has any relative or person that lived with you in your house been MURDERED in the past 3 years?	Yes
	q26. During the past three years, have you or anyone living in your household been stopped or detained by the police?	Yes
	q28. Please answer the following questions to the best of your knowledge: In the last 3 years, have you or someone in your household, been subjected to physical abuse by the police or the military?	Yes
Requested a permit	q27. During the past three years, did you or anyone living in your household request a government permit, or process any kind of document (like a license, building permit, etc.) in a local government office?	Yes
Paid a bribe	q27a. Thinking about the most recent incident, did you (or the person living in your household) have to pay a bribe (or money above that required by law)?	Yes

Variables	Survey questions	Answer Choice
Employment experience	occup. What is your current employment situation?	Independent professional (doctor, lawyer, architect, etc.)
		Business owner
		Salaried employee
		Retired / pensioner

Panel B. Indicators of perceived performance:

Variables	Survey questions	Answer Choice
Contract Law	q8. In your opinion, most judges decide cases according to:	(Not to) what powerful private interests tell them to do
	q18d. Corruption exists in all countries and societies in some form or the other. How many of the following people in [COUNTRY] do you think are involved in corrupt practices? q18d.Judges and Magistrates	Scale from 1 (all of them) to 4 (none)
	q37c. In talking to people about their local government, we often find important differences in how well the government, police, and the courts perform their jobs. Please tell me how often would you say that: q37c. The courts in [COUNTRY] guarantee everyone a fair trial	Scale from 1 (never) to 4 (always)
Criminal Law	q11. Assume that someone in this neighborhood has a dispute with another resident. How likely is it that one or both parties resort to violence in the process of settling the dispute (for example, to intimidate one of the parties or to ask for a payment)?	Scale from 1 (very likely) to 4 (very unlikely)
	q12a. If someone commits a homicide in your neighborhood, how likely is that the criminal is prosecuted and convicted?	Scale from 1 (very unlikely) to 4 (very likely)
	q12c. If a police chief is found taking money from a criminal organization, such as a drug cartel or an arms smuggler, how likely is this officer to be sent to jail?	Scale from 1 (very unlikely) to 4 (very likely)
	q14. How safe do you feel walking in your neighborhood at night?	Scale from 1 (very unsafe) to 4 (very safe)
	q37a. In talking to people about their local government, we often find important differences in how well the government, police, and the courts perform their jobs. Please tell me how often would you say that: q37a. The police in [COUNTRY] act according to the law	Scale from 1 (never) to 4 (always)
	q37b. In talking to people about their local government, we often find important differences in how well the government, police, and the courts perform their jobs. Please tell me how often would you say that: q37b.In [COUNTRY], the basic rights of suspects are respected by the police	Scale from 1 (never) to 4 (always)

Variables	Survey questions	Answer Choice
	q37e. In talking to people about their local government, we often find important differences in how well the government, police, and the courts perform their jobs. Please tell me how often would you say that: q37e. In [COUNTRY], if members of the police violate the law, they are punished for these violations	Scale from 1 (never) to 4 (always)
Administrative Law	q5. Assume that, as a result of an audit, a LOCAL government officer is found to be unlawfully issuing a government license for personal benefit, for example, to a construction company owned by a family member. Which one of the following outcomes is most likely?	The local government officer is prosecuted and punished (through fines, or time in prison)
	q18b. Corruption exists in all countries and societies in some form or the other. How many of the following people in [COUNTRY] do you think are involved in corrupt practices? q18b.Officers working in the local government	Scale from 1 (all of them) to 4 (none)
	q12b. If a government officer is found unlawfully issuing a government license for personal benefit, how likely is this officer to lose his job?	Scale from 1 (very unlikely) to 4 (very likely)
Labor Law	q34b. In practice, workers in [COUNTRY] can freely form labor unions and bargain for their rights with their employers	Strongly agree

Variables	Survey questions	Answer Choice

Panel C. Covariates and controls:

Variables	Survey questions	Answer Choice
Education	edu. What is the highest degree you received?	None
		Elementary school diploma
		Middle school diploma
		equivalent
		Bachelor's degree
		Graduate degree (Masters, Ph.D.)
Wealth	wealth1_1. Does this house or apartment have: Dirt, earth principal floor in dwelling	Yes
	wealth1_2. Does this house or apartment have: Cement principal floor	Yes
	wealth1_3. Does this house or apartment have: Electricity	Yes
	wealth1_4. Does this house or apartment have: Refrigerator	Yes
	wealth1_5. Does this house or apartment have: Piped drinking water in residence	Yes
	wealth1_6. Does this house or apartment have: Modern flush toilet	Yes
	wealth1_7. Does this house or apartment have: Microwave oven	Yes
	wealth1_8. Does this house or apartment have: Bathroom with shower	Yes
	wealth1_9. Does this house or apartment have: A telephone	Yes
	wealth1_10. Does this house or apartment have: Internet service at home	Yes
	wealth2_1. Do you or any member of your household living in this house have: Radio	Yes
	wealth2_2. Do you or any member of your household living in this house have: Color television	Yes
	wealth2_3. Do you or any member of your household living in this house have: Bicycle	Yes
	wealth2_4. Do you or any member of your household living in this house have: Car	Yes
	wealth2_5. Do you or any member of your household living in this house have: A second car	Yes
	wealth2_6. Do you or any member of your household living in this house have: Cable TV	Yes
	wealth2_7. Do you or any member of your household living in this house have: Computer	Yes
	wealth2_8. Do you or any member of your household living in this house have: Credit card	Yes

Variables	Survey questions	Answer Choice
	wealth2_9. Do you or any member of your household living in this house have: Mobile phone	Yes
	wealth2_10. Do you or any member of your household living in this house have: Own home	Yes
	wealth2_11. Do you or any member of your household living in this house have: A second or holiday home	Yes
	wealth2_12. Do you or any member of your household living in this house have: Bank account	Yes
	wealth2_13. Do you or any member of your household living in this house have: A domestic worker not related to head of household	Yes
Male	gend. Sex of respondent	Male
Age	age. What is your age as of today?	Open Response
Economically active	occup. What is your current employment situation?	Independent professional (doctor, lawyer, architect, etc.)
		Business owner
		Salaried employee
		Self-employed informal
		Temporarily out of work
Log GDP, 2015	Source: IMF World Economic Outlook	
Country	Country	Open Response

Table A2. Summary statistics

Variables	Obs.	Mean	Std. Dev.	Min	Max
A. Experience indicators:					
Has had a contractual conflict	103609	.113	.317	0	1
Has litigated a conflict	103609	.050	.217	0	1
Has been a crime victim, detained or abused	107485	.302	.459	0	1
Has been a crime victim	107485	.209	.407	0	1
Has been detained or abused by police	107485	.162	.368	0	1
Has requested a permit	102623	.22	.414	0	1
Has paid a bribe	102623	.057	.232	0	1
Has had employment experience	105928	.568	.495	0	1
B. Individual performance indicators calculated with the whole sample:					
Contract Law	92511	0	1	-2.518	1.86
Criminal Law	90125	0	1	-3.024	2.278
Administrative Law	95206	0	1	-2.232	2.218
Labor Law	98681	0	1	-2.199	1.485
C. Individual performance indicators calculated with the corresponding experienced subsamples:					
Contract Law/Has had a contractual conflict	10499	-.186	.988	-2.518	1.86
Contract Law/Has litigated a conflict	4735	-.184	.986	-2.518	1.86
Criminal Law/Has been a victim, detained or abused	28857	-.229	1.001	-3.024	2.278
Criminal Law/Has been a crime victim	20177	-.293	.998	-3.024	2.278
Criminal Law/Has been detained or abused	15440	-.216	1.01	-3.024	2.278
Administrative Law/Has requested a permit	20876	-.034	1.017	-2.232	2.218
Administrative Law/Has paid a bribe	5594	-.214	.949	-2.232	2.218
Labor Law/Has had employment experience	55040	-.002	1.019	-2.199	1.485
D. Covariates for the whole sample:					
Education	106141	0	1	-2.27	1.844
Wealth	104954	0	1	-10.111	5.097
Male	107679	.506	.5	0	1
Age	108260	0	1	-2.252	3.727
Economically active	105928	.666	.471	0	1
GDP	108489	0	1	-2.498	1.835
E1. Covariates for subsample who has had a contractual conflict:					
Education	11493	.162	1.038	-2.27	1.844
Wealth	11595	.074	1.022	-6.614	3.497
Male	11693	.532	.499	0	1
Age	11691	-.024	.888	-2.252	3.3
Economically active	11506	.736	.441	0	1
GDP	11725	-.114	1.13	-2.498	1.835
E2. Covariates for subsample who has litigated a conflict:					
Education	5080	.189	1.084	-2.27	1.844
Wealth	5083	.121	1.05	-5.92	3.497
Male	5156	.542	.498	0	1
Age	5139	-.043	.857	-2.252	3.117
Economically active	5095	.758	.428	0	1
GDP	5158	-.253	1.207	-2.498	1.835

E3. Covariates for subsample who has been a crime victim, detained or abused:

Education	31919	-.006	1.025	-2.27	1.844
Wealth	31886	.032	1.011	-8.646	5.097
Male	32383	.529	.499	0	1
Age	32364	-.081	.929	-2.252	3.727
Economically active	31884	.701	.458	0	1
GDP	32478	-.221	1.041	-2.498	1.835

E4. Covariates for subsample who has been a crime victim:

Education	22123	-.032	1.045	-2.27	1.844
Wealth	22120	.031	1.027	-8.646	5.097
Male	22420	.521	.5	0	1
Age	22385	-.087	.923	-2.252	3.727
Economically active	22071	.689	.463	0	1
GDP	22472	-.329	1.026	-2.498	1.835

E5. Covariates for subsample who has been detained or abused:

Education	17069	.013	1.026	-2.27	1.844
Wealth	17075	.022	1.015	-8.274	5.097
Male	17346	.554	.497	0	1
Age	17322	-.133	.895	-2.252	3.727
Economically active	17079	.741	.438	0	1
GDP	17392	-.222	1.1	-2.498	1.835

E6. Covariates for subsample who has requested a permit:

Education	22212	.116	1.013	-2.27	1.844
Wealth	21629	.156	.992	-7.523	5.097
Male	22542	.536	.499	0	1
Age	22518	.021	.959	-2.252	3.727
Economically active	22293	.704	.457	0	1
GDP	22591	-.042	1.081	-2.498	1.835

E7. Covariates for subsample who has paid a bribe:

Education	5786	.055	1.057	-2.27	1.844
Wealth	5617	.126	1.058	-5.92	4.369
Male	5880	.552	.497	0	1
Age	5846	-.223	.787	-2.252	3.3
Economically active	5818	.752	.432	0	1
GDP	5882	-.834	1.032	-2.498	1.835

E8. Covariates for subsample who has employment experience:

Education	59395	.188	.976	-2.27	1.844
Wealth	58045	.104	.977	-10.111	4.2
Male	60168	.569	.495	0	1
Age	60059	.152	1.029	-2.252	3.727
Economically active	60168	.835	.371	0	1
GDP	60168	.153	.992	-2.498	1.835

F. Country scores calculated with the whole sample (i_Law_r):

Contract Law	101	.002	.553	-.895	1.389
Criminal Law	101	.03	.561	-1.078	1.462
Administrative Law	101	0	.485	-1.696	1.497
Labor Law	100	.008	.397	-1.686	.887

G. Country scores calculated with the corresponding experienced subsamples (*i_Law$_r$/Exp$_{jr}$*):

Contract Law/Has had a contractual conflict	102	-.11	.554	-1.075	1.448
Contract Law/Has litigated a conflict	100	-.081	.615	-1.258	1.662
Criminal Law/Has been a victim, detained or abused	101	-.065	.571	-1.307	1.839
Criminal Law/Has been a crime victim	101	-.069	.571	-1.339	1.949
Criminal Law/Has been detained or abused	101	-.103	.595	-1.218	1.841
Administrative Law/Has requested a permit	101	-.045	.491	-1.799	1.57
Administrative Law/Has paid a bribe	97	-.26	.5	-1.724	1.671
Labor Law/Has had employment experience	101	.009	.402	-1.733	.925

H. Estimated experience-country interaction coefficients ($\hat{\eta}_{ijr}$):

*Has had a contractual conflict * Country$_r$*	100	-.071	.202	-.791	.472
*Has been a crime victim, detained or abused * Country$_r$*	99	.088	.168	-.562	.611
*Has requested a permit * Country$_r$*	99	.061	.164	-.585	.506
*Has had employment experience * Country$_r$*	99	.036	.11	-.27	.355

I. Standard errors of estimated experience-country interaction coefficients:

*Has had a contractual conflict * Country$_r$*	100	.131	.05	.086	.484
*Has been a crime victim, detained or abused * Country$_r$*	99	.087	.017	.067	.196
*Has requested a permit * Country$_r$*	99	.106	.029	.082	.306
*Has had employment experience * Country$_r$*	99	.09	.01	.073	.152

Table A.3. Rank jumps and drops (rank changes) of each country in the main four indexes. Countries ordered by the absolute number of rank changes

	Contract law	Criminal law	Admin. law	Labor law	Rank changes
Mean of rank changes	7.04	5.11	5.68	3.33	21.16
Std. dev.	7.71	6.44	6.57	4.57	14.37
Rank changes, Q1	337	254	293	140	1,024
Rank changes, Q2	201	131	132	96	560
Rank changes, Q3	115	100	93	68	376
Rank changes, Q4	65	36	61	36	198
Total number of rank changes	718	521	579	340	2,158
Vietnam	7	19	7	35	68
Egypt	4	51	5	8	68
India	51	-12	2	-1	66
Burkina Faso	-9	-10	35	-8	62
Cambodia	-2	-6	45	5	58
Liberia	-22	-15	-18	-3	58
Croatia	-28	-7	-10	-4	49
Morocco	20	-1	23	-1	45
Turkey	-8	25	10	0	43
Panama	7	14	16	-5	42
Jordan	39	0	0	-2	41
Ethiopia	24	13	3	0	40
Slovenia	-20	-3	-15	0	38
Sierra Leone	-14	-12	-6	-5	37
Poland	-1	-15	-17	0	33
Senegal	-9	-16	3	-2	30
Venezuela	9	4	13	-3	29
Kyrgyzstan	-16	6	4	-3	29
South Africa	-10	0	-14	-3	27
Italy	7	5	3	-12	27
South Korea	0	-3	8	16	27
Bosnia and Herzegovina	-9	-5	-10	-3	27
Belize	-7	-9	-6	5	27
Ecuador	11	3	-12	1	27
Serbia	3	0	-8	-15	26
Hungary	-8	11	-7	0	26
Tunisia	11	7	8	0	26
Indonesia	3	8	8	7	26
Russia	-14	2	-5	-4	25
Cote d'Ivoire	-11	-8	2	-3	24

	Contract law	Criminal law	Admin. law	Labor law	Rank changes
Kazakhstan	9	-9	4	-2	24
Sri Lanka	-2	1	3	17	23
Belarus	-15	-3	-5	0	23
Uganda	-10	-4	-7	2	23
Lebanon	8	-5	2	-8	23
Nigeria	-15	-5	-2	1	23
Guatemala	-6	5	7	4	22
Singapore	14	6	-1	0	21
Zambia	8	-1	10	-2	21
Jamaica	13	-2	-1	5	21
Sweden	6	11	-3	-1	21
Honduras	-2	3	8	-7	20
Romania	0	-11	-9	0	20
Malawi	-7	-6	4	-2	19
Pakistan	12	0	5	-2	19
Nicaragua	9	5	-3	-2	19
Spain	-1	9	1	-8	19
Chile	7	3	-6	-2	18
Costa Rica	-2	4	2	10	18
Bolivia	7	1	-6	4	18
Peru	-1	1	13	3	18
Tanzania	9	-5	1	3	18
Moldova	-5	-7	-1	5	18
Canada	1	7	-8	-1	17
Bulgaria	-6	0	6	5	17
Portugal	7	-5	0	-5	17
Czech Republic	7	-2	-2	-6	17
Colombia	-4	6	-1	-6	17
Mongolia	4	3	9	0	16
Albania	-1	-4	8	3	16
Kenya	-8	-2	-2	4	16
Dominican Republic	-2	3	-5	5	15
Malaysia	-4	-3	-5	3	15
United States	6	-6	-2	0	14
Macedonia	-5	-4	4	1	14
Uzbekistan	-5	-5	0	4	14
Netherlands	1	8	-2	-2	13
Finland	3	-2	-5	-3	13
Nepal	-4	-3	-5	1	13
Argentina	1	4	-6	2	13
Greece	3	-6	-4	0	13

	Contract law	Criminal law	Admin. law	Labor law	Rank changes
Myanmar	-9	-3	0	0	12
Philippines	-5	-4	2	1	12
Ukraine	3	-1	-4	-4	12
Estonia	-5	-2	-3	2	12
Ghana	4	2	-4	1	11
Germany	-3	3	-4	-1	11
Bangladesh	-2	-1	-6	2	11
China	-6	-1	-3	0	10
Thailand	-6	-2	-1	1	10
Cameroon	1	-1	4	-4	10
France	4	1	-2	-3	10
Hong Kong	-4	1	-4	1	10
United Kingdom	3	4	2	-1	10
El Salvador	3	3	3	1	10
Afghanistan	-8	0	-1	0	9
Belgium	2	3	3	1	9
Uruguay	2	3	3	-1	9
Japan	-2	-2	4	1	9
Australia	1	1	-6	-1	9
Zimbabwe	-2	1	-5	0	8
Iran	-1	3	3	-1	8
Georgia	-3	-2	1	-2	8
Brazil	-1	0	4	-2	7
New Zealand	-1	0	-4	-2	7
Denmark	5	1	0	0	6
Austria	-3	-2	0	-1	6
Madagascar	0	2	1	-2	5
United Arab Emirates	0	0	0	-5	5
Botswana	-2	1	0	-1	4
Mexico	-2	0	0	-2	4
Norway	-1	1	-1	-1	4

Table A.4. Correlations between the experience-country interaction coefficients and their standard errors, and the percentage of experienced individuals

	Dependent variables: Estimated coefficients of the experience-country interaction variables (Panel A) and their standard errors (Panel B) in regressions run on individual data							
	Panel A. Estimated interaction coefficients				Panel B. Standard errors of the estimated coefficients			
Proportion of experienced individuals in each country who...	*Had a contractual conflict*	*Crime victim, detained/ abused*	*Had requested a permit*	*Had employment experience*	*Had a contractual conflict*	*Crime victim, detained/ abused*	*Had requested a permit*	*Had employment experience*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
... had a contractual conflict	-0.005				-0.300***			
	(0.210)				(0.044)			
... has been a crime victim, detained/abused		-0.097				-0.047***		
		(0.108)				(0.007)		
... had requested a permit			0.1				-0.099***	
			(0.108)				(0.011)	
... had employment experience				0.152**				0.016***
				(0.069)				(0.006)
'R-sq'	0	0.01	0.013	0.054	0.301	0.254	0.262	0.088
N		95				95		

Notes: Seemingly unrelated regression models in equations (1) to (4) and (5) to (8), equations in columns. * $p<0.10$, ** $p<0.05$, *** $p<0.01$, constants omitted.

Figure A.1. Country effects of experience as a function of
the percentage of respondents with experience
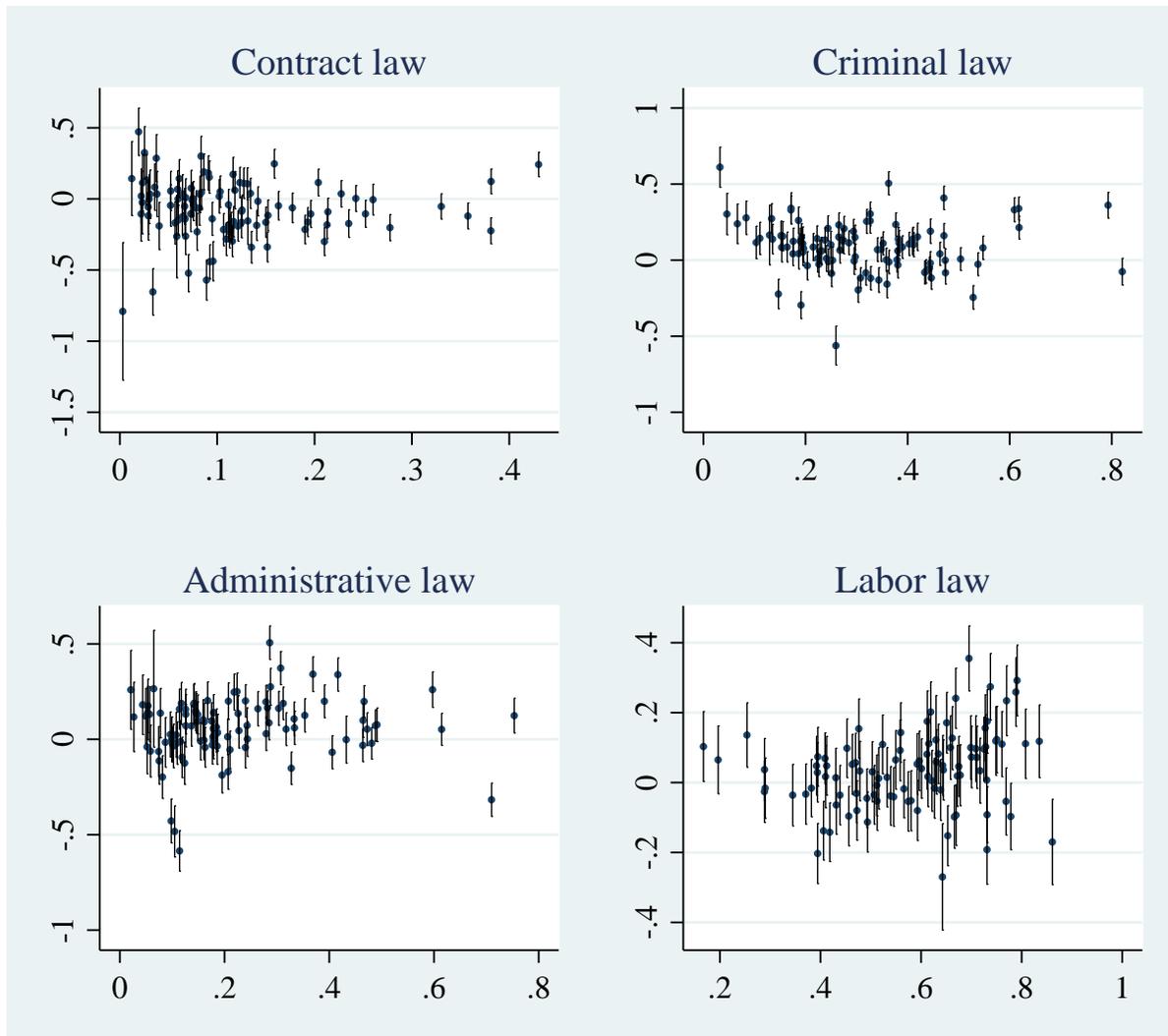
Horizontal axes: percentage of respondents with experience
Vertical axes: interaction coefficients with their corresponding standard errors