

## **Do Legal Origins Matter? The Case of Bankruptcy Laws in Europe (1808-1914)**

Jérôme Sgard, Sciences-Po/ CERI

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### **Abstract**

Since the early 1998 paper by LLSV, a growing body of research has argued that “legal origins” have a country-specific, time-invariant effect on property rights and economic development. Following the methodology of LLSV, an original data-base of 51 bankruptcy laws has been built: it ranges over fifteen European countries and more than a hundred years (1808-1914), and summarises how the rights and incentives of the parties were defined as the procedure unfold. The first conclusion is that, over the entire period, all legal traditions strongly protected creditors’ rights; only English law comes out *prima facie* as less protective. Second, evidences suggests that the evolution of these laws was influenced less by their past than by continent-wide trends, arguably linked to capitalist development. An early 19<sup>th</sup> century model thus saw heavy repression of failed debtors and highly regulated judicial procedures. After a transition period from the late 1860s to the late 1880s, prison for debt was abandoned, rehabilitation became easier, and the parties were given much more room to re-contract on property rights.