

**AN ECONOMIC ANALYSIS OF THE NEW CIVIL FEES SYSTEMS IN SPAIN:
IMPACTS ON CONGESTION AND ACCESSIBILITY OF ENFORCEMENT
INSTITUTIONS:**

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Abstract

The adoption of “court fees” has been traditionally justified as a means to improve the performance of enforcement institutions as they may have an effect of “deterrence” of the dispute. Spain, which has one of the highest rates of litigation of the OECD, has traditionally lacked a general system of court fees. In 2002, the Congress passed a system of court fees to be paid by legal entities and enterprises. In 2012, the fees were extended to individuals and abrogated in 2015. This bounded period of enforcement allows us to empirically test the real impacts of court fees. In order to do this, we collected a comprehensive database of quarterly data on the real workload of civil courts. This study concludes that the effects of court fees, although reduced court’s congestion, are far from homogeneous and depend on the type of procedure, the workload and the local macroeconomic conditions.

JEL Classification: K41, E51, G2

Keywords: courts fees, judicial efficacy, litigation rates.

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1 Introduction

Nowadays almost all European countries charge a fee for the use of the judicial system. According to the European Commission for the Efficiency of Justice (CEPEJ, 2016) in 2014 there were court fees, with different legal configurations and tax burdens, in all countries participating in the process of evaluation of the Commission (45) except for Luxembourg and France³. Moreover, fees have increased in many jurisdictions over time (Hodges *et al.* 2010). Governments usually justify the adoption of the systems of court fees as a means to reduce the “congestion” of the national judicial systems, thus taking the fees as a policy of “deterrence” of the dispute, or as an instrument of provision of funding for the administration of justice.

In this context, the relevance of the good performance of enforcement institutions for explaining differences in economic efficiency is out of question today. Among many others Palumbo *et al.* (2013a) provided a survey on the economic impacts of inefficient judicial systems.⁴ More specifically, we could also cite several prime pieces of work in this literature ranging from “modern” contributions such as Djankov *et al.* (2003) to the “classic” institutional research [Coase (1960) or North (1990)]. However, the use of court fees as a tool for achieving greater judicial efficacy is not clear. If we focus on the impact of court fees on litigation, the literature remarks that neither extreme is beneficial: low (or inexistent) court fees may lead to high levels of litigation, which may lead to a judicial collapse and a subsequent reduction in the effective exercise of the right of citizens to access the judicial system (Shavell, 1997, Esteller-Moré, 2002 Esposito *et al.*, 2014 or Mery Nieto, 2015). From this point of view, court fees would be “internalizing” part of the social costs generated by the litigants (thus, reducing a negative externality of litigation). However, high court fees may prevent some “meritorious” cases to be presented at the courts and prevent the publication of useful jurisprudence, which may generate legal certainty. Therefore, high court fees may reduce some positive externalities of litigation (see also Maher, 2010).

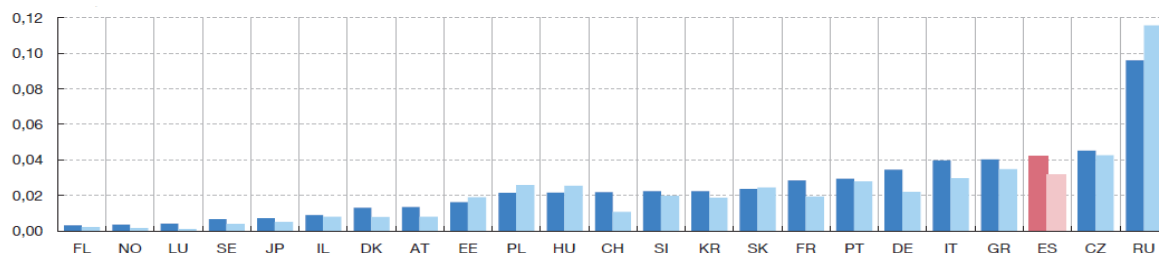
Spain seems to be an interesting economy to study empirically if court fees have clear impacts on the efficacy of enforcement institutions. Spain has one of the highest rates of litigation at the international level. Specifically, it would have the third highest litigation rate of the OECD (after Russia and the Czech Republic) if measured in per capita terms or the fourth highest if measured with respect to the GDP⁵ (Palumbo *et al.* 2013a and 2013b). These results are represented in Figure 1. Litigation rates have been found to have a direct (and negative) impact on the efficacy of the judicial system. Not surprisingly, the overall average duration of a conflict entered in the first instance (of the civil jurisdiction) in the OECD countries would rise to 238 days, in comparison to 272 days in Spain. These results are in line with those published by CEPEJ (2016), suggesting that Spanish courts would need 318 days to resolve a conflict, compared to an average of 237 days of the CEPEJ countries. If we follow a different methodology, that of the World Bank Doing Business indicators, Spain would need 510 days to resolve a commercial dispute (compared to 499 days in Germany and 395 in France). All this, in turn, has several negative impacts on economic performance in the specific case of Spain, ranging from reduced entrepreneurship and size of companies (García-Posada and Mora-Sanguinetti, 2014 and 2015) to a reduced efficiency of the housing markets (Mora-Sanguinetti, 2012).

³ In France a court fee applies in the case of an appeal procedure.

⁴ Ranging from the impacts on the credit markets (we could mention Jappelli *et al.*, 2005 for the case of Italy, but many other recent studies have studied the issue for other economies, like Shvets, 2013) to specialization (Chemin, 2012).

⁵ The litigation rate is measured as the ratio of the number of new conflicts of civil nature brought to the courts in a given year in relation to the population. When the GDP is used, it is measured in PPP -purchasing power parity- in US dollars.

Figure 1: Litigation rates *per capita* and litigation rates with respect to the GDP (civil jurisdiction)



Source : Mora-Sanguinetti (2013) and Palumbo *et al.* (2013a and 2013b)

Note: In dark blue: litigation rates *per capita*. In light blue: litigation rates to the GDP (corrected by PPP)

Despite the high rates of litigation, Spain has traditionally lacked a system of court fees and its entry to the group of countries in 2012 with an active system was significantly late.⁶ In that first moment, court fees were paid by legal entities and enterprises. Later, in 2012, the payment was extended to individuals. This generated a strong opposition by the legal profession and it was appealed several times before the tribunals.⁷ Thus, the "new" fees survived in their original configuration only for a short time while they were abrogated in 2015 for individuals (since then, they were only enforced for legal entities and businesses).

This article takes advantage of the bounded periods of enforcement of the fees (in their different configurations) and analyses empirically their impacts on the litigation rates (by type of civil procedure) and the efficacy of the judicial system of Spain. More specifically, we focus the analysis on the fees and the performance of the civil jurisdiction. To do this, we collected a novel database of the workload of Spanish civil courts at the local level (50 provinces) by quarters, between 2001 and 2015. From a general point of view, the article concluded that the different systems of court fees had some effects reducing both the litigation rates and the congestion of the courts. However, those results are far from homogenous. The adoption of the court fees of 2002 limited the number of conflicts that took the form of exchange or verbal judgments but only reduced significantly the congestion rate of the system when solving ordinary procedures. The extension in 2012 of fees to individuals reduced the number of conflicts brought by citizens to the courts in the form of exchange or payment procedures. Although this effect could be expected, the "new" fees had the reverse effect on the ordinary procedures. The congestion of the judicial system was only reduced significantly in a limited set of procedures and not in all of them.

In addition, we must highlight some other conclusions: the effect of the fees were not homogenous among the Spanish provinces (although the design of the judicial system is common to all of them) and was affected by factors such as the sectoral composition of the economy or the local unemployment rate. This stresses that, overall, court fees are dependent on both the judicial structure, the type of user and the macroeconomic conditions surrounding the courts. Therefore, this analysis has immediate policy implications.

The rest of the article is organized as follows: section 2 analyses the adoption of the two systems of court fees in Spain (2002 and 2012) and its evolution in the long term, paying particular attention to its gradual abrogation (which took place, for individuals, in 2015). Section 3 provides the details on how we have built the database and the judicial indicators used in the econometric exercise. Section 4 presents the

⁶ Spain had no fees between 1986 (when the system of 1959 was suppressed) and 2002.

⁷ For an extensive analysis of the case law on court fees, see Doménech, 2017.

empirical strategy and the controls included in the estimations. Section 5 shows the results of the models and discusses the main findings. Finally, Section 6 concludes.

2 The court fees in Spain in the long term (1986-2015)

Since the abrogation of the court fees system of 1959 (which took place in 1986)⁸, there has been two recent schemes of court fees in Spain: the fees of the Law 53/2002⁹ (named in this article as "old" fee system) and the system of "new" court fees adopted with the Law 10/2012¹⁰. Figure 2 provides an outline of the court fees enforced in Spain through time and the jurisdictions affected by each system.

The "old" court fees were in force between 1st January 2003 and 21 November 2012. The payer of these fees were only the legal entities and enterprises and were payable in the case of a conflict in the civil or the administrative jurisdictions. Fees were made up of a fixed part (which depended on the type of procedure)¹¹ and a variable part, consisting of 0.5% of the amount involved (if the amount was below 1 million euros) and 0.25% if the amount was over 1 million. This variable part of the fee had a maximum of 6000 €.

The "new" fee system entered into force on 22 November 2012, abrogated the "old" scheme and extended the payment to individuals, keeping them also for legal entities and enterprises. The "new" fees were also payable in the social jurisdiction for the first time (as well as in civil and administrative jurisdictions). As in the previous system, the fees were composed by a fixed part, by type of procedure¹² and another part which was variable (consisting of 0.5% of the amount involved up to 1 million euros and 0.25% if the amount was over 1 million). The variable part had a maximum of 10,000 €.

As it was already discussed, the extension of the court fees to individuals generated much controversy and several judicial appeals (Doménech, 2017). As Shavell (1997) highlights, the bar has interests against the policies which curtails demand for legal services. In a short time (around 3 months), the government decided to amend the "new" system through the Royal Decree-Law (RDL) 3/2013¹³ (which entered into force on February 24, 2013). This reform reduced the variable part for individuals to 0.1% of the amount involved and established its maximum in 2000 €. Finally, the RDL 1/2015¹⁴ (which entered into force on 1 February 2015) abrogated the court fees for individuals ("Abrogation" in the graph).

As it was introduced, this article investigates the impacts of court fees (both the "old" and the "new" systems) on the litigation rates and the efficacy of the courts of the civil jurisdiction. This article explores as well the preliminary effects of the abrogation

⁸ Law 25/1986 of 24 of December *de supresión de las tasas judiciales*.

⁹ Law 53/2002, of 30 of December, *de Medidas Fiscales, Administrativas y del Orden Social*.

¹⁰ Law 10/2012 of 20 of November, *por la que se regulan determinadas tasas en el ámbito de la Administración de Justicia y del Instituto Nacional de Toxicología y Ciencias Forenses*.

¹¹ The "fixed" part differs among the different civil procedures (verbal, ordinary, payment or exchange procedures or in the case of an insolvency proceeding). For instance, if the procedure used is the verbal one, the fixed part of the fee was 90€ and if it was ordinary, 150€. Also different types of appeals (*recurso de apelación, recurso de casación o recurso por infracción procesal*) had specific fixed payments. Different fixed parts of the fee were also applicable if the procedure was initiated in the other jurisdiction affected by the fees (the administrative jurisdiction).

¹² In the civil jurisdiction, the fixed part differed among different procedures (verbal, exchange, ordinary or payment procedures) or in the case of an extrajudicial execution, a specific insolvency proceeding or different types of appeals (*recurso de apelación, recurso de casación o recurso por infracción procesal*). In the case of the verbal procedure, the fixed part of the fee was 150€ and it was 300€ if it was an ordinary procedure. Different fees were payable in the other jurisdiction affected by the court fees system of 2012 (the administrative and the social/labour jurisdiction).

¹³ RDL 3/2013, of 22 of February, *por el que se modifica el régimen de las tasas en el ámbito de la Administración de Justicia y el sistema de asistencia jurídica gratuita*.

¹⁴ RDL 1/2015, of 27 of February, *de mecanismo de segunda oportunidad, reducción de carga financiera y otras medidas de orden social*.

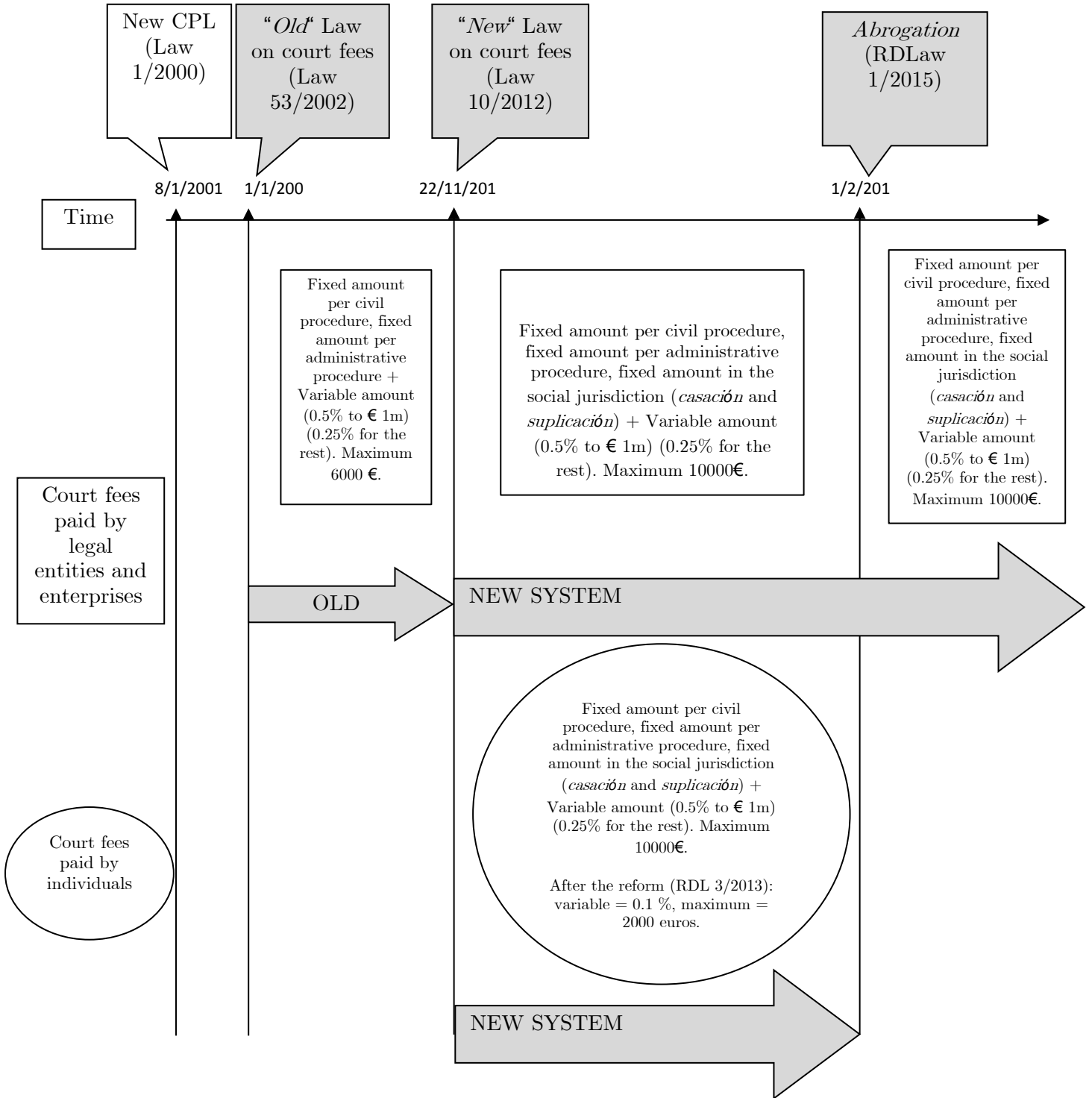
which took place in 2015. A definition of both measures (litigation and efficacy) will be provided in section 3.

It seems relevant for the analysis to note that the adoption of both the “*old*” and the “*new*” fees in Spain took place in a period of institutional stability as they did not coincide with other major legislative initiatives in the civil procedural regulations. In fact, the most important change in those regulations took place in 2000 with the new Civil Procedural Law (CPL) (Law 1/2000) which entered into force on January 8, 2001,¹⁵ therefore, before the entry into force of the “*old*” fees analysed here. Moreover, none of the systems affected the rules about who should bear the payment of the fees: In all of their configurations, those who initiated the conflict, regardless of which individual or business turned out to be the winner of the conflict, paid the fees.¹⁶

¹⁵ This Law abrogated the “old” CPL of 1881.

¹⁶ Shavell (1982) argues that the composition of cases arriving to the tribunals may be different under different configurations of the “fee shifting rules”.

Figure 2: The system of court fees in Spain after 2002



Source : Own elaboration

3 Measuring litigation –and efficacy- rates in the Spanish civil jurisdiction

We have compiled data from the General Council of the Judiciary (CGPJ) at the court level, by type of procedure and on a quarterly basis (from the first quarter of 2001 to the fourth quarter of 2015). The database of the CGPJ provides statistical information on the actual workloads of the courts and tribunals. Therefore it makes available information on flows of new conflicts arrived to the court system (channelled to the judicial system by the lawyers), solved conflicts and pending conflicts (waiting to be solved in the pile of the specific court) by quarter.

In this paper we analyzed the impact of court fees in the performance (and litigation rates) of the civil jurisdiction, that is the jurisdiction dealing with conflicts of private nature (between private companies, legal entities and individuals). There are several reasons why the analysis should be focused in this jurisdiction: it is the only jurisdiction for which there have been court fees throughout the whole period 2002-2015 and, as noted above, has not been affected by substantial changes in its procedural regulations or its fee-shifting rules (as happened to the administrative jurisdiction) (Martínez-Matute and Mora-Sanguinetti, 2016). In more general terms, the civil jurisdiction is the most important jurisdiction in Spain in terms of the number of resolved conflicts (Garoupa and Mora-Sanguinetti, 2015), its regulation is supplementary to that of other jurisdictions and, finally, the results of the experiments guarantee a certain comparability with those of other international literature, which focuses on the analysis of private/civil conflicts (see Palumbo *et al.*, 2013a).

We will analyze the impact of the fees on the conflicts taking the form of a standard civil procedure (ordinary, verbal, payment or exchange) or when the procedure deals with an insolvency proceeding (*incidente concursal*) and thus is solved by a specialized (mercantile) court. Figure 2 provides a scheme of the Spanish judicial system. The procedures analyzed in this paper are shown in grey. Conflicts in the Spanish civil jurisdiction are resolved, in first instance, by the first instance courts¹⁷ or the mercantile courts. The specific type of procedure depends, in general terms, on the amount involved.¹⁸ Ordinary judgments are used if the conflict involves a sum of at least 6,000 Euros. Verbal judgments take place when the amount is less than 6,000 Euros. In parallel, some specific types of disputes are resolved through “simpler” and “faster” exchange and payment (*monitorio*) procedures. An exchange procedure will be used in the case of a conflict related to a bounced check, for instance. A payment procedure will be used if the plaintiff claims to have an unpaid invoice which can be presented before a judge. Finally, if the dispute has to do with matters regulated in the Insolvency Law,¹⁹ such as a business insolvency, the dispute will not be resolved by a first instance court but by another type of court which is specialized: the mercantile courts.

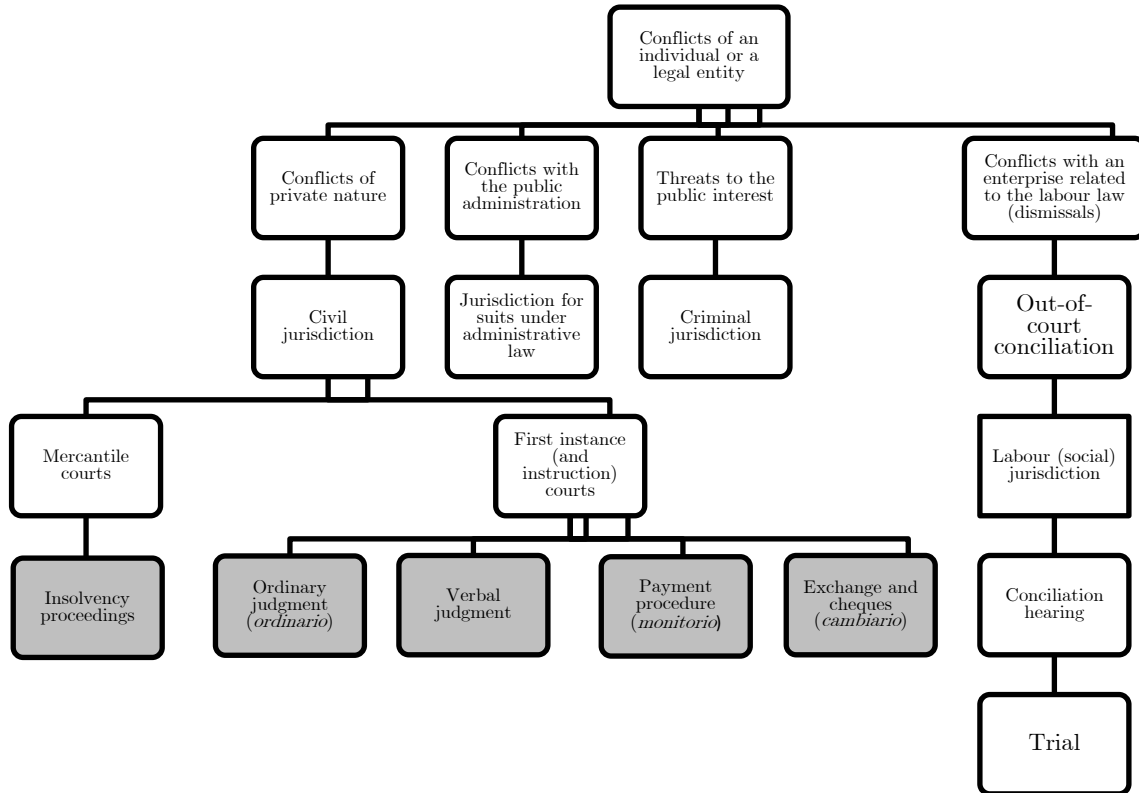
The complexity and formalism of the procedures increase with the amount involved, therefore the “ordinary” proceeding is the most “formal” and “complex” and is probably going to resolve enterprise conflicts intensively. In contrast, in a “payment” procedure, for instance, the plaintiff may act before a tribunal without the representation of a lawyer.

¹⁷ Or “first instance and instruction” courts in small towns.

¹⁸ Some exceptions apply: an ordinary judgment will be also used in certain cases (independently of the amount involved) such as in the appeal against decisions of the governing bodies of a company.

¹⁹ Law 22/2003, of 9 of July, *Concursal*. This Law also created the “Mercantile” courts, so the availability of data for these courts begins in the first quarter of 2005 (not in 2001) in our database.

Figure 2: Simplified scheme of the Spanish judicial system

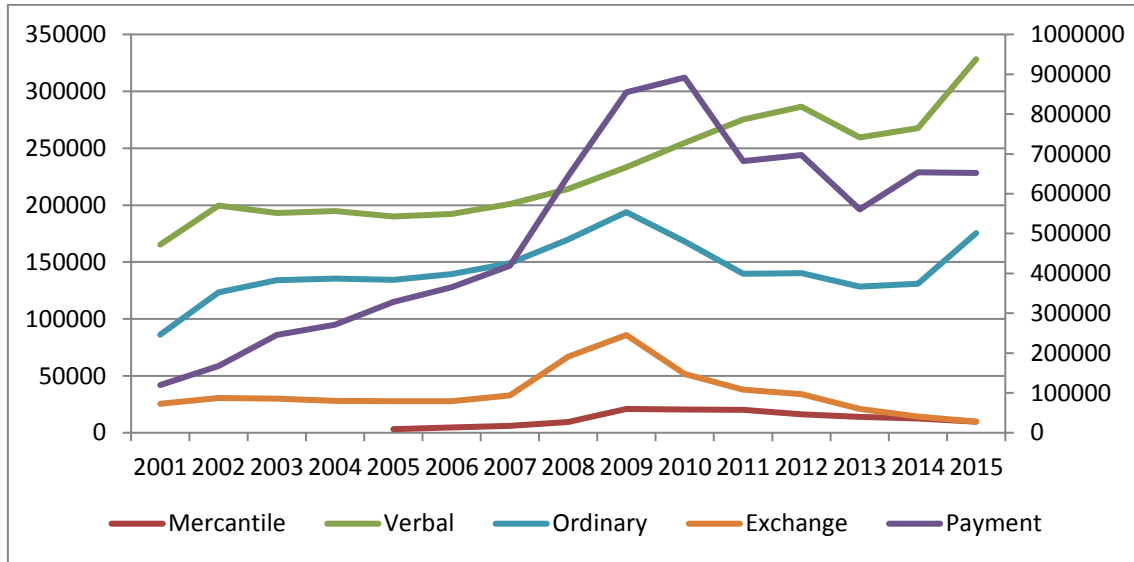


Source: Own elaboration

Figure 3 graphs the entry of new cases in the civil (and commercial) jurisdiction by type of procedure. There seems to be an increase in those numbers even after the entry into force of the various systems of court fees. This may have to do with, on the one hand, the increase in the GDP (and the complexity of the Spanish economy in the long run) and, on the other hand, with the increase in workloads brought by the crisis environment in the last years. These observations seem to be consistent with previous findings by the literature. Following Palumbo *et al.* (2013a), the number of cases brought to the court system of a country is a function, among others, of the frequency of disputes in a society, which is influenced by the volume and complexity of economic transactions. In addition, the crisis (since 2008) may have increased litigation because during a

recession there may be more breaches of contracts²⁰. In addition to the cycle considerations, there may be other factors which may affect the rate of litigation, such as the incentives affecting the market for lawyering or the complexity of the local economy (Mora-Sanguinetti and Garoupa, 2015). All this justifies the need to construct an econometric model taking into account all the mentioned factors. Figure 4 shows the average annual congestion rate in the civil jurisdiction by procedure.

Figure 3: Entry of new cases in the civil (and commercial) jurisdiction by procedure type (annual sum of quarterly data)

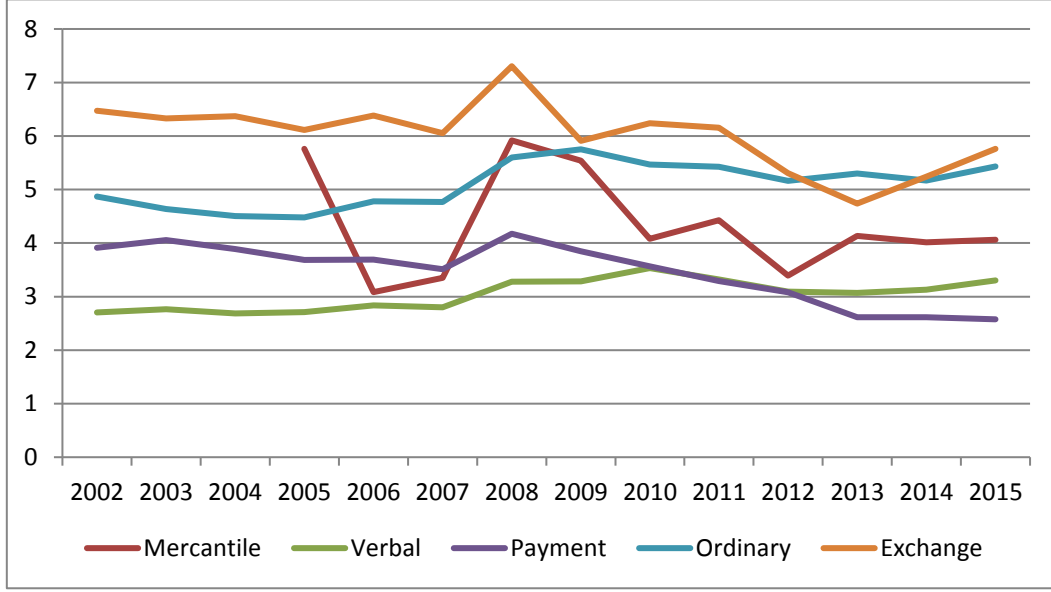


Source: Own elaboration using CGPJ data (2015)

Note: Payment cases are measured in the right axis. All others are measured in the left axis.

²⁰ Although this is what is observed in the Spanish case, the interaction between litigation and the economic cycle is still being discussed in the literature. Under some assumptions, Ginsburg and Hoetker (2006) argue that litigation should increase in economic booming instead. Mora-Sanguinetti *et al.* (2016) analyze the effects of judicial performance on the credit market, and suggest that those effects, which show differences among the different phases of the economic cycle, may partially depend on the specific judicial procedure analyzed. In our sample, beginning in 2001, we cover several years of expansion and recession.

Figure 4: Congestion rates in the civil (and commercial) jurisdiction by procedure (annual average of quarterly data)



Source: Own elaboration using CGPJ data (2016)

We will estimate the impacts of the court fees in the litigation rate per capita and by type of procedure. The litigation rate is obtained as the quotient of new cases (taking the form of a specific type of procedure, “*p*”) brought to the courts divided by the population. The subscript “*j*” denotes the province (we merge all the new cases of all the courts of the same province), and “*t*” the quarter.

$$\text{Litigation rate}_{j,p,t} = \frac{\text{New cases}_{j,p,t}}{\text{Population}_{j,p,t}}$$

Then, we will estimate the impact of court fees on a classic measure of “efficacy” of the judicial system: the “congestion” rate, which we computed for each type of procedure [see, among others, García-Posada and Mora-Sanguinetti (2015) or Ponticelli and Alencar (2015)].

$$\text{Congestion rate}_{j,p,t} = \frac{\text{Pending cases}_{j,p,t-1} + \text{New cases}_{j,p,t}}{\text{Cases resolved}_{j,p,t}}$$

The congestion rate is defined as the ratio of the sum of pending cases (measured at the beginning of the quarter), plus the new cases measured in a specific quarter divided by the resolved cases in the same quarter. A lower congestion rate is related to a greater efficacy of the courts of the province.

4 Identification strategy and empirical results

4.1 Capturing the effects of the adoption of court fees in the civil jurisdiction

We have built three dummy variables which capture the entry into force of the “old” court fees, the “new” court fees and the “abrogation” of the “new” fees for individuals. In order to avoid the risk of capturing the impacts of various systems at a time in each model, we restrict our period of analysis in each model to a window which contains only the time period before and after the date of entry into force of the previous or the next reform.

Thus, to capture the effect of the introduction of the first (“*old*”) court fees’ system we included a dummy variable that takes value 1 during the period in which that system was enforced in Spain (from 1st January 2003). Our period of analysis in this case is a window which contains the years 2001 to 2012.

$$\text{Reform 52/2002}_t = \begin{cases} 0 & \text{if } t < 2003T1 \\ 1 & \text{if } t \geq 2003T1 \end{cases}$$

For the analysis of the effects of the adoption of the “*new*” court fees in 2012, we analyzed the observations contained in the “window” between 2003 and 2015. The dummy variable takes the following values:

$$\text{Reform 10/2012}_t = \begin{cases} 0 & \text{if } t < 2013T1 \\ 1 & \text{if } t \geq 2013T1 \end{cases}$$

Finally, in order to analyze the effects of the “*abrogation*” of the “*new*” fees for individuals, we analyzed a window which contains the period 2003-2015. In this case, we included a dummy which takes the following values:

$$\text{Reform 1/2015}_t = \begin{cases} 0 & \text{if } t < 2015T1 \\ 1 & \text{if } t \geq 2015T1 \end{cases}$$

This last experiment must be taken with due caution while a relevant part of the macro variables for Spain at the local level are not yet available for 2015.

4.2 Control variables

As it was discussed in section 3, the volume of litigation and the rate of congestion of the courts may be the result of multiple factors not directly related to the adoption of court fees. Thus, first, we included controls for the macroeconomic environment of each province in each quarter: the income per capita (whereas the higher the income, the higher the litigation) and the sectoral composition of the economy of the province i.e. the weight of manufacturing, construction, agriculture and services (whereas sectoral composition may affect litigation).²¹

Secondly, we included the default rate (measured as the NPL ratio). The NPL ratio is the proportion of non-performing loans claims on the total available credit. To construct this variable we obtained data from the Central Credit Register of the Bank of Spain (CIR), which contains information on all²² Spanish loans to non-financial companies granted by credit institutions operating in Spain above a reporting threshold of 6,000 €. As loans to businesses are often higher than the threshold for registration, CIR provides in practice the entire population of loans to companies in Spain. We refer as “non-performing loan” a loan that is in default or close to being in default. The regulation of the Bank of Spain states that a loan is in this situation if the payment of principal or interest has been delayed for more than 90 days or there are any circumstances that makes full repayment of the loan is unlikely.

In addition to those “macroeconomic” controls, we included in the models the number of companies, in *per capita* terms, to account for the “social complexity” that can influence the rate of local litigation (Carmignani and Giacomelli, 2010, Mora-Sanguinetti and Garoupa, 2015), and finally we controlled by the presence of lawyers per capita in the province considered. There is evidence to suggest that lawyers and litigation rate may be correlated (although the relationship is not necessarily endogenous)²³. To

²¹ Palumbo *et al.* 2013a, find evidence that points to lower litigation in the industrial sector.

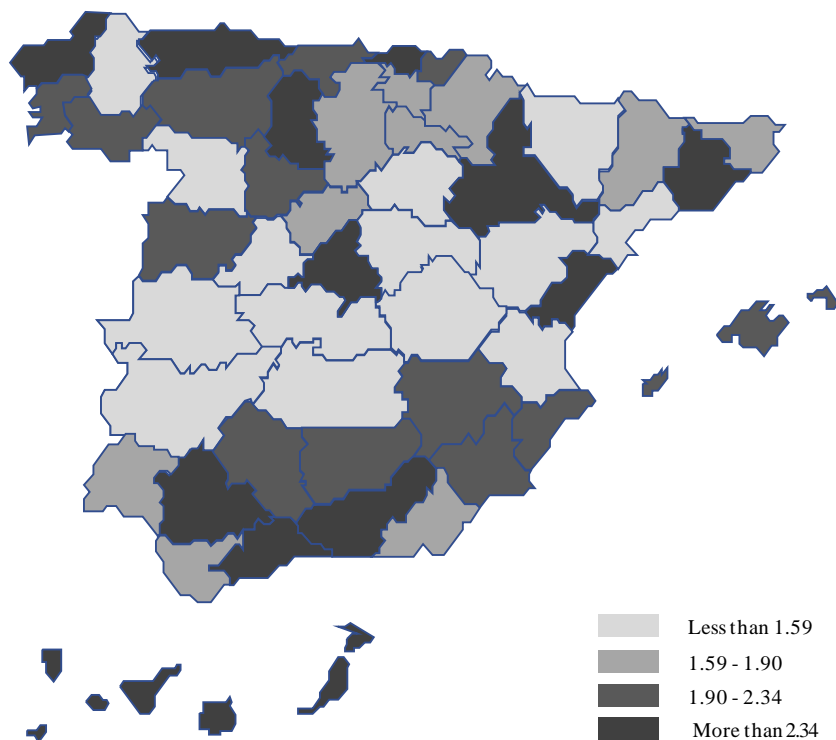
²² We are including any instrument through which banks can provide credit to businesses: financial loans, commercial loans, letters of credit, leasing, factoring, *repos*, securities lending and loans or credits transferred to third parties.

²³ In addition to the above references, see Hanssen (1999) or Buonanno and Galizzi (2012).

illustrate this issue, Figure 5 shows the very different size (on average) of the markets for lawyers at the provincial level in Spain.²⁴ As a robustness check, we interacted the number of lawyers with the reforms in order to test if there are any differential effects because of the distinct enforcement environments at the local level. Results are shown in the Appendix.

Table A.1. contains some descriptive statistics on those variables and other sample characteristics.

Figure 4: Average number of lawyers (*1000) per capita by province (2000-2015)



Fuente : Own elaboration using data from the census of the Consejo General de la Abogacía Española (2016).

4.3 Identification model

We set up a regression model which relates our measures of litigation or judicial efficacy (the rate of court congestion) with one of the dummy variables specified in Section 4.1, the set of controls specified in section 4.2 and provincial "fixed effects", which capture the characteristics of the Spanish provinces which do not vary over time or do so very slowly.

We also add a group of quarterly variables (Q2, Q3 and Q4) as a seasonal adjustment, as the entry rates of new conflicts are affected by a seasonal pattern and a courts work calendar. Thus, with these variables we aim to have seasonally adjusted series of litigation. Q2, Q3 and Q4, take the following values:

²⁴ The graph shows the average number of lawyers in the period between the entry into force of the new Civil Procedural Law and the entry into force of the Law on Access to the Legal Profession, i.e. 2001-2009.

$$\begin{aligned}
Q2_t &= \begin{cases} 1 & \text{if quarter } t \text{ is a second quarter within a specific year} \\ 0 & \text{otherwise} \end{cases} \\
Q3_t &= \begin{cases} 1 & \text{if quarter } t \text{ is a third quarter within a specific year} \\ 0 & \text{otherwise} \end{cases} \\
Q4_t &= \begin{cases} 1 & \text{if quarter } t \text{ is a fourth quarter within a specific year} \\ 0 & \text{otherwise} \end{cases}
\end{aligned}$$

Our estimates are obtained fitting the following econometric model:

$$\text{Litigation}_{jpt} = \alpha_j + \beta \text{Reform 52/2002}_{jt} + \sum_{k=1}^K \delta_k \text{Control}_{jt}^k + \phi_1 Q2_t + \phi_2 Q3_t + \phi_3 Q4_t + \varepsilon_{jpt}$$

“ Litigation_{jpt} ” is the rate of litigation for each civil procedure “ p ” (ordinary, verbal, payment, or exchange procedures or the procedure involved in a insolvency proceeding). “ α_j ” are the provincial fixed effects, “ Control_{jt}^k ” is a matrix which includes the controls explained in section 4.2 and ε_{jpt} is the error term of the model.

The model will be estimated including the whole set of 50 Spanish provinces, but we also estimated the model excluding Madrid and Barcelona in order to have quasi-experiments. Results in this specific case are shown in the Appendix (Table A.2).

In all the regressions, errors are clustered at the province level to be robust to heteroskedasticity and serial correlation [Angrist and Pischke, (2009), Wooldridge, (2010)]. The inclusion of fixed effect by province and our set of dummy variables per quarter help to partially mitigate the omitted variable bias.

5 Estimation results

5.1 Impacts of the “old” court fees (Law 52/2002)

Table 1 shows the results of the models which estimate the effects of the “old” system of court fees (Law 52/2002). The adoption of the “old” court fees implied a significant reduction in per capita litigation in the case of verbal and exchange procedures. Furthermore, the “old” system was significantly associated with an increase in the litigation taking the form of payment procedures (*monitorios*). Conceivably, litigation taking the form of a payment procedure may react differently when confronted to an increase in the costs to access the judicial system for several reasons: firstly, the “*monitorios*” were new procedures (born with the new CPL of 2000) with some attractive features: they were simpler and faster to resolve (as it was mentioned in Section 3). As “new” procedures, they absorbed an important part of the new conflicts arriving to the courts (Mora-Sanguinetti, 2010). Also, as they were “simpler” and potentially faster than the rest of old procedures, they were “cheaper”. Therefore they may absorb litigation when the “prices” (part of the “price” is the court fee) to use the judicial system increase. In summary, we may be observing a “safe haven” effect by which the new payment procedures concentrate more demand as a result of the increase in the “price” to litigate.

Finally, the “old” court fees do not seem to have a significant effect in reducing judicial congestion rates except for the case of the ordinary procedures (which got reduced by a 3%).

If we focus solely on the analysis of the provinces which are most congested in only one of the procedures (32 provinces out of 50) (see Table 2), we observed that the effects found above disappear. This shows that the effects of the old rates are concentrated in the provinces without serious problems of judicial congestion.

As an overall assessment, the previous paragraphs explain that the effect of the fees, far from being homogenous, depend on the type of procedure and the workload of the courts. This analysis should be completed highlighting that the effects are also dependent on the macroeconomic conditions surrounding the local courts, such as the sectoral composition of the economy.

Table 1

VARIABLES	PERIOD: 2001-2012							
	New cases (per capita)				Congestion rate			
	Verbal	Payment	Ordinary	Exchange	Verbal	Payment	Ordinary	Exchange
Reform 52/2002	-0.0635*** (0.0156)	0.394*** (0.110)	0.0110 (0.0130)	-0.0427*** (0.0131)	0.0230 (0.0617)	0.0127 (0.0795)	-0.336*** (0.109)	-0.307 (0.326)
Non-performing loan ratio	0.956*** (0.136)	-0.867 (0.715)	-0.543*** (0.112)	-0.469*** (0.110)	0.0674 (0.552)	-0.971 (0.767)	-0.697 (0.726)	-0.309 (1.825)
Lawyers per capita	1.193 (2.890)	-66.89*** (12.97)	-4.705** (2.078)	-5.284** (2.320)	-18.17** (8.044)	2.324 (16.00)	-25.20 (15.98)	-10.90 (33.64)
Number corporations per capita	-3.457 (2.908)	61.10** (26.23)	16.71*** (3.735)	15.40*** (4.009)	27.58*** (9.799)	34.65** (17.23)	65.55*** (20.49)	28.99 (31.14)
GDP per capita	0.000154 (0.00501)	0.101** (0.0464)	-0.00275 (0.00411)	0.00134 (0.00407)	-0.00543 (0.0131)	-0.0379 (0.0237)	0.00143 (0.0255)	0.0617 (0.0492)
Manufacturing	-0.00499 (0.00353)	-0.0579*** (0.0206)	0.00153 (0.00295)	0.000512 (0.00399)	-0.0131 (0.0188)	-0.0196 (0.0192)	-0.0210 (0.0262)	-0.0226 (0.0476)
Construction	-0.0119*** (0.00396)	-0.161*** (0.0279)	-0.00696 (0.00418)	-0.0126*** (0.00336)	-0.0326 (0.0216)	-0.0201 (0.0262)	-0.0910*** (0.0316)	-0.00273 (0.0403)
Services	0.00610** (0.00272)	0.0945*** (0.0153)	0.00832*** (0.00208)	0.00773** (0.00295)	0.0326** (0.0123)	-0.0401*** (0.0145)	0.0329** (0.0140)	-0.0720* (0.0398)
Second quarter	0.0102 (0.00668)	-0.0223 (0.0282)	0.0192*** (0.00520)	-0.000981 (0.00247)	-0.123*** (0.0204)	-0.234*** (0.0361)	-0.113*** (0.0325)	-0.180** (0.0821)
Third quarter	-0.312*** (0.0136)	-0.778*** (0.0461)	-0.217*** (0.00764)	-0.0653*** (0.00522)	1.127*** (0.0467)	0.804*** (0.0584)	1.765*** (0.0727)	1.990*** (0.184)
Fourth quarter	0.0176** (0.00822)	0.0826** (0.0333)	0.0199*** (0.00715)	0.00807** (0.00383)	0.106*** (0.0307)	0.152*** (0.0411)	0.149*** (0.0428)	0.550*** (0.129)
Constant	1.287*** (0.243)	-6.768*** (1.379)	-0.660*** (0.184)	-1.096*** (0.279)	-0.497 (1.264)	5.116*** (1.446)	-0.140 (1.531)	7.772** (3.122)
Observations	2,145	2,145	2,145	2,145	2,145	2,145	2,145	2,145
R2	0.660	0.628	0.473	0.265	0.529	0.235	0.503	0.144
Number of provinces	50	50	50	50	50	50	50	50

Table 2

MORE CONGESTED PROVINCES AT LEAST IN ONE AREA (1)				
VARIABLES	Congestion rate			
	Verbal	Payment	Ordinary	Exchange
Reform 52/2002	0.0298 (0.0928)	0.0733 (0.118)	-0.275 (0.168)	-0.473 (0.543)
Non-performing loan ratio	-0.236 (0.696)	-0.752 (0.952)	-1.400 (0.868)	-0.282 (2.359)
Lawyers per cápita	-19.10** (7.785)	10.57 (6.666)	-23.12* (11.61)	16.02 (26.11)
Number corporations per cápita	20.53 (13.18)	46.55 (34.21)	54.13* (27.91)	24.11 (47.40)
GDP per cápita	0.0140 (0.0289)	-0.0922 (0.0628)	0.0307 (0.0536)	0.113 (0.137)
Manufacturing	-0.0205 (0.0254)	-0.0206 (0.0276)	-0.0369 (0.0369)	-0.0172 (0.0676)
Construction	-0.0353 (0.0255)	-0.0209 (0.0283)	-0.0980** (0.0364)	-0.0304 (0.0495)
Services	0.0389** (0.0147)	-0.0332* (0.0175)	0.0413** (0.0157)	-0.0910* (0.0535)
Second quarter	-0.135*** (0.0301)	-0.235*** (0.0505)	-0.111** (0.0441)	-0.135 (0.122)
Third quarter	1.276*** (0.0510)	0.897*** (0.0736)	1.973*** (0.0866)	2.350*** (0.250)
Fourth quarter	0.159*** (0.0377)	0.192*** (0.0539)	0.205*** (0.0559)	0.691*** (0.182)
Constant	-0.480 (1.527)	5.248** (1.971)	0.245 (1.748)	9.455** (4.052)
Observations	1,368	1,368	1,368	1,368
R-squared	0.579	0.236	0.531	0.147
Number of province_id	32	32	32	32

(1) Provinces with a higher congestion rate at least in one of the procedures: Albacete, Alicante, Almería, Baleares, Barcelona, Burgos, Cádiz, Castellón, Ciudad Real, Córdoba, Cuenca, Cáceres, Gerona, Granada, Guadalajara, Huelva, Huesca, Jaén, Las Palmas, Lérida, Madrid, Málaga, Murcia, Palencia, Pontevedra, S.C.Tenerife, Segovia, Sevilla, Soria, Tarragona, Teruel, Toledo, Valencia y Ávila.

5.2 Impacts of the “new” court fees (Law 10/2012)

Results are shown in Table 3. The adoption of the “new” fees seems to be related to a significant reduction in the litigation taking the form of exchange and payment procedures and the litigation of insolvency conflicts (*incidentes concursales*). In contrast, the “new” fees were positively related to the litigation rates in the form of ordinary procedures. As it was discussed, the “new” fees forced individuals to pay for the first time. Thus, we should expect to observe higher effects precisely in the most used procedures by individuals: the procedures involving lower amounts, which are all with the exception of the ordinary procedures (which are reserved for conflicts with an amount higher than 6000 euros).

Finally, these fees significantly reduced the congestion of the judicial system when solving verbal, exchange and payment procedures.

If we restrict the sample to the most congested provinces in one of procedures (33 out of 50) the previous results get heightened (see Table 4). We can provide two explanations for this effect: on the one hand, the congestion is a cost for the litigants (as we can expect that a conflict will take more time to be solved in a congested court). Therefore, in the most congested provinces, the direct cost of congestion was joined by the cost implied by the adoption of the fees after they were adopted. On the other hand, we should think about the “quality” or “merit” (composition) of the conflicts arriving to the court system in each province: it is conceivable that in the most congested provinces there is a larger presence of “non-meritorious” cases which may be more affected by the fees.²⁵

5.3 The effect of the abrogation of the court fees to individuals

Table 5 shows the results of the models which analyze the abrogation of the court fees made by the RDLaw 1/2015²⁶. As it could be expected, the effect of the Reform 1/2015 softens the effect of the previous changes in the legislation on litigation and on the congestion rate. The congestion rate and the litigation taking the form of verbal and exchange procedures increase after the abrogation of the fees for individuals. We must note that these results should be taken with caution while there is no statistical information available for 2015 at the provincial level for some of the controls included in previous models, such as the sectoral composition of the local economy.

²⁵ Unfortunately, there is no specific statistical information on the composition of cases which arrive to the courts, so we cannot control for that composition in the econometric analysis.

²⁶ We have introduced a set of dummies not also for controlling the effect of the Reform 1/2015 but also the other reforms affecting the civil procedures since 2003 (the Reform 10/2012 and the Reform 3/2013). Despite the fact that the main results are shown for the Reform 1/2015, the abrogation of court fees produced by the Reform 3/2013 do not seem to have a significant effect due to the weakness of the changes.

Table 3:

VARIABLES	PERIOD: 2003-2013									
	New cases (per capita)					Congestion rate				
	Mercantile	Verbal	Payment	Ordinary	Exchange	Mercantile	Verbal	Payment	Ordinary	Exchange
Reform 10/2012	-0.0216*** (0.00663)	-0.0230 (0.0191)	-0.490*** (0.115)	0.0867** (0.0368)	-0.0467*** (0.0138)	0.265 (0.539)	-0.289*** (0.0789)	-0.504*** (0.0805)	0.0760 (0.138)	-0.649** (0.246)
Non-performing loan ratio	-0.128*** (0.0458)	0.137 (0.112)	-4.021*** (0.720)	-1.052*** (0.144)	-0.663*** (0.109)	-9.192 (8.045)	-0.306 (0.562)	-0.834 (0.653)	-1.932** (0.749)	-0.923 (1.369)
Lawyers per cápita	-0.940 (0.639)	1.319 (2.888)	-65.64*** (19.13)	-5.664** (2.603)	-4.871* (2.497)	276.8*** (47.21)	-21.09** (8.754)	-4.603 (16.81)	-28.50** (13.82)	-30.36 (32.62)
Number corporations per cápita	1.332 (0.971)	3.530 (2.593)	143.6*** (22.72)	27.36*** (4.447)	22.27*** (3.567)	-40.89 (62.83)	33.56*** (9.435)	41.98* (23.33)	94.54*** (20.66)	75.59* (39.44)
Unemployment rate	0.444*** (0.140)	1.253*** (0.207)	11.41*** (1.342)	1.200*** (0.197)	0.954*** (0.186)	24.46 (23.74)	2.424*** (0.841)	0.610 (1.233)	4.154*** (1.477)	0.745 (2.304)
Manufacturing	-0.00462** (0.00181)	-0.00931** (0.00350)	-0.0759*** (0.0233)	-0.000221 (0.00380)	0.00102 (0.00429)	0.153 (0.166)	-0.0132 (0.0160)	0.00227 (0.0202)	-0.0256 (0.0233)	-0.00716 (0.0489)
Construction	-0.000426 (0.00274)	-0.00977** (0.00426)	-0.0915*** (0.0283)	-0.00617 (0.00446)	-0.00617 (0.00420)	0.0898 (0.248)	-0.0144 (0.0219)	-0.0111 (0.0293)	-0.0675** (0.0286)	-0.0138 (0.0428)
Services	0.00147 (0.00107)	0.000970 (0.00290)	0.0519*** (0.0154)	0.000901 (0.00308)	0.00508 (0.00319)	-0.193* (0.107)	0.0215* (0.0117)	-0.0340* (0.0171)	0.0178 (0.0156)	-0.0557 (0.0462)
Second quarter	0.00130 (0.00550)	0.0270*** (0.00709)	0.0715*** (0.0304)	0.0402*** (0.00706)	0.000809 (0.00269)	-1.425 (1.240)	-0.107*** (0.0190)	-0.158*** (0.0350)	-0.0741* (0.0370)	-0.301*** (0.0954)
Third quarter	-0.0230*** (0.00557)	-0.296*** (0.0130)	-0.674*** (0.0389)	-0.180*** (0.00851)	-0.0582*** (0.00505)	-0.935 (1.526)	1.232*** (0.0496)	0.820*** (0.0579)	1.955*** (0.0768)	1.832*** (0.147)
Fourth quarter	-0.00503 (0.00685)	0.0298*** (0.00881)	0.199*** (0.0346)	0.0346*** (0.00977)	0.0101** (0.00409)	-1.549 (1.389)	0.181*** (0.0353)	0.272*** (0.0448)	0.284*** (0.0481)	0.537*** (0.127)
Constant	-0.0940 (0.109)	0.990*** (0.273)	-9.103*** (1.508)	-1.087*** (0.293)	-1.616*** (0.314)	14.10* (7.644)	-0.834 (1.184)	2.848* (1.671)	-2.225 (1.450)	4.484 (4.056)
Observations	1,677	2,000	2,000	2,000	2,000	1,593	2,000	2,000	2,000	2,000
R2	0.140	0.647	0.606	0.447	0.355	0.014	0.543	0.317	0.543	0.180
Number of provinces	50	50	50	50	50	50	50	50	50	50

Table 4

**MORE CONGESTED PROVINCES AT LEAST IN ONE
AREA (1)**

VARIABLES	Congestion rate				
	Mercantile	Verbal	Payment	Ordinary	Exchange
Reform 10/2012	0.384 (0.768)	-0.369*** (0.0893)	-0.628*** (0.0994)	-0.0985 (0.164)	-0.777** (0.330)
Non-performing loan ratio	-11.24 (9.952)	-0.421 (0.694)	-0.719 (0.809)	-2.047** (0.908)	-0.880 (1.755)
Lawyers per cápita	271.8*** (46.80)	-23.50** (8.734)	-7.351 (15.97)	-29.24** (13.51)	-22.83 (28.31)
Number corporations per cápita	-65.19 (97.71)	32.23** (13.38)	38.09 (32.96)	92.75*** (27.91)	82.33 (54.94)
Unemployment rate	32.33 (30.17)	2.685** (1.070)	0.854 (1.520)	4.141** (1.846)	0.0629 (2.975)
Manufacturing	0.190 (0.251)	-0.0203 (0.0208)	-0.00319 (0.0264)	-0.0425 (0.0313)	-0.0106 (0.0602)
Construction	0.190 (0.329)	-0.0142 (0.0261)	-0.0153 (0.0349)	-0.0756** (0.0345)	-0.0479 (0.0500)
Services	-0.194 (0.122)	0.0260* (0.0141)	-0.0357* (0.0210)	0.0219 (0.0179)	-0.0635 (0.0626)
Second quarter	-1.833 (1.943)	-0.135*** (0.0250)	-0.168*** (0.0509)	-0.107** (0.0490)	-0.313** (0.142)
Third quarter	-1.601 (2.497)	1.343*** (0.0610)	0.882*** (0.0779)	2.089*** (0.0997)	2.025*** (0.215)
Fourth quarter	-2.319 (2.185)	0.217*** (0.0474)	0.320*** (0.0610)	0.322*** (0.0641)	0.560*** (0.185)
Constant	14.46 (9.319)	-0.828 (1.497)	3.672 (2.236)	-1.638 (1.767)	5.829 (5.703)
Observations	1,031	1,320	1,320	1,320	1,320
R2	0.016	0.577	0.294	0.555	0.173
Number of provinces	33	33	33	33	33

(1) Provinces with a higher congestion rate at least in one of the procedures: Albacete, Alicante, Almería, Baleares, Barcelona, Burgos, Cádiz, Castellón, Ciudad Real, Córdoba, Cuenca, Gerona, Granada, Guadalajara, Huelva, Huesca, Jaén, Las Palmas, Lérida, Madrid, Málaga, Murcia, Orense, Palencia, S.C.Tenerife, Salamanca, Segovia, Sevilla,

Table 5

VARIABLES	PERIOD: 2003-2015									
	New cases (per capita)					Congestion rate				
	Mercantile	Verbal	Payment	Ordinary	Exchange	Mercantile	Verbal	Payment	Ordinary	Exchange
Reform 10/2012	0.00429 (0.00450)	0.222*** (0.0184)	0.523*** (0.0516)	-0.0837** (0.0328)	-0.128*** (0.00914)	-0.792 (0.851)	0.0893* (0.0514)	-1.019*** (0.0738)	0.225** (0.0997)	-1.172*** (0.190)
Reform 1/2015	-0.0191*** (0.00398)	0.272*** (0.0714)	0.166** (0.0730)	0.188*** (0.0500)	-0.0517*** (0.00370)	0.0472 (0.380)	0.179** (0.0672)	-0.0803* (0.0430)	0.146 (0.163)	0.734*** (0.251)
Lawyers per cápita	2.234 (1.557)	15.46** (6.365)	44.88 (26.98)	-7.187 (6.393)	0.646 (2.086)	273.6*** (51.33)	15.26 (21.25)	-25.16 (28.96)	6.116 (19.93)	-88.60 (76.19)
Second quarter	0.00248 (0.00476)	0.0622*** (0.0162)	0.0103 (0.0190)	0.0541*** (0.00897)	-0.00455*** (0.00169)	-1.384 (1.070)	-0.0400* (0.0206)	-0.195*** (0.0299)	-0.00563 (0.0321)	-0.201*** (0.0707)
Third quarter	-0.0205*** (0.00541)	-0.289*** (0.0131)	-0.653*** (0.0279)	-0.182*** (0.00685)	-0.0579*** (0.00310)	-0.674 (1.298)	1.246*** (0.0480)	0.730*** (0.0479)	1.975*** (0.0685)	1.789*** (0.132)
Fourth quarter	-0.00505 (0.00569)	0.0170** (0.00805)	0.0939*** (0.0230)	0.0534*** (0.00645)	0.0111*** (0.00280)	-1.182 (1.084)	0.145*** (0.0314)	0.201*** (0.0366)	0.299*** (0.0375)	0.621*** (0.100)
Constant	0.0650*** (0.00535)	1.168*** (0.0161)	2.736*** (0.0608)	0.846*** (0.0152)	0.245*** (0.00492)	4.796*** (1.074)	2.656*** (0.0537)	3.554*** (0.0538)	4.461*** (0.0585)	5.856*** (0.165)
Observations	2,073	2,585	2,585	2,585	2,585	1,989	2,585	2,585	2,585	2,585
R2	0.020	0.366	0.118	0.200	0.242	0.006	0.446	0.362	0.418	0.146
Number of provinces	50	50	50	50	50	50	50	50	50	50

6 Conclusions

This article analyzes the impact of court fees on both the congestion and litigation rates of the civil jurisdiction in Spain. In order to do that, we fit several econometric models which exploit variations observed across time and provinces in Spanish real judicial data. With reference to prior literature, we also took into account several macroeconomic variables which may affect the litigation rates at the local level.

Spain is an interesting case study as it has one of the highest rates of litigation of the OECD (Palumbo *et al.* 2013a) and has traditionally lacked a system of court fees as compared with the rest of the European countries.

The paper examines both the system of court fees passed in 2002 (which enforced legal entities and enterprises) and the fee system of 2012, which extended the fees to individuals. This second system was in force for a short period of time as it was abrogated in 2015 for individuals. The adoption and abrogation of two different systems of court fees within a limited time period provides a great opportunity to empirically analyze the real impact of court fees in a judicial system.

This research leads to the general conclusion that the effect of the fees, although having some impacts reducing both the litigation rates and the congestion rates of the judicial system, were not homogeneous and have not always coincided with the design intended by the legislator. According to the results, the effects of the fees are dependent on the type of civil judicial procedure (and thus, of the user of the judicial system) and were affected by the macroeconomic environment of the courts. This research also allows interpreting some indirect effects: the simpler or cheaper procedures may be transformed into "safe havens" of litigation as a reaction against the increased costs of litigation.

More specifically, each type of judicial procedure, which is different in terms of complexity, seems to react differently to increased barriers to litigation. The adoption of the system of 2002 reduced litigation under the form of verbal or exchange judgments but increased litigation in the case of the "payment procedure" (considered "simpler" and "faster"). The extension of the fees in 2012 appears to be related to a reduction in the litigation in the form of exchange judgments and payment procedures but had reverse effects on the ordinary procedures (which were affected directly by the system of 2012). The latter effects get heightened in the most congested provinces. Finally, as it may expected, the abrogation of the courts fees for individuals in 2015 increased again the congestion in the civil jurisdiction, neutralizing in some way the impact of the previous reforms in the civil system.

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Appendix: Descriptive statistics and robustness checks

Table A.1 contains some descriptive statistics of the variables included in the regression models.

As for the robustness checks, we have first run the models explained in sections 4 and 5 when we exclude the observations of Madrid and Barcelona (see Table A.2). Madrid and Barcelona host the headquarters of the largest Law firms (Mora-Sanguinetti and Garoupa, 2015) of Spain and the main banks. Due to the high litigation generated by the banking system activity during the crisis, we explored if the results were affected by the litigation rates of these two provinces. As it can be observed, the results are consistent with those found in section 5.

In order to further explore the potential differential effects implied by “strong” (in the sense of higher number of lawyers per capita) and “weak” lawyering markets in Spain (see Figure 4), we have interacted the number of lawyers per capita (*lawyers pc*) with the reforms in the model below. The results, shown in Table A.3, are again consistent with those found in section 5.

$$Litigation_{jpt} = \alpha_j + \beta_1 \text{Reform } 52/2002_{jt} + \beta_2 \text{Reform } 52/2002_{jt} * \text{Lawyerspc}_{jt} + \sum_{k=1}^K \delta_k \text{Control}_{jt}^k + \phi_1 Q2_t + \phi_2 Q3_t + \phi_3 Q4_t + \varepsilon_{jpt}$$

The interaction between the reform and the number of lawyers per capita smooths the effect of the reform on the congestion of ordinary cases. This fact implies that almost the entire effect of the reform was generated by the variability in the number of lawyers. Before 2002, an increase in the number of lawyers affected positively the congestion in ordinary cases. As a consequence of the reform, the congestion got reduced because the impact of the number of lawyers in the dependent variable turns negative. The “safe haven” effect explained in section 5.1 could explain this observation.

Table A.1: Descriptive statistics

Variable	Obs	Mean	Std.Dev.	Min	Max
Mercantile (New cases)	1877	0.065	0.079	0	2.1602
Verbal (New cases)	2650	1.180	0.354	0.3088	2.7083
Payment (New cases)	2650	2.599	1.390	0.3371	8.5120
Ordinary (New cases)	2650	0.786	0.253	0.2674	2.5608
Exchange (New cases)	2650	0.206	0.148	0	1.3858
Congestion rate (Mercantile judgements)	1993	4.313	9.730	0	279
Congestion rate (Verbal judgements)	3000	3.272	2.024	1.0509	36.1667
Congestion rate (Payment judgements)	2999	3.773	2.403	1.2347	45.1053
Congestion rate (Ordinary judgements)	2999	6.314	11.253	2.2024	379
Congestion rate (Exchange judgements)	2995	6.632	5.537	1.2436	119
Reform 52/2002	3200	0.813	0.390	0	1
Reform 10/2012	3200	0.203	0.402	0	1
Reform 1/2015	3200	0.0625	0.2421	0	1
GDP per capita	2250	20.013	4.605	10.6417	44.7420
Lawyers per capita	2650	0.002	0.001	0.0003	0.0168
Non-performing loan ratio	3000	0.087	0.124	0.0027	0.6294
Number corporations per capita	2650	0.066	0.008	0.0359	0.0925
Unemployment rate	2150	0.161	0.085	0.0248	0.4323
Manufacturing (share of active population)	2550	16.288	6.271	3.1	36.9
Construction (share of active population)	2550	10.950	3.617	3.3	23.9
Services (share of active population)	2550	65.127	8.135	42.9	88.9

Table A.2: Alternative regressions of congestion rate without Madrid nor Barcelona

VARIABLES	PERIOD: 2000-2012				PERIOD: 2003-2013				
	Verbal	Payment	Ordinary	Exchange	Mercantile	Verbal	Payment	Ordinary	Exchange
Reform 52/2002	0.0103 (0.0619)	-0.0126 (0.0791)	-0.365*** (0.109)	-0.320 (0.330)					
Reform 10/2012					0.243 (0.561)	-0.287*** (0.0818)	-0.495*** (0.0826)	0.0788 (0.143)	-0.635** (0.257)
Non-performing loan ratio	0.0500 (0.553)	-1.045 (0.763)	-0.741 (0.724)	-0.339 (1.838)	-9.113 (8.100)	-0.334 (0.570)	-0.924 (0.658)	-1.959** (0.759)	-1.031 (1.403)
Lawyers per capita	-17.89** (8.258)	2.969 (14.98)	-24.68 (15.49)	-10.40 (32.98)	274.9*** (46.07)	-19.14* (9.531)	-0.0265 (14.38)	-26.99* (13.91)	-24.04 (28.44)
Number corporations per capita	28.17*** (10.12)	34.79* (17.60)	67.78*** (21.24)	28.29 (32.05)	-49.52 (66.17)	33.84*** (9.946)	43.84* (24.64)	97.71*** (21.68)	75.77* (41.71)
GDP per capita	-0.00399 (0.0134)	-0.0351 (0.0228)	0.00542 (0.0262)	0.0622 (0.0500)					
Unemployment rate					24.34 (24.02)	2.429*** (0.862)	0.624 (1.261)	4.067*** (1.508)	0.791 (2.339)
Manufacturing	-0.0164 (0.0191)	-0.0285 (0.0181)	-0.0265 (0.0271)	-0.0282 (0.0487)	0.165 (0.167)	-0.0153 (0.0164)	-0.00640 (0.0195)	-0.0289 (0.0241)	-0.0120 (0.0496)
Construction	-0.0343 (0.0216)	-0.0233 (0.0259)	-0.0953*** (0.0315)	-0.00476 (0.0403)	0.0915 (0.253)	-0.0156 (0.0219)	-0.0139 (0.0290)	-0.0720** (0.0284)	-0.0162 (0.0429)
Services	0.0324** (0.0124)	-0.0398*** (0.0146)	0.0316** (0.0142)	-0.0708* (0.0402)	-0.195* (0.107)	0.0219* (0.0117)	-0.0330* (0.0175)	0.0180 (0.0158)	-0.0542 (0.0470)
Second quarter	-0.128*** (0.0209)	-0.245*** (0.0366)	-0.120*** (0.0335)	-0.185** (0.0849)	-1.474 (1.303)	-0.110*** (0.0197)	-0.168*** (0.0357)	-0.0804** (0.0384)	-0.311*** (0.0991)
Third quarter	1.118*** (0.0479)	0.788*** (0.0594)	1.745*** (0.0737)	1.969*** (0.191)	-0.994 (1.602)	1.228*** (0.0515)	0.806*** (0.0593)	1.940*** (0.0786)	1.809*** (0.152)
Fourth quarter	0.100*** (0.0315)	0.142*** (0.0419)	0.138*** (0.0436)	0.533*** (0.133)	-1.622 (1.454)	0.175*** (0.0366)	0.261*** (0.0462)	0.273*** (0.0495)	0.517*** (0.132)
Constant	-0.435 (1.278)	5.229*** (1.443)	-0.0721 (1.559)	7.810** (3.109)	14.57* (7.680)	-0.807 (1.193)	2.828 (1.700)	-2.281 (1.470)	4.435 (4.090)
Observations	2,067	2,067	2,067	2,067	1,521	1,920	1,920	1,920	1,920
R2	0.524	0.226	0.499	0.137	0.014	0.537	0.307	0.537	0.172
Number of provinces	48	48	48	48	48	48	48	48	48

Table A.3: Robustness estimation of the Reform 52/2002 on the congestion rate

VARIABLES	Congestion rate			
	Verbal	Payment	Ordinary	Exchange
Reform 52/2002	0.377 (0.274)	0.196 (0.610)	0.744 (0.467)	-0.333 (1.582)
Lawyers per capita	188.1 (149.3)	108.9 (355.1)	604.4** (260.6)	-26.40 (861.2)
Lawyers per capita*Reform 52/2002	-206.8 (149.4)	-106.8 (355.3)	-631.2** (262.1)	15.55 (863.3)
Non-performing loan ratio	0.0594 (0.552)	-0.975 (0.769)	-0.721 (0.729)	-0.308 (1.834)
Number corporations per capita	27.06*** (9.651)	34.39* (17.42)	63.98*** (20.26)	29.03 (31.71)
GDP per capita	-0.00476 (0.0129)	-0.0375 (0.0237)	0.00348 (0.0251)	0.0617 (0.0491)
Manufacturing	-0.0151 (0.0187)	-0.0206 (0.0204)	-0.0272 (0.0260)	-0.0224 (0.0472)
Construction	-0.0336 (0.0214)	-0.0206 (0.0261)	-0.0941*** (0.0310)	-0.00266 (0.0397)
Services	0.0315** (0.0122)	-0.0407*** (0.0148)	0.0294** (0.0138)	-0.0719* (0.0384)
Second quarter	-0.123*** (0.0204)	-0.233*** (0.0362)	-0.112*** (0.0323)	-0.180** (0.0822)
Third quarter	1.128*** (0.0468)	0.804*** (0.0587)	1.767*** (0.0730)	1.990*** (0.183)
Fourth quarter	0.107** (0.0307)	0.152*** (0.0411)	0.151*** (0.0427)	0.550*** (0.128)
Constant	-0.711 (1.303)	5.005*** (1.400)	-0.792 (1.581)	7.788** (3.407)
Observations	2,145	2,145	2,145	2,145
R2	0.530	0.235	0.506	0.144
Number of provinces	50	50	50	50