

Dependent variable: log receivables				
	log payable	log sales	$R^2$	obs.
Canada	0.18(0.08)	0.80(0.06)	0.90	162
France	0.37(0.06)	0.57(0.06)	0.95	226
Germany	0.24(0.06)	0.78(0.06)	0.93	261
Italy	0.34(0.09)	0.53(0.09)	0.92	93
Japan	0.40(0.02)	0.58(0.02)	0.94	1198
Korea	0.15(0.08)	0.85(0.08)	0.95	162
Taiwan	0.46(0.05)	0.44(0.06)	0.87	223
U.K.	0.17(0.06)	0.81(0.06)	0.91	298
U.S.A	0.19(0.03)	0.81(0.03)	0.92	1199
Table 1: Cross-section regression results				

The coefficient on log payable is positive for all countries, as predicted by the theory. The numerical magnitudes differ widely across the various countries in ways that are consistent with the received wisdom on the degree of vertical integration in these countries. Figure 3 plots the coefficients for ease of reference. The standard errors are indicated by the crosses. We note the following observations.

1. The estimates for most countries lie on, or close to the diagonal line in figure 3, suggesting that the Cobb-Douglas representation of receivables with constant returns to scale may be a promising basis for more detailed investigations.
2. Countries that have conventionally been associated with small and medium sized enterprises, and with correspondingly low degrees of vertical integration (such as Japan, Taiwan and Italy) have higher coefficients for log payable, consistent with equation (??) on the inverse relationship between  $\varepsilon$  and the degree of vertical integration.
3. In contrast, the “Anglo-Saxon” countries (U.S., Canada and the U.K.)