

Table 3. **Accounting for global factors.** This table compares the adjusted R-squared statistics obtained from 4 different OLS regression specifications of our main specification, with time dummies, country dummies, global variables and local variables. Panel A is for the full sample of countries. Panels B to E are for the sample of countries with large or low size of cross-border flows (Panel B), with high or low financial openness (Panel C), developed versus developing countries (Panel D) and with high or low institutional legal foundations (Panel E). See text for definitions and further methodological details.

	Model	1	2	3	4
Country Variables		Y	Y		
Country Dummies			Y		
Global Variables				Y	
Time Dummies					Y
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Panel A - All Sample					
	# Obs.	1,672	1,672	1,672	1,672
	Adj. R-2	0.084	0.089	0.102	0.175
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Panel B - Size of cross-border flows					
High	# Obs.	504	504	504	504
	Adj. R-2	0.070	0.059	0.214	0.368
Low	# Obs.	464	464	464	464
	Adj. R-2	0.112	0.101	0.135	0.241
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Panel C - Openness					
High	# Obs.	540	540	540	540
	Adj. R-2	0.062	0.058	0.185	0.337
Low	# Obs.	452	452	452	452
	Adj. R-2	0.080	0.091	0.11	0.206
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Panel D - Developed vs. Developing					
Developed	# Obs.	812	812	812	812
	Adj. R-2	0.092	0.082	0.137	0.23
Developing	# Obs.	664	664	664	664
	Adj. R-2	0.089	0.084	0.106	0.186
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Panel E - Law and Order					
High	# Obs.	476	476	476	476
	Adj. R-2	0.104	0.099	0.144	0.251
Low	# Obs.	504	504	504	504
	Adj. R-2	0.095	0.095	0.102	0.146