

## Data Appendix Table: Variable Definitions and Sources

Variable	Definition
<b>Panel A: Industry Level</b>	
Human Capital Intensity [ <i>HCINT<sub>s</sub></i> ]	Average years of schooling at the industry level in 1980. This variable is based on data from the 1980 Integrated Public Use Microdata Series. We also calculate two additional industry-level schooling intensity indicators. The ratio of hours worked by employees with at least 12 years of schooling to total hours worked by all employees in each industry, <i>HCINT(SEC)</i> . The ratio of hours worked by employees with at least 16 years of education to total hours worked in each industry, <i>HCINT(COLL)</i> . <i>Source: Integrated Public Use Microdata Series.</i>
Physical Capital Intensity [ <i>CAPINT<sub>s</sub></i> ]	Industry physical capital intensity, defined as total real capital stock over total value added in 1980 (the beginning of the sample). <i>Source: NBER-CES Manufacturing Industry Database (Bartelsman and Gray, 1996).</i>
Contract Intensity [ <i>CONTRACT<sub>s</sub></i> ]	Industry contract intensity. The index is based on US input-output tables in 1996. <i>Source: Nunn (2007); (<a href="http://www.econ.ubc.ca/nunn/contract_intensity_data.htm">http://www.econ.ubc.ca/nunn/contract_intensity_data.htm</a>)</i>
External-Finance Dependence [ <i>EXTFIN<sub>s</sub></i> ]	Industry dependence on external finance. The median of the ratio of capital expenditure minus cash flow to capital expenditure for U.S. firms averaged over the 1980-1989 period. <i>Source: Klingebiel, Kroszner, and Laeven (2007). Original source: COMPUSTAT.</i>
<b>Panel B: Country Level</b>	
Schooling [ <i>SCH<sub>c</sub></i> ]	Average years of schooling of the population aged 25 and over in 1980. <i>Source: Barro and Lee (2001).</i>
Skilled share [ <i>SEC<sub>c</sub></i> ]	Share of the population aged 25 and over that has completed secondary education. <i>Source: Barro and Lee (2001).</i>
Skilled ratio [ <i>SECRATIO<sub>c</sub></i> ]	Ratio of skilled to unskilled workers in 1980. Defined as the share of the population aged 25 and over that has completed at least secondary education over 1 minus that share. <i>Source: Barro and Lee (2001).</i>
Labor Force Quality [ <i>LFQUAL<sub>c</sub></i> ]	Labor force quality measure on a 0-100 scale. The index is based on results in mathematics and science tests administered by the International Association for the Evaluation of Educational Achievement and International Assessment of Educational Progress between 1965 and 1991. <i>Source: Bosworth and Collins (2003) and Hanushek and Kimko (2000).</i>
Capital-output ratio [ <i>K<sub>c</sub>/Y<sub>c</sub></i> ]	Physical capital-GDP ratio in 1980 (the beginning of the sample). The physical capital stock is calculated using the perpetual inventory method as implemented by Klenow and Rodriguez-Claire (2005). <i>Source: Penn World Table, 5.6 and Klenow and Rodriguez-Claire (2005) [downloadable from <a href="http://www.klenow.com/Externalities%20and%20Growth%20DATASET.xls">http://www.klenow.com/Externalities%20and%20Growth%20DATASET.xls</a>].</i>
Financial Development [ <i>FD<sub>c</sub></i> ]	Domestic credit to the private sector relative to GDP in the 1980. <i>Source: World Bank World Development Indicator's Database (2005). [Series: FS.AST.PRVT.GD.ZS]</i>
Income/GDP [ <i>Y<sub>c</sub></i> ]	Log of real per capita GDP in 1980. <i>Source: Penn World Tables 5.6 Edition.</i>
Rule of Law [ <i>RLAW<sub>c</sub></i> ]	Index of rule of law on a 0 to 6 scale in 1984 <i>Source: Knack and Keefer (1995) and IRIS, based on early versions of the International Country Risk Guide Project (Political Risk Services).</i>
Property Rights Protection [ <i>PROP<sub>c</sub></i> ]	Index of property rights protection on a scale from 1 to 7 in 1980; higher values indicate higher protection. <i>Source: Polity Project (Center for International Development and Conflict Management, University of Maryland). [downloadable from: <a href="http://www.cidcm.umd.edu/polity/">http://www.cidcm.umd.edu/polity/</a>]</i>

Table 1 reports variable definitions and sources. The first column reports the variable name and the abbreviation; the second column reports definition and sources. Table 1 reports the values of the industry-level variables for each manufacturing industry. Supplementary Appendix Table 2 reports the values of the country-level variables for each of country.

**Appendix Table A-I**  
**Sample Coverage**

Country	Code	Sample 1: 1980-1999		Sample 2: 1980-1995		Sample 3: 1980-1989	
		VA	EMP	VA	EMP	VA	EMP
1 Argentina	ARG	N/A	Yes	N/A	Yes	N/A	Yes
2 Australia	AUS	Yes	Yes	Yes	Yes	Yes	Yes
3 Austria	AUT	Yes	Yes	Yes	Yes	Yes	Yes
4 Bangladesh	BGD	N/A	N/A	Yes	Yes	Yes	Yes
5 Barbados	BRB	N/A	N/A	Yes	Yes	Yes	Yes
6 Belgium	BEL	Yes	Yes	Yes	Yes	Yes	Yes
7 Bolivia	BOL	Yes	Yes	Yes	Yes	Yes	Yes
8 Brazil	BRA	N/A	N/A	N/A	Yes	N/A	N/A
9 Cameroon	CMR	Yes	Yes	Yes	Yes	Yes	Yes
10 Canada	CAN	Yes	Yes	Yes	Yes	Yes	Yes
11 Central African Republic	CAF	N/A	N/A	N/A	N/A	Yes	Yes
12 Chile	CHL	Yes	Yes	Yes	Yes	Yes	Yes
13 China	CHN	Yes	Yes	Yes	Yes	Yes	Yes
14 Colombia	COL	Yes	Yes	Yes	Yes	Yes	Yes
15 Costa Rica	CRI	Yes	N/A	Yes	N/A	Yes	N/A
16 Cyprus	CYP	Yes	Yes	Yes	Yes	Yes	Yes
17 Denmark	DNK	N/A	N/A	N/A	Yes	Yes	Yes
18 Ecuador	ECU	Yes	Yes	Yes	Yes	Yes	Yes
19 Egypt	EGY	N/A	N/A	Yes	Yes	Yes	Yes
20 El Salvador	SLV	N/A	N/A	Yes	N/A	N/A	N/A
21 Fiji	FJI	N/A	N/A	N/A	N/A	Yes	Yes
22 Finland	FIN	Yes	Yes	Yes	Yes	Yes	Yes
23 France	FRA	Yes	Yes	Yes	Yes	Yes	Yes
24 Germany	DEU	N/A	N/A	N/A	N/A	Yes	Yes
25 Greece	GRC	N/A	N/A	Yes	Yes	Yes	Yes
26 Honduras	HND	N/A	N/A	N/A	Yes	N/A	Yes
27 Hungary	HUN	Yes	Yes	Yes	Yes	Yes	Yes
28 Iceland	ISL	N/A	N/A	Yes	Yes	Yes	Yes
29 India	IND	Yes	Yes	Yes	Yes	Yes	Yes
30 Indonesia	IDN	Yes	Yes	Yes	Yes	Yes	Yes
31 Iran	IRN	Yes	Yes	Yes	Yes	Yes	Yes
32 Ireland	IRL	Yes	Yes	Yes	Yes	Yes	Yes
33 Israel	ISR	Yes	Yes	Yes	Yes	Yes	Yes
34 Italy	ITA	Yes	Yes	Yes	Yes	Yes	Yes
35 Jamaica	JAM	N/A	N/A	Yes	Yes	Yes	Yes
36 Japan	JPN	Yes	Yes	Yes	Yes	Yes	Yes
37 Jordan	JOR	Yes	Yes	Yes	Yes	Yes	Yes
38 Kenya	KEN	Yes	Yes	Yes	Yes	Yes	Yes
39 Korea, Rep.	KOR	Yes	Yes	Yes	Yes	Yes	Yes
40 Kuwait	KWT	Yes	Yes	Yes	Yes	Yes	Yes

41	Malawi	MWI	N/A	N/A	Yes	Yes	Yes	Yes
42	Malaysia	MYS	Yes	Yes	Yes	Yes	Yes	Yes
43	Malta	MLT	Yes	Yes	Yes	Yes	Yes	Yes
44	Mauritius	MUS	N/A	Yes	Yes	Yes	Yes	Yes
45	Mexico	MEX	Yes	Yes	Yes	Yes	Yes	Yes
46	Netherlands	NLD	Yes	Yes	Yes	Yes	Yes	Yes
47	New Zealand	NZL	N/A	Yes	Yes	Yes	Yes	Yes
48	Norway	NOR	Yes	Yes	Yes	Yes	Yes	Yes
49	Pakistan	PAK	N/A	N/A	N/A	N/A	Yes	Yes
50	Panama	PAN	Yes	Yes	N/A	N/A	Yes	Yes
51	Papua New Guinea	PNG	N/A	N/A	N/A	N/A	Yes	Yes
52	Peru	PER	N/A	N/A	N/A	Yes	N/A	Yes
53	Philippines	PHL	N/A	N/A	Yes	Yes	Yes	Yes
54	Poland	POL	Yes	Yes	Yes	Yes	Yes	Yes
55	Portugal	PRT	Yes	Yes	Yes	Yes	Yes	Yes
56	Senegal	SEN	Yes	Yes	Yes	Yes	Yes	Yes
57	Singapore	SGP	Yes	Yes	Yes	Yes	Yes	Yes
58	South Africa	ZAF	Yes	Yes	N/A	Yes	Yes	Yes
59	Spain	ESP	Yes	Yes	Yes	Yes	Yes	Yes
60	Sri Lanka	LKA	Yes	Yes	Yes	Yes	Yes	Yes
61	Swaziland	SWZ	N/A	N/A	N/A	N/A	Yes	Yes
62	Sweden	SWE	Yes	Yes	Yes	Yes	Yes	Yes
63	Taiwan	TWN	N/A	Yes	Yes	Yes	Yes	Yes
64	Trinidad and Tobago	TTO	Yes	Yes	Yes	Yes	Yes	Yes
65	Turkey	TUR	Yes	Yes	Yes	Yes	Yes	Yes
66	United Kingdom	GBR	Yes	Yes	Yes	Yes	Yes	Yes
67	Uruguay	URY	Yes	Yes	Yes	Yes	Yes	Yes
68	Venezuela	VEN	N/A	N/A	Yes	Yes	Yes	Yes
69	Zimbabwe	ZWE	N/A	N/A	Yes	Yes	Yes	Yes

The Table reports data availability for the various value added and employment samples that we consider in the analysis. "Yes" indicates data availability, while "N/A" indicates data unavailability.

**Appendix Table A-II**  
**Country-Level Variables**

Country	Code	SCH80	SCH70	LFQL	$\Delta 9980SCH$	$\Delta 9580SCH$	$\Delta 9080SCH$	K/Y	PRIV	PROP	RLAW	Y	Open
1 Argentina	ARG	6.618	5.876	48.5	0.0935	0.1001	0.1149	1.73	25.396	1	3	6506	1991
2 Australia	AUS	10.019	10.094	59	0.0278	0.0192	0.0105	2.19	25.687	7	6	12520	1964
3 Austria	AUT	8.425	7.011	56.6	0.0185	0.0009	-0.0207	2.28	73.355	7	6	10509	1960
4 Bangladesh	BGD	1.681	0.845	43	0.0384	0.0426	0.0511	0.91	5.771	2	6	1085	1996
5 Barbados	BRB	6.84	9.086	.	0.1137	0.1251	0.1354	1.6	34.268	.	1	6379	1966
6 Belgium	BEL	7.849	8.398	57.1	0.0441	0.0465	0.0577	2.17	29.645	7	1	11109	1959
7 Bolivia	BOL	4.001	3.72	27.5	0.0768	0.0788	0.0737	1.04	17.089	1	3.6	1989	1985
8 Brazil	BRA	2.976	2.92	36.6	0.0792	0.0799	0.0786	1.64	42.478	1	.	4303	1991
9 Cameroon	CMR	1.725	1.25	42.4	0.0722	0.0685	0.0668	0.54	29.543	2	.	1194	1993
10 Canada	CAN	10.225	8.799	54.6	0.0605	0.0639	0.0279	1.66	66.910	7	6	14133	1952
11 Central African Republic	CAF	0.738	0.409	.	0.0685	0.0835	0.1105	0.48	13.936	1	4	706	2005
12 Chile	CHL	5.956	5.48	24.7	0.0969	0.1050	0.1182	1.07	46.853	1	2.9	3892	1976
13 China	CHN	3.614	.	64.4	0.1062	0.1247	0.1620	1.08	53.440	3	2.5	972	2005
14 Colombia	COL	3.939	2.734	37.9	0.0537	0.0494	0.0435	0.84	30.465	6	1.7	2946	1986
15 Costa Rica	CRI	4.703	3.611	46.2	0.0655	0.0747	0.0863	1.07	27.893	7	4	3717	1986
16 Cyprus	CYP	6.531	4.883	46.2	0.1121	0.1379	0.1880	2.22	61.483	7	2	5295	1960
17 Denmark	DNK	9.163	8.781	61.8	0.0464	0.0462	0.0964	2.42	40.808	7	5	11342	1959
18 Ecuador	ECU	5.401	3.157	39	0.0561	0.0565	0.0538	1.56	22.526	7	6	3238	1991
19 Egypt	EGY	2.213	.	26.4	0.1419	0.1354	0.1360	0.56	15.160	3	4	1645	1995
20 El Salvador	SLV	3.303	2.286	26.2	0.0598	0.0498	0.0276	0.7	33.600	.	2.7	2014	1989
21 Fiji	FJI	6.007	5.089	.	0.0979	0.1117	0.1415	1.5	19.182	7	4	3609	.
22 Finland	FIN	8.329	6.503	59.6	0.0905	0.0996	0.1151	2.39	47.556	7	6	10851	1960
23 France	FRA	6.77	5.86	56	0.0803	0.0783	0.0786	2.12	102.127	5	.	11756	1959
24 Germany	DEU	8.405	8.269	48.7	0.0671	0.0777	0.0654	.	78.271	.	5	11920	1959
25 Greece	GRC	6.556	5.185	50.9	0.0980	0.0994	0.1105	2.36	43.757	5	5.7	5901	1959
26 Honduras	HND	2.334	1.7	28.6	0.0875	0.1035	0.1353	0.96	28.786	.	3	1519	1991
27 Hungary	HUN	8.812	7.899	.	-0.0001	-0.0196	-0.0104	1.71	.	3	1	4992	1990

28	Iceland	ISL	7.11	6.222	51.2	0.0819	0.0825	0.0851	2.2	26.688	.	5	11566	2005
29	India	IND	2.715	1.899	20.8	0.1029	0.0967	0.0962	0.94	23.993	7	1.5	882	2005
30	Indonesia	IDN	3.086	2.285	43	0.0810	0.0631	0.0210	0.61	8.838	2	2.8	1281	1970
31	Iran	IRN	1.934	1.005	18.3	0.1362	0.1365	0.1427	1.99	43.750	.	4	3434	2005
32	Ireland	IRL	7.605	6.517	50.2	0.0706	0.0787	0.0898	1.39	42.353	7	1.7	6823	1966
33	Israel	ISR	9.115	7.652	54.5	0.0057	-0.0035	-0.0085	2.25	70.807	7	6	7895	1985
34	Italy	ITA	5.324	5.215	49.4	0.0840	0.0851	0.0838	2.17	55.991	7	2	10323	1959
35	Jamaica	JAM	3.602	2.962	48.6	0.0809	0.0881	0.0952	2.28	21.944	7	5	2362	1989
36	Japan	JPN	8.232	6.885	65.5	0.0745	0.0807	0.0992	2.34	132.312	7	2	10072	1964
37	Jordan	JOR	2.933	2.292	42.3	0.2217	0.2323	0.2457	0.68	50.969	1	2	3384	1965
38	Kenya	KEN	2.456	1.448	29.7	0.0767	0.0699	0.0527	1.07	29.484	3	5	911	1993
39	Korea, Rep.	KOR	6.808	4.758	58.6	0.1827	0.2187	0.2445	1.69	50.721	1	2.2	3093	1968
40	Kuwait	KWT	4.294	2.878	.	0.1378	0.1497	0.1699	.	37.653	1	3	20018	.
41	Malawi	MWI	2.413	1.6	37.1	0.0085	0.0122	0.0164	1.54	2.338	1	2.7	554	2005
42	Malaysia	MYS	4.489	3.054	54.3	0.1695	0.2107	0.1052	1.09	49.011	5	1	3799	1963
43	Malta	MLT	5.839	5.336	.	0.0865	0.0855	0.0928	.	29.959	.	4	4483	2005
44	Mauritius	MUS	4.504	3.36	55	0.0523	0.0557	0.0644	1.15	22.823	7	.	3988	1968
45	Mexico	MEX	4.009	3.307	37.2	0.1360	0.1571	0.1866	1.28	19.377	3	.	6054	1986
46	Netherlands	NLD	7.991	7.585	54.5	0.0624	0.0647	0.0623	2.27	90.248	7	2	11284	1959
47	New Zealand	NZL	11.425	9.359	67.1	0.0049	-0.0076	-0.0248	2.14	21.006	7	4.7	10362	1986
48	Norway	NOR	8.284	7.356	64.6	0.1788	0.2355	0.2568	2.88	51.203	7	6	12141	1949
49	Pakistan	PAK	1.737	1.679	42.8	0.0359	0.0427	0.0555	0.93	23.972	1	6	1110	2001
50	Panama	PAN	5.913	4.56	46.8	0.0994	0.1189	0.1402	1.5	58.114	2	6	3392	1996
51	Papua New Guinea	PNG	0.916	0.582	.	0.0737	0.0780	0.0785	1.16	16.253	7	2	1779	2005
52	Peru	PER	5.442	3.89	41.2	0.0946	0.0987	0.0480	1.66	12.892	6	2	2875	1991
53	Philippines	PHL	6.056	4.806	33.5	0.0780	0.0852	0.1016	1.16	42.204	1	1	1879	1988
54	Poland	POL	8.653	7.558	.	0.0626	0.0716	0.0946	2.9	.	3	1	4419	1990
55	Portugal	PRT	3.272	2.44	44.2	0.0820	0.0846	0.1062	1.5	73.158	6	4	4982	1949
56	Senegal	SEN	1.919	1.236	39.1	0.0155	0.0087	0.0048	0.81	42.732	3	4	1134	2005
57	Singapore	SGP	3.647	3.737	72.1	0.2235	0.2780	0.1874	2.49	81.045	3	5	7053	1965
58	South Africa	ZAF	4.816	4.466	51.3	0.1526	0.2171	0.0321	1.3	55.642	7	2	3496	1991
59	Spain	ESP	5.148	4.685	51.9	0.1053	0.0979	0.0937	2.14	76.488	7	4.7	7390	1959

60	Sri Lanka	LKA	5.183	4.131	42.6	0.0455	0.0283	0.0077	0.72	17.165	5	1	1635	1991
61	Swaziland	SWZ	3.121	1.815	.	0.1305	0.1504	0.1725	.	23.155	1	6	3057	2005
62	Sweden	SWE	9.469	7.466	57.4	0.0945	0.1177	0.0102	2.16	75.471	7	.	12456	1960
63	Taiwan	TWN	6.368	4.391	.	0.1083	0.1107	0.1067	1.06	.	3	4	4459	.
64	Trinidad and Tobago	TTO	6.599	4.542	46.4	0.0510	0.0393	0.0063	0.83	28.724	7	3	11262	1992
65	Turkey	TUR	2.798	2.162	39.7	0.0999	0.1184	0.1156	1.16	13.588	1	5	2874	1989
66	United Kingdom	GBR	8.166	7.655	62.5	0.0592	0.0577	0.0578	1.8	27.625	7	3	10167	1949
67	Uruguay	URY	5.754	5.231	52.3	0.0747	0.0749	0.0933	1.2	37.236	3	3.6	5091	1990
68	Venezuela	VEN	4.93	2.925	39.1	0.0341	0.0280	-0.0040	2	48.248	6	3	7401	1996
69	Zimbabwe	ZWE	2.816	1.856	39.6	0.1030	0.1075	0.1271	2.36	25.482	5	1	1206	2005

The Table reports the values of all the country-level variables employed in the empirical analysis. The Data Appendix gives detailed variable definitions and sources.

**Appendix Table A-III**  
**Descriptive Statistics**

**Panel A: Industry-Level Variables**

	Obs	Mean	St. Dev.	25% perc.	Median	75% perc.	Min	Max
<i>HCINT</i>	28	11.636	0.839	11.252	11.616	12.306	10.138	13.204
<i>HCINT(SEC)</i>	28	0.693	0.103	0.651	0.698	0.781	0.507	0.873
<i>HCINT(COLL)</i>	28	0.123	0.059	0.081	0.106	0.151	0.037	0.270
<i>CAPINT</i>	28	1.447	0.723	0.795	1.343	1.984	0.443	3.194
<i>CONTRACT</i>	28	0.487	0.206	0.339	0.462	0.682	0.058	0.859
<i>EXTFIN</i>	28	0.269	0.359	0.050	0.215	0.415	-0.450	1.140

**Panel B: Country-Level Variables**

	Obs	Mean	St. Dev.	25% perc.	Median	75% perc.	Min	Max
<i>SCH80</i>	69	5.36	2.57	3.12	5.32	7.11	0.74	11.43
<i>SCH70</i>	67	4.55	2.52	2.29	4.47	6.52	0.41	10.09
<i>LFQL</i>	59	46.55	12.16	39.10	46.80	55.00	18.30	72.10
<i>HIGHSCH</i>	69	10.31	8.69	4.40	9.20	13.30	0.20	47.50
<i>Δ 9580SCH</i>	69	0.09	0.06	0.06	0.08	0.11	-0.02	0.28
<i>Δ 9980SCH</i>	69	0.08	0.05	0.06	0.08	0.10	0.00	0.22
<i>Δ 9080SCH</i>	69	0.09	0.06	0.05	0.09	0.12	-0.02	0.26
<i>K/Y</i>	65	1.56	0.63	1.07	1.54	2.17	0.48	2.90
<i>PRIV</i>	66	40.56	24.64	23.16	33.93	51.20	2.34	132.31
<i>PROP</i>	62	4.55	2.49	2.00	5.00	7.00	1.00	7.00
<i>RLAW</i>	63	3.52	1.70	2.00	3.60	5.00	1.00	6.00
<i>Y</i>	69	5,650.26	4,273.36	2,014	4,303	10,072	554	20,018

Panel A reports summary statistics for the main industry-level variables Panel B reports summary statistics for the main country-level variables. The Data Appendix gives detailed variable definitions and data sources.

**Appendix Table A-IV**  
**Correlation Structure: Country-Level Variables**

	SCH80	SCH70	LFQL	HIGHSCH	$\Delta 9580SCH$	$\Delta 9980SCH$	$\Delta 9080SCH$	K/Y	PRIV	PROP	RLAW	Y
<i>SCH80</i>	1											
<i>SCH70</i>	0.9607*	1										
<i>LFQL</i>	0.6545*	0.6879*	1									
<i>HIGHSCH</i>	0.7456*	0.6846*	0.5054*	1								
<i><math>\Delta 9580SCH</math></i>	-0.2003	-0.1683	0.1046	-0.0529	1							
<i><math>\Delta 9980SCH</math></i>	-0.2354	-0.1994	0.0274	-0.0856	0.9809*	1						
<i><math>\Delta 9080SCH</math></i>	-0.2138	-0.1661	0.0258	-0.1043	0.8192*	0.8280*	1					
<i>K/Y</i>	0.6347*	0.6217*	0.5836*	0.5496*	0.0485	0.0032	0.0801	1				
<i>PRIV</i>	0.4289*	0.4074*	0.4455*	0.4404*	0.1842	0.1638	0.0847	0.4935*	1			
<i>PROP</i>	0.4973*	0.4691*	0.4397*	0.3956*	-0.2002	-0.2265	-0.3064*	0.4688*	0.2922*	1		
<i>RLAW</i>	0.6775*	0.7071*	0.6529*	0.5611*	-0.0325	-0.0693	-0.0841	0.5412*	0.4330*	0.5167*	1	
<i>Y</i>	0.7161*	0.7019*	0.6392*	0.6381*	-0.0363	-0.0499	-0.0712	0.6606*	0.4787*	0.4365*	0.7308*	1

The Table reports correlations between the main country-level variables. The Data Appendix gives detailed variable definitions and sources. \* denotes that the correlation is significant at the 5% confidence level.

**Appendix Table A-V**  
**Correlation Structure: Industry-Level Variables**

	<i>HCINT</i>	<i>HCINT(SEC)</i>	<i>HCINT(COLL)</i>	<i>CAPINT</i>	<i>CONTRACT</i>	<i>EXTFIN</i>
<i>HCINT</i>	1					
<i>HCINT(SEC)</i>	0.9826*	1				
<i>HCINT(COLL)</i>	0.9194*	0.8463*	1			
<i>CAPINT</i>	0.1974	0.2709	0.0514	1		
<i>CONTRACT</i>	-0.0522	-0.057	-0.0522	-0.6692	1	
<i>EXTFIN</i>	0.4169*	0.4176*	0.3431	-0.1786	0.3702	1

The Table reports correlations between the main industry-level variables. The Data Appendix gives detailed variable definitions and sources.

\* denotes that the correlation is significant at the 5% confidence level.



#### **Appendix Table VI-Notes**

The dependent variable in columns (1)-(6) is the annual growth rate of value added at the country-industry level for the period 1980-1999. The dependent variable in columns (7)-(12) is the annual growth rate of employment over the same period. All value added growth models include the initial log of value added and all employment growth models include the initial log employment at the country-industry level (coefficients not reported). Models in odd columns are estimated for the largest possible sample. Models in even columns restrict estimation to countries that have been open to international trade since 1970 (according to Sachs and Warner (1995) criterion of openness as updated and extended by Wacziarg and Welch (2003)).

The schooling accumulation interaction is the product of industry-level schooling intensity with the annual country-level change in average years of schooling over the 1980-1999 period. In columns (1)-(2) and (7)-(8), we add an interaction between the change in average schooling over the 1980-1999 period with industry physical capital intensity (CAPINT). In columns (3)-(4) and (9)-(10), we add an interaction between the change in average schooling over the 1980-1999 period and industry contract intensity (CONTRACT). In columns (5)-(6) and (11)-(12), we add an interaction between the change in average schooling over the 1980-1999 period and industry external finance dependence (EXTFIN).

All specifications also include country fixed effects and industry fixed effects (coefficients not reported). Absolute values of t-statistics based on robust (heteroskedasticity - adjusted) standard errors are reported in parentheses below the coefficients. The Data Appendix gives detailed variable definitions and data sources.