Data used to construct total nonfinancial output for each country is obtained from OECD STAN database and World KLEMS.

The OECD-STAN database are expressed in national currency for current price data (PROD, VALU, GFCF, LABR, EXPO etc.) i.e. in Euros for EMU countries (before adoption Euros applying the fixed rate as in PWT); in terms of the current price value in the reference year (usually 2000) for volume data (PRDK, VALK, GFCK etc.); as indices (reference year = 1) for implicit deflators; in number of persons or jobs for employment data. For the purpose of constructing total output, I use the variable “PROD” (Production (gross output), current prices), and consider two industry codes 0199 (Total) and 6567 (Financial intermediation). To obtain dollar value of total output, I use the Penn World Table exchange rates because they also use the fixed rates to construct artificial “Euros” for years before EMU countries adopted Euros. (For detailed steps, see code/data\_management/stan\_prod.do)

The World KLEMS database is a combination of EU KLEMS and a few additional countries from separate sources (Canada, Russia, China and Taiwan). Data are expressed in millions of local currencies at current prices. For EMU countries that joined before 2008 (not including 2008), data are expressed in millions of Euros. Thus, for countries that joined EMU after 2008 (SVK, CYP, MLT and EST), we need to adjust the PWT exchange rates back to LCU-USD exchange rates. (For detailed steps, see code/data\_management/world\_klems.do)

The numbers reported by the two databases are usually very close, though not exactly the same for every country-year. (See code/check\_data/total\_output.do) However, the 1996-2001 mean of total nonfinancial output are in general larger than the number provided in Ramondo, Rodriguez-Clare and Tintelnot (2015) – an average of 18%. The two datasets are combined in code/data\_management/nonfin\_output\_share.do. I use STAN as the primary source and use KLEMS as the secondary source.