

Variable	External dependence measured using		
	Old firms	Firms in 1970's	Canadian firms
Industry's share of total value added in manufacturing in 1980	-0.625 (0.204)	-0.620 (0.205)	-0.610 (0.235)
Interaction (external dependence $\times$ accounting standards)	0.253 (0.063)	0.315 (0.127)	0.065 (0.023)
$R^2$	0.336	0.334	0.343
Number of observations	1035	1035	802
Differential in real growth rate	0.9	0.9	0.8

*Notes:* The dependent variable is the annual compounded growth rate in real value added for the period 1980–1990 for each ISIC industry in each country. External dependence is the fraction of capital expenditures not financed with internal funds by firms in the same industry during the 1980's. In the first column this ratio is computed only for companies that have been public for at least ten years. In the second column it is computed for U.S. firms during the 1970's. In the third column it is computed for Canadian firms during the 1980's. Also in the third column, data on U.S. industries are included while data on Canadian industries are dropped. The differential in real growth rate measures (in percentage terms) how much faster an industry at the 75th percentile level of external dependence grows with respect to an industry at the 25th percentile level when it is located in a country at the 75th percentile of financial development rather than in one at the 25th percentile. All regressions are estimated using instrumental variables and include both country and industry fixed effects (coefficient estimates not reported). Heteroskedasticity robust standard errors are reported in parenthesis.