

## Appendix

*The Data.* We use quarterly real GDP, consumption and investment data from the first quarter of 1960 until the final quarter of 2002. For each country we use official national series as reported by Haver Analytics from the starting point of the relevant series to the end of the sample. In cases where the current vintage of national accounts data do not extend to 1960, we splice data from an older vintage official series as specified below.

To splice the data, we use the quarterly growth rates from the earlier data along with the first level in the recent data to construct a new level series extending back to 1960Q1.

We handle German reunification by taking the quarterly growth rates of West German GDP, investment and consumption for the period up to and including the first quarter of 1991, the quarter of reunification; growth rate data are for united Germany thereafter. To create a level series consistent with the units for united Germany, we use the same splicing method described above.

A search for outliers in the growth rate data reveals two quarters for France, 1968Q2 and 1968Q3, where the GDP growth rate is more than six standard deviations from the mean. Of course, these quarters were associated with well-known strikes and general unrest in France. We replace the data for these quarters in GDP, consumption, and investment using a univariate EM algorithm—an AR(1) model is estimated for each series and the EM algorithm is used to replace the data for relevant quarters.

There are some other quarters with GDP growth rates 3 to 4 standard deviations from the series-specific average, including 1973Q1, 1979Q2 (U.K.), 1974Q1, 1997Q2 (Japan) and 1970Q1 (Italy). The 1970Q1 Italy outlier falls where we splice two series, but the large change is explained by a general strike in 1969Q4. See the OECD Economic Survey, July 1970 for details.

*Sources of data by country.* Canada: 1960 OECD data, 1961-2002 Statistics Canada via Haver Analytics. France: 1960-1969 OECD data, 1970-1977 Institut National de la Statistique et des Etudes Economiques (INSEE), undated historical vintage, via Haver Analytics; 1978-2002 current vintage from INSEE via Haver Analytics. Germany: for GDP, 1960-2002 Deutsche Bundesbank via Haver Analytics; for consumption and investment, 1960-1967 West Germany data specified below, 1968-2002 Deutsche Bundesbank via Haver Analytics. West Germany: 1960-1995Q3 Deutsche Bundesbank, undated historical vintage, via Federal Reserve Board. Italy: 1960-1969 OECD data, 1970-2002 Istituto Nazionale di Statistica via Haver Analytics. Japan: 1960-2002 Economic Planning Agency via Haver Analytics. United Kingdom: for GDP and consumption, 1960-2002 Office for National Statis-

tics (ONS) via Haver Analytics; for investment, 1960-1964 OECD data, 1965-2002 ONS via Haver Analytics. United States: 1960-2002 Bureau of Economic Analysis via Haver Analytics.

In all cases, the OECD data were kindly provided by Jorgen Elmeskov at the OECD.