Government Transfers and Votes for State Intervention
ONLINE APPENDIX
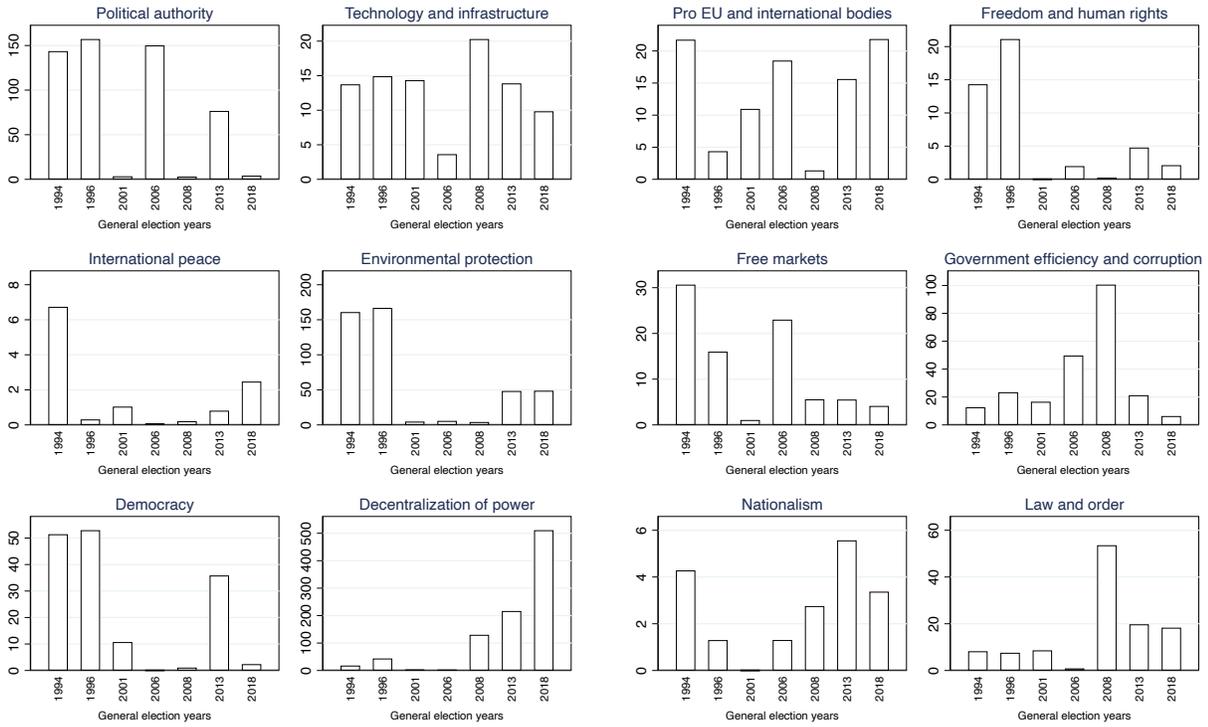
Giuseppe Albanese   Guido de Blasio   Lorenzo Incoronato
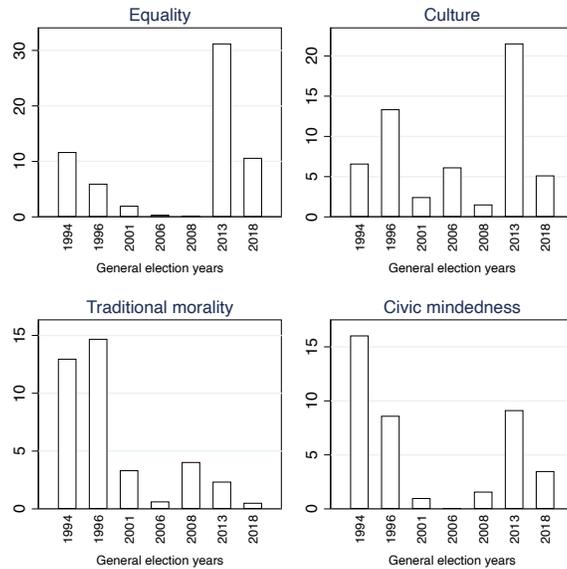
Appendix A

Appendix Figure A1. Salience of other topics across election years (1994-2018)
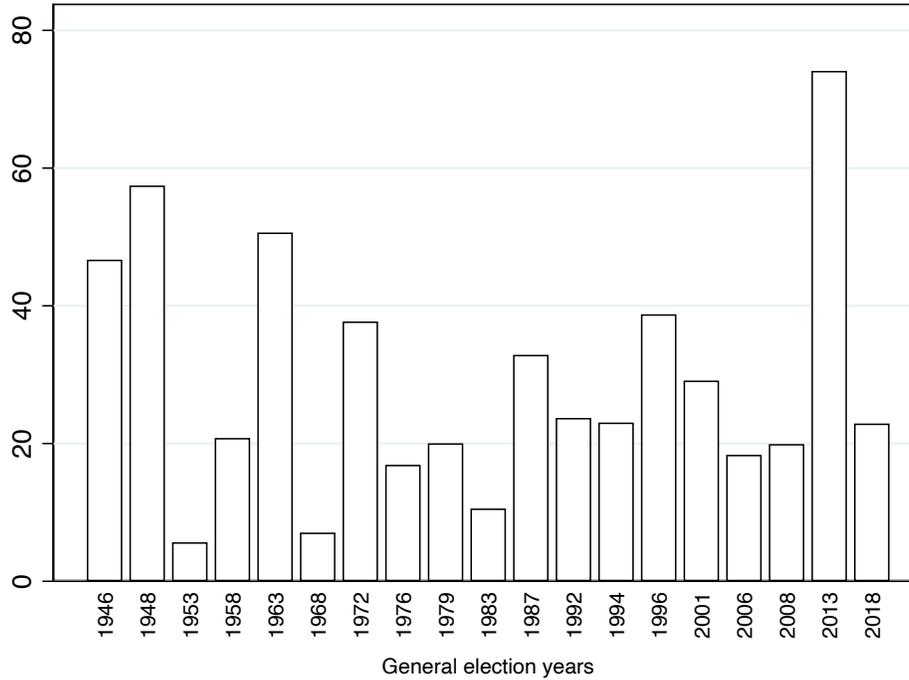
(a)

(b)

(c)

Notes: Each bar measures the variance of the Manifesto scores across parties for each election year since 1994. Each score is described in Table B2. See text for details.

Appendix Figure A2. Salience of state intervention across election years (1946-2018)

Notes: Each bar measures the variance of the composite Manifesto score across parties for each election year. The composite score is the sum of the five Manifesto scores described in Table 1. See text for details.

Appendix Table A1. Party-specific composite Manifesto score (2013 election)

Party	Value of the score
Autonomy Progress Federalism Aosta Valley	9.09
Brothers of Italy	9.55
Civic Choice	11.01
Civil Revolution	8.45
Democratic Centre	10.20
Democratic Party	3.43
Five Star Movement	38.06
Labour and Freedom List	9.47
Left Ecology Freedom	8.04
Northern League	13.33
People of Freedom	13.33
South Tyrolean People's Party	9.22
Union of the Center	3.10

Notes: Party-specific composite Manifesto score for the 2013 Italian general election. The score is computed using the incidence of sentences related to the five categories described in Table 1 in the party's publicly available manifesto. See text for details.

Appendix Table A2. Support for state intervention in 2013 - descriptive statistics

	Support for state intervention, 2013
Mean	34.5
Median	34.5
Standard deviation	7.0
Min	10.1
Max	56.4
Number of municipalities	2731

Notes: Descriptive statistics in the CasMez area. The index is computed by combining the party-specific composite Manifesto score with party vote shares at the 2013 general election (see Equation 1).
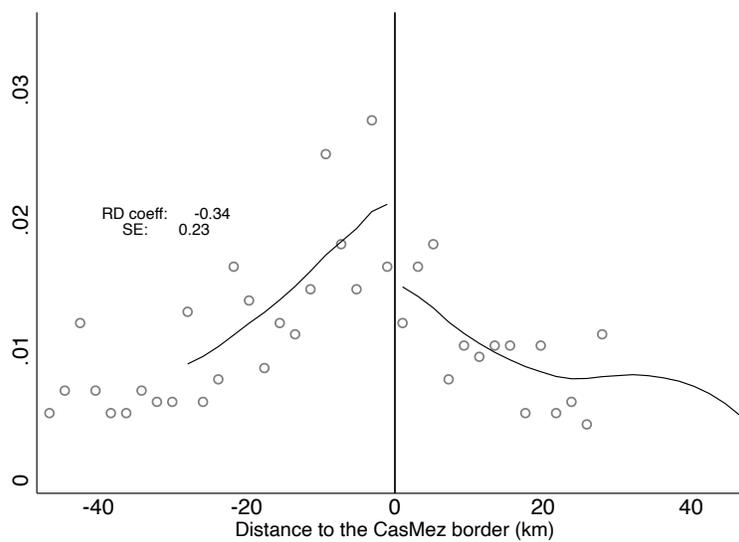
Appendix B

Appendix Figure B1. CasMez jurisdiction

Notes: The darker yellow area shows the CasMez jurisdiction. Brown lines denote regional borders.

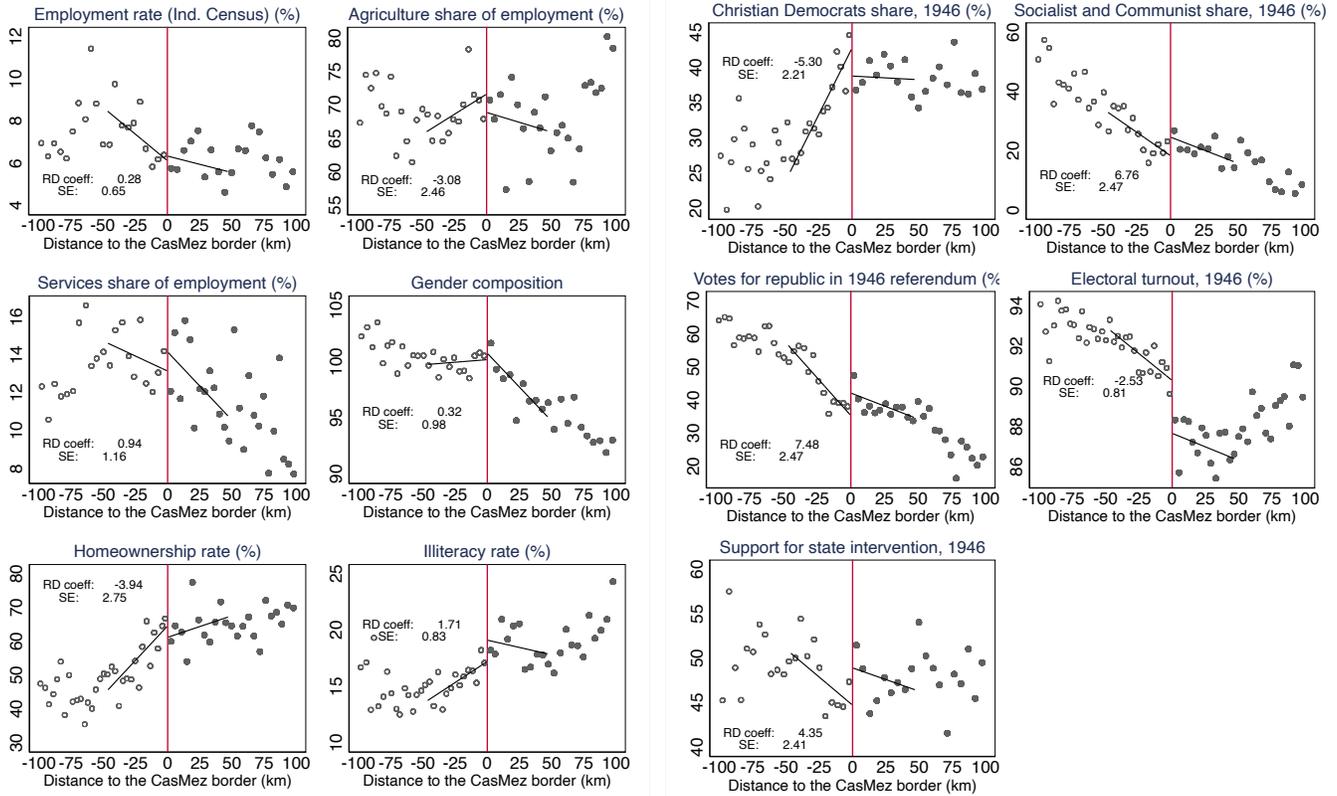## Appendix Figure B2. McCrary (2008) test

Notes: Output of a McCrary (2008) test of continuity in the density of the running variable.

# Appendix Figure B3. CasMez border - balancing (continued)

(a) Labor markets and demography, 1951

(b) Electoral outcomes, 1946

Notes: Panel (a): "Employment rate (Ind. Census) shows the total number of employees from Industrial Census as a fraction of the municipality population in 1951. "Gender composition" is the ratio between male and female population (multiplied by 100). "Home-ownership rate" is the share of owner-occupied dwellings to total occupied dwellings. "Illiteracy rate" is the share of illiterate residents aged 6 and over to the resident population aged 6 and over. Panel (b): The "Socialist and Communist share" includes cumulated votes for the Communist and Socialist party in 1946 (for comparability with the 1948 election). "Support for state intervention, 1946" is the index of support for state intervention computed using Equation 1 for the 1946 election, accounting for province and border segment effects. See Figure 3 and text for details.

Appendix Figure B4. RD estimate across election years
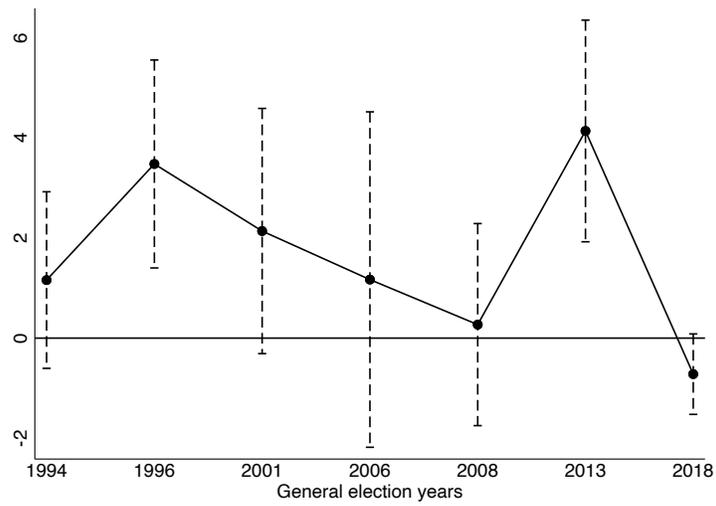
Notes: Regression estimates of the β coefficient and 95% robust confidence intervals resulting from the estimation of Equation 3 separately across election years post-CasMez, using the optimal bandwidth. See text for details.

Appendix Figure B5. Other views in the electorate, 2013

(a)

(b)

(c)
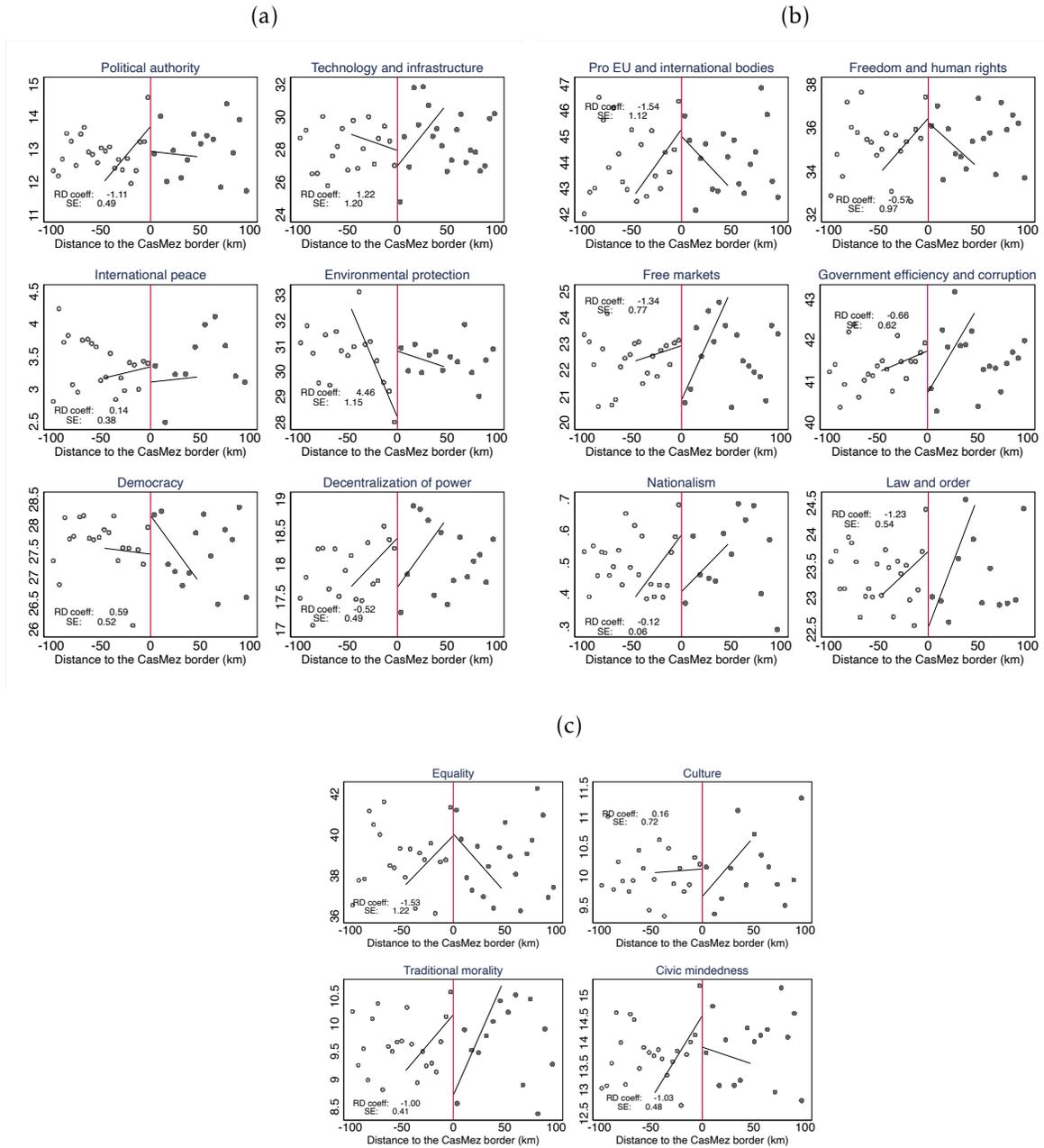
Notes: Each index is computed by weighing the Manifesto Project score with party vote shares at the 2013 election using Equation 1. The solid black line is a linear polynomial of the outcome on the running variable, fit separately north and south of the border and accounting for province and border segment effects. Appendix Table B2 describes each of the above scores. See Figure 3 and text for details.

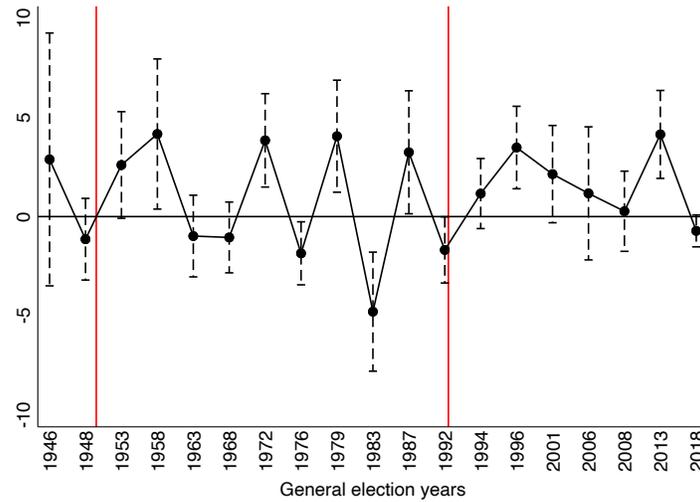## Appendix Figure B6. RD estimate across election years

Notes: Regression estimates of the β coefficient and 95% robust confidence intervals resulting from the estimation of Equation 3 separately across election years, using the optimal bandwidth. Red lines denote the beginning (1950) and the end (1992) of the *extraordinary intervention*. See text for details.

Appendix Table B1. RD estimates - full sample

Outcome variable: Support for state intervention	(1) All elections 1994-2018	(2) 2013 election
Panel (a): Parametric (linear) estimates		
RD estimate	0.97	3.32
	(0.41)	(0.99)
Panel (b): Non-parametric estimates		
RD estimate	1.51	3.80
	(0.45)	(1.13)
Bandwidth (km)	56.15	56.15
Observations	4405	649
Mean	46.54	37.73
Standard deviation	16.61	5.17

Notes: Replication of Table 2, including also municipalities close to segments of the CasMez border coinciding with regional borders or with the border of the Kingdom of the Two Sicilies. For the non-parametric estimates we present the bias-corrected point estimate along with the robust standard error (the conventional point estimate and standard error are, respectively, 1.19 and 0.32 for the pooled 1994-2018 sample and 3.99 and 0.74 for the 2013 election). The optimal bandwidth has been re-derived for the entire CasMez border using the same algorithm described in Section IV. See text for details.

Appendix Table B2. Manifesto scores

Score	Description
Pro EU and international bodies	"Need for international co-operation" + "Favourable mentions of European Community/Union in general"
Freedom and human rights	"Favorable mentions of importance of personal freedom and civil rights"
Free markets	"Favourable mentions of the free market and free market capitalism as an economic model" + "Need for economically healthy government policy making"
Government efficiency and corruption	"Need for efficiency and economy in government and administration" + "Need to eliminate political corruption and associated abuses of political and/or bureaucratic power"
Nationalism	"Favourable mentions of the manifesto country's nation, history, and general appeals"
Law and order	"Favourable mentions of strict law enforcement, and tougher actions against domestic crime"
Political authority	"References to the manifesto party's competence to govern and/or other party's lack of such competence"
Technology and infrastructure	"Importance of modernisation of industry and updated methods of transport and communication"
International peace	"Negative mentions of particular countries with which the manifesto country has a special relationship" + "Negative references to the military or use of military power to solve conflicts" + "Any declaration of belief in peace and peaceful means of solving crises"
Environmental protection	"General policies in favour of protecting the environment, fighting climate change, and other "green" policies"
Democracy	"Favourable mentions of democracy as the "only game in town""
Decentralization of power	"Support for federalism or decentralisation of political and/or economic power"
Equality	"Concept of social justice and the need for fair treatment of all people"
Culture	"Need for state funding of cultural and leisure facilities including arts and sport"
Traditional morality	"Favourable mentions of traditional and/or religious moral values"
Civic mindedness	"Appeals for national solidarity and the need for society to see itself as united"

Notes: Description of the Manifesto scores used to compute the indices showed in Figure 6 and Figure B5. More details available in the Manifesto Project Dataset – Codebook (Version 2019b).

Appendix Table B3. Other views in the electorate (2013 election)

	(1)	(2)	(3)	(4)
	Pro EU and international bodies	Free markets	Government efficiency and corruption	Nationalism
RD Estimate	-1.54	-1.34	-0.66	-0.12
	(1.12)	(0.77)	(0.62)	(0.06)
Mean around the border	38.59	25.06	42.59	0.47
Standard deviation	4.66	4.64	2.76	0.42
Observations	360	360	360	360
	Political authority	Technology and infrastructure	International peace	Environmental protection
RD Estimate	-1.11	1.22	0.14	4.46
	(0.49)	(1.20)	(0.38)	(1.15)
Mean around the border	10.79	37.08	4.63	38.11
Standard deviation	2.35	6.09	1.63	4.93
Observations	360	360	360	360
	Democracy	Decentralization of power	Equality	Culture
RD Estimate	0.59	-0.52	-1.53	0.16
	(0.52)	(0.49)	(1.22)	(0.72)
Mean around the border	27.37	18.92	32.40	13.17
Standard deviation	2.49	2.53	5.14	3.03
Observations	360	360	360	360
	Traditional morality	Law and order	Civic mindedness	Freedom and human rights
RD Estimate	-1.00	-1.23	-1.03	-0.57
	(0.41)	(0.54)	(0.48)	(0.97)
Mean around the border	9.73	22.85	11.91	34.04
Standard deviation	2.40	3.27	2.27	4.36
Observations	360	360	360	360

Notes: RD estimates of coefficient β in Equation 3 run for the 2013 general election using the optimal bandwidth. Each index is computed by weighing the Manifesto Project scores with party vote shares at the 2013 election. The Manifesto scores are described in Table B2. Robust standard errors in parentheses. See text for details.

Appendix Table B4. Other views in the electorate (all elections 1994-2018)

	(1)	(2)	(3)	(4)
	Pro EU and international bodies	Free markets	Government efficiency and corruption	Nationalism
RD Estimate	-0.24	-0.26	-0.23	-0.87
	(0.44)	(0.41)	(0.43)	(0.47)
Mean around the border	39.93	43.31	59.89	21.65
Standard deviation	14.32	14.62	14.03	18.83
Observations	2470	2470	2470	2470
	Political authority	Technology and infrastructure	International peace	Environmental protection
RD Estimate	-0.50	0.81	1.17	1.81
	(0.45)	(0.45)	(0.39)	(0.39)
Mean around the border	38.20	49.83	19.09	33.76
Standard deviation	23.53	15.49	15.92	23.35
Observations	2470	2470	2470	2470
	Democracy	Decentralization of power	Equality	Culture
RD Estimate	0.41	-0.67	0.89	0.64
	(0.34)	(0.34)	(0.46)	(0.47)
Mean around the border	25.86	22.93	30.43	42.12
Standard deviation	16.01	16.71	13.26	24.10
Observations	2470	2470	2470	2470
	Traditional morality	Law and order	Civic mindedness	Freedom and human rights
RD Estimate	-1.93	-0.75	-0.57	-0.50
	(0.48)	(0.49)	(0.33)	(0.35)
Mean around the border	32.36	41.63	26.16	41.26
Standard deviation	17.27	13.27	18.20	16.88
Observations	2470	2470	2470	2470

Notes: RD estimates of coefficient β in Equation 2 estimated on the pooled sample of all general elections in the post-Casmez period using the optimal bandwidth. Each index is computed by weighing the Manifesto Project scores with party vote shares at each election. The Manifesto scores are described in Table B2. Robust standard errors in parentheses. See text for details.

Appendix Table B5. Economic effects - RD estimates

	Employment rate (%)			Industry share (%)		
	1981	1991	2011	1981	1991	2011
RD estimate	2.81	2.29	0.78	16.63	13.06	5.28
	(1.45)	(1.29)	(0.92)	(1.97)	(1.50)	(1.31)
Bandwidth (km)	46.96	46.96	46.96	46.96	46.96	46.96
Observations	357	358	360	357	358	360
Mean	41.19	40.26	43.77	44.25	39.18	31.05
Standard deviation	7.77	7.11	4.88	12.37	12.36	10.58

	Agriculture share (%)			Services share (%)		
	1981	1991	2011	1981	1991	2011
RD estimate	-14.93	-13.90	-5.99	0.13	0.84	0.71
	(2.41)	(1.83)	(1.30)	(2.29)	(1.90)	(1.45)
Bandwidth (km)	46.96	46.96	46.96	46.96	46.96	46.96
Observations	357	358	360	357	358	360
Mean	19.17	12.17	6.15	41.44	48.65	62.79
Standard deviation	11.29	9.21	4.94	13.73	14.31	11.64

	Other outcomes, 2011			
	Income/cap.	Gini	HS educ.	Pub. emp.
RD estimate	0.72	0.00	1.82	-0.21
	(0.40)	(0.01)	(1.26)	(4.49)
Bandwidth (km)	46.96	46.96	46.96	46.96
Observations	360	360	360	360
Mean	19.85	0.38	38.35	29.54
Standard deviation	2.31	0.05	6.43	23.26

Notes: Estimation output of Equation 3 using the optimal bandwidth. "Income/cap." is measured as taxable income per taxpayer in 2011 (thousand euros). "Gini" is the Gini coefficient. "HS educ." denotes the share of people aged at least 6 with high school education or more. "Pub. emp." is the number of public workers per 1000 people in 2011. Robust standard errors in parentheses. Descriptive statistics are always computed within the estimation sample. See Table 2 and text for details.

Appendix Table B6. Economic outcomes - Robustness tests

	Bandwidth choice			RD control function		"Donut hole"		Spatial SEs
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Employment rate, 1991 (%)								
RD estimate	2.16	2.40	2.24	2.30	2.09	1.53	9.90	2.29
	(1.55)	(1.27)	(1.26)	(1.31)	(1.49)	(1.69)	(3.24)	(1.71)
Observations	237	369	619	358	358	292	188	358
Mean	40.46	40.28	39.42	40.26	40.26	40.31	40.10	40.26
Standard deviation	7.28	7.09	7.29	7.11	7.11	7.04	6.89	7.11
Employment rate, 2011 (%)								
RD estimate	2.05	0.77	0.38	0.84	1.51	0.23	3.19	0.78
	(1.02)	(0.91)	(0.90)	(0.93)	(1.02)	(1.23)	(2.37)	(1.16)
Observations	238	371	621	360	360	294	190	360
Mean	43.77	43.84	43.08	43.77	43.77	43.84	43.73	43.77
Standard deviation	4.53	4.88	5.73	4.88	4.88	4.99	5.30	4.88
Industry share, 1991 (%)								
RD estimate	13.83	12.94	10.92	13.09	14.52	13.40	17.11	13.06
	(2.11)	(1.49)	(1.46)	(1.56)	(2.05)	(1.76)	(4.37)	(2.08)
Observations	237	369	619	358	358	292	188	358
Mean	38.80	39.17	38.34	39.18	39.18	39.33	40.25	39.18
Standard deviation	11.63	12.35	11.73	12.36	12.36	12.71	13.28	12.36
Industry share, 2011 (%)								
RD estimate	5.06	5.37	4.21	5.34	6.62	4.97	2.38	5.28
	(1.75)	(1.29)	(1.24)	(1.34)	(1.67)	(1.35)	(3.35)	(1.79)
Observations	238	371	621	360	360	294	190	360
Mean	30.69	31.07	31.07	31.05	31.05	31.56	31.88	31.05
Standard deviation	10.11	10.64	10.12	10.58	10.58	10.93	11.74	10.58
Bandwidth (km)	25	50	100	46.96	46.96	46.96	46.96	46.96
Polynomial order	1	1	1	2	3	1	1	1
Donut hole (km)	0	0	0	0	0	5	15	0

Appendix Table B7. Economic outcomes - Robustness tests (continued)

	Bandwidth choice			RD control function		"Donut hole"		Spatial SEs
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				Income per capita, 2011				
RD estimate	1.00	0.73	0.52	0.94	0.61	0.82	1.28	0.72
	(0.52)	(0.39)	(0.38)	(0.41)	(0.47)	(0.52)	(1.73)	(0.45)
Observations	238	371	621	360	360	294	190	360
Mean	19.76	19.84	19.66	19.85	19.85	19.82	19.95	19.85
Standard deviation	2.30	2.32	2.28	2.31	2.31	2.34	2.32	2.31
				Gini coefficient, 2011				
RD estimate	0.01	0.00	-0.00	0.01	0.01	0.01	0.01	0.00
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.03)	(0.01)
Observations	238	371	621	360	360	294	190	360
Mean	0.37	0.38	0.37	0.38	0.38	0.38	0.38	0.38
Standard deviation	0.03	0.05	0.04	0.05	0.05	0.05	0.06	0.05
				High school education, 2011 (%)				
RD estimate	2.63	1.83	1.73	2.11	0.80	2.52	6.36	1.82
	(1.54)	(1.25)	(1.20)	(1.27)	(1.50)	(1.92)	(3.92)	(1.60)
Observations	238	371	621	360	360	294	190	360
Mean	37.85	38.35	38.41	38.35	38.35	38.33	38.64	38.35
Standard deviation	6.05	6.45	6.36	6.43	6.43	6.52	6.92	6.43
				Public employees, 2011				
RD estimate	-2.02	-0.38	0.95	-0.44	-3.25	-1.69	15.87	-0.21
	(5.73)	(4.46)	(4.30)	(4.58)	(5.47)	(5.33)	(12.79)	(4.97)
Observations	238	371	621	360	360	294	190	360
Mean	28.80	29.45	29.00	29.54	29.54	29.04	30.27	29.54
Standard deviation	21.71	22.99	21.63	23.26	23.26	22.09	24.27	23.26
Bandwidth (km)	25	50	100	46.96	46.96	46.96	46.96	46.96
Polynomial order	1	1	1	2	3	1	1	1
Donut hole (km)	0	0	0	0	0	5	15	0

Notes: Replication of Table B5, robustness tests. Columns (1)-(3) use a 25, 50 and 100 km symmetric bandwidth. Columns (4)-(5) use a more flexible specification for the RD polynomial. Columns (6)-(7) perform donut-hole RD regressions excluding municipalities in a neighborhood of the cutoff. Column (8) allows for spatially clustered standard errors using Conley (1999). Descriptive statistics are always computed within the estimation sample. See Table B5 and text for details.

Appendix Table B8. Population - RD estimates

| | Population growth relative to 1951 (%) | | | | | |
	1961	1971	1981	1991	2001	2011
RD estimate	12.47	31.72	49.33	57.74	60.47	66.25
	(3.77)	(9.01)	(11.86)	(13.95)	(15.75)	(17.95)
Bandwidth (km)	46.96	46.96	46.96	46.96	46.96	46.96
Observations	345	345	345	345	345	345
Mean	-7.54	-18.00	-16.88	-13.80	-11.49	-7.29
Standard deviation	15.20	32.85	43.85	50.45	55.09	61.91

| | Fertility rate (%) | | Mortality rate (%) | | Population density | |
	1991	2001	1991	2001	1991	2001
RD estimate	0.01	0.01	-0.04	-0.05	138.34	165.45
	(0.03)	(0.02)	(0.03)	(0.03)	(59.82)	(62.03)
Bandwidth (km)	46.96	46.96	46.96	46.96	46.96	46.96
Observations	358	360	358	360	358	360
Mean	0.16	0.14	0.20	0.20	199.33	213.46
Standard deviation	0.12	0.09	0.13	0.13	290.36	309.75

Notes: Estimation output of Equation 3 using the optimal bandwidth. Robust standard errors in parentheses. "Fertility rate" and "Mortality rate" computed as percentages of total population. "Population density" computed as the number of inhabitants per km^2. Descriptive statistics are always computed within the estimation sample. See Table 2 and text for details.

Appendix C

In this Appendix we conduct a robustness exercise to ensure that our results are not driven by pre-existing political differences between municipalities north and south of the CasMez border. While we have documented that the choice of the border was likely inspired by technical (exogenous) considerations related to the execution of infrastructure projects, complete information on the decision making process is unfortunately not available. As documented for example in Colussi et al. (2020), the allocation of funds within the CasMez jurisdiction was often higher in places where opposition parties were stronger. What if, at least in a few instances, the choice of the additional municipalities in central Italy to be added to the CasMez jurisdiction was also informed by political convenience? In fact, we show in Panel (b) of Figure 3 that support for the main opposition parties (Communists and Socialists) and the incumbent Christian Democratic Party was overall quite similar north and south of the cutoff in 1948, if not for a small jump driven by municipalities just south of the cutoff. We now consider the possibility that, when the border was set in 1950, the government included certain municipalities only for (endogenous) reasons related to their political orientation. We focus on municipalities just south (10 km) of the border and identify those more likely to have been included because of their strong support for opposition parties relative to the incumbent. Specifically, for each municipality within 10 km south of the border, we compute the difference between the 1948 votes share of the Christian Democrats and that of the Socialist and Communist parties (which run together in 1948). We then flag places where this difference was particularly small - below the 25$^{\text{th}}$ percentile.[1] Figure C1 replicates the RD plots of Figure 3 when the flagged municipalities with weakest support for the Christian Democrats are excluded, and shows that vote shares in 1948 (and also in 1946) are almost perfectly balanced at the CasMez border. Table C2 shows that our results are virtually unchanged when excluding these potentially problematic municipalities, as we still estimate a positive effect on voters' support for state intervention long after the end of the policy (the point estimate is almost identical to that for the baseline sample).

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[1]These are municipalities where the lead of Christian Democrats in 1948 was very small, or negative. Table C1 details the distribution of this variable in municipalities 10 km south of the CasMez border.

Appendix Table C1. Christian Democrats' Lead in 1948 south of CasMez border

Mean	24.98
Standard deviation	27.78
Median	30.02
P25	2.88
P75	44.05
Min	-41.73
Max	83.97
Number of municipalities	69

Notes: The Table shows descriptive statistics for the difference between the votes share of the Christian Democratic party and the votes share of the Communist and Socialist parties in 1948. The sample includes municipalities up to 10 km south of the CasMez border. See text for details.

Appendix Figure C1. Balancing, pre-CasMez elections
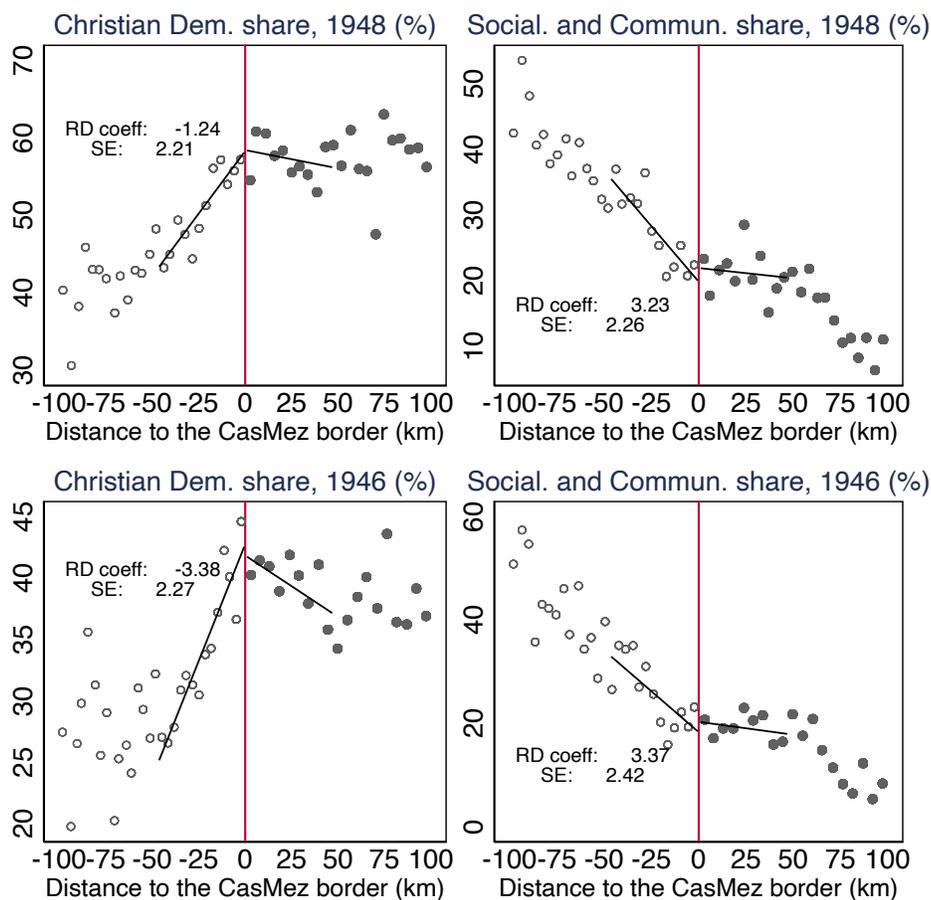
Notes: Replication of Figure 3 on sample excluding municipalities south of the border with strong support for opposition parties. See text for details.

Appendix Table C2. RD estimates - Low lead of Christian Democrats in 1948

Outcome variable:	(1)	(2)
Support for state intervention, 2013	Baseline estimates	Excl. low CD-lead municipalities
RD estimate	4.14	4.16
	(1.13)	(1.30)
Bandwidth (km)	46.96	46.96
Observations	360	345
Mean	38.31	38.39
Standard deviation	4.89	4.81

Notes: RD estimates of coefficient β in Equation 3 using the optimal bandwidth. Column (1) reports baseline estimates. Column (2) excludes municipalities where the lead of the Christian Democrats relative to the Socialist and Communist parties in 1948 was below the 25th percentile of the distribution up to 10 km south of the border. Robust standard errors in parentheses. See text for details.

Appendix D

In this Appendix we isolate variation in transfers within the CasMez jurisdiction and relate it to voters' support for state intervention. There is indeed large cross-sectional variation in transfers as is clear from Panel (a) in Figure D1, which shows the cumulative amount of CasMez transfers received by each municipality between 1950 and 1992. To address the endogeneity concerns raised in Section III and provide more reliable estimates, we exploit here a source of institutional variation in transfers. As described in Section I, the main purpose of the *extraordinary intervention* was reoriented from infrastructure investment towards industrial policy with Law n. 634 in 1957, which introduced the Industrial Zones. A Zone was created upon the initiative of a group of municipalities to form a *consortium* and submit a development plan for the area to the CasMez. Importantly, the policymaker disposed that firms located in a Zone could benefit of more generous transfers than other firms in the CasMez region.[2] The ASET historical archives provide a list of the Industrial Zones, together with the 400 included municipalities, which we digitize and plot in Figure D1, Panel (b). A quick glance back at the left panel suggests that transfers were largely concentrated in these areas.

The primary goal of this policy was to encourage industrial concentration in specific areas of the South deemed particularly suitable for industrialization. Legitimate concerns would arise about the validity of an estimation strategy that simply compares municipalities belonging to Industrial Zones to all other municipalities in the sample. Important differences indeed exist between the former and the latter. We inspect them in Table D1, which compares the average CasMez transfer, along with a range of other observable characteristics, between municipalities within and outside of Industrial Zones. On average, cumulative transfers stand at around 8,120 real euros per capita in municipalities belonging to Industrial Zones versus 1,630 in other municipalities in the CasMez jurisdiction. Municipalities belonging to a Zone were also more likely to be a provincial capital and their geographic traits were more prone to industrialization. They were more densely populated and featured a more educated population and a larger industry share of the workforce relative to other municipalities.

We exploit the fact that the inclusion of a municipality in a Zone was subject to the government's examination of a well-defined set of parameters, listed in the 1951 census. An excerpt of the form that a consortium had to fill, for each candidate municipality, when submitting its application to the government is pasted in Figure D2. The form listed a range of demographic, geographic and economic characteristics aimed at assess-

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[2]See the 1965-1970 government coordination plan for public intervention in the South of Italy.

ing the suitability of the area to future industrial concentration, such as the availability of a large and educated workforce, pre-existing industrial settlements and infrastructure endowment. Conveniently, we observe many of these (and other, likely correlated) characteristics in the 1951 census data, which we use to compute the predicted probability of belonging to a Zone for each municipality in the CasMez area. Specifically, we estimate the following logit regression:

$$(1) \qquad e_{m,p} \equiv Pr(IZ_{m,p} = 1 | W_{m,p}, \gamma_p, \epsilon_{m,p}) = \Phi(\alpha + \gamma_p + W'_{m,p} \cdot \beta + \epsilon_{m,p})$$

Where $IZ_{m,p}$ is a dummy variable taking value of one if municipality m in province p belongs to an Industrial Zone and zero otherwise. The estimation controls for municipality-level geographic characteristics and the following covariates in 1951: population density, number of establishments per person, population age and gender composition, share of people with high school education, labor market participation rate and workforce sectoral composition. Provincial capitals have been dropped from the sample. We also include CasMez infrastructure spending before the establishment of the Industrial Zones to account for pre-existing differences in infrastructure endowments. Last, we control for the municipality's political orientation during the 1960s (when Industrial Zones were being created), proxied by the average votes share for the Christian Democratic party at the 1963 and 1968 election. While obviously not listed among the relevant characteristics for Zone inclusion in the official form, the position of a given municipality across the political spectrum might have influenced such decision. For instance, the incumbent government may have used Zone inclusion to reward local voters in a politically affine municipality, or to erode support for opposition parties in places where these were stronger.

We then match each municipality belonging to a Zone with another municipality lying outside of a Zone but sharing similar values of the estimated propensity score $\hat{e_{m,p}}$.[3] In other words, we construct a matched sample composed of pairs of municipalities that do not differ in terms of relevant characteristics but are subject to differential exposure to the treatment (CasMez transfers) based on whether they belong to a Zone (Abadie and Imbens, 2016). Our matched sample consists of 364 municipalities, half of which belong to a Zone, and is showed in Figure D3. Descriptive statistics are reported in Table D2 and confirm the overall balancing of the sample. A stark gap in CasMez transfers

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[3]We adopt a nearest-neighbor matching without replacement and within a 0.05 caliper, corresponding to roughly one quarter of the standard deviation of the estimated propensity score. The matching procedure excludes municipalities whose propensity score lies outside of the common support (Leuven and Sianesi, 2018).

between municipalities remains, with those included in Industrial Zones receiving on average funds for 7,840 euros per capita versus only 2,290 in control municipalities.

Intuitively, this estimation procedure corresponds to using $IZ_{m,p}$ as an instrument for CasMez transfers. Correct identification thus relies on the conditional independence of potential outcomes and treatment of the Zone status. More precisely, one first requirement is that, conditional on the observed covariates, Zone status is as good as randomly assigned across municipalities.[4] Another requirement is that Zone status affects voters' support for state intervention in 2013 only through the variation it induces to CasMez transfers (exclusion restriction). The existence of well-defined observable criteria for the establishment of a Zone is crucial for the validity of this strategy, which however comes with the big caveat that only selection on observables can be checked and that there might be relevant unobservable differences between the treated and the control group. In this regard, we address the valid concern that the inclusion in a Zone might have been influenced by political incentives by also matching on municipalities' political orientation.

We employ this matched sample to estimate a 2-Stage Least Squares regression specification relating support for state intervention in municipality m in province p in 2013 to the total amount of transfers received from 1950 to 1992 (scaled by population size in 1951), instrumented using Zone status and controlling for province-level fixed effects. The estimation output is showed in Table D3. We estimate that an increase of 1,000 real euros in transfers per capita (one fifth of the mean transfer in the estimation sample) corresponds to a 0.33 points rise in the outcome – about 5 percent of a standard deviation. As said, we have less confidence in these estimates relative to those produced by the RD design, which also accounts for selection on unobservables provided the main identifying assumptions hold. However, the drawbacks of this approach are in part compensated by its greater external validity relative to the RD estimates, which are local to the CasMez border. It should also be noticed that the parameters identified by the two strategies are not directly comparable: in the latter approach, we placed ourselves within the CasMez territory and exploited variation in the intensity of transfers across municipalities. The RD strategy compares instead municipalities within the CasMez area with other municipalities outside of it.

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[4]In other words, two municipalities sharing similar characteristics but with different Zone status can be safely compared as the missed inclusion in a Zone is driven by factors exogenous to electoral support for state intervention in 2013. This ensures that the reduced form effect of $IZ_{m,p}$ on the outcome of interest has a causal interpretation.

Appendix Figure D1. The Industrial Zones

(a) CasMez transfers (1950-1992)　　　　　　　(b) Industrial Zones

0-27
27-334
334-1680
1680+
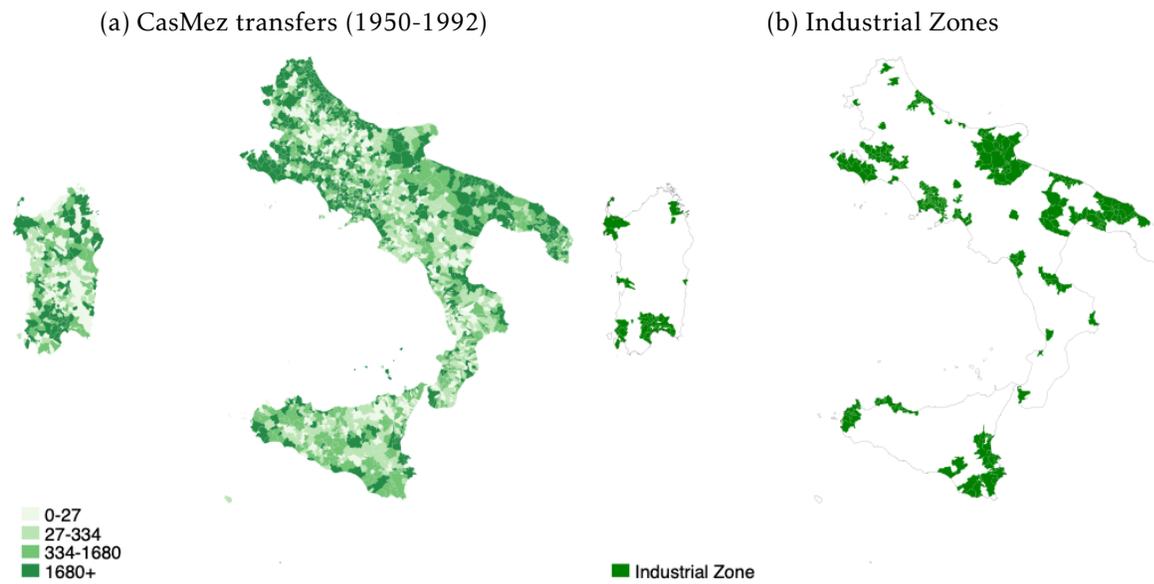
Industrial Zone

Notes: Panel (a) shows the total amount of CasMez transfers to each municipality between 1950 and 1992 in euros (2011 prices), as a fraction of the population in 1951. Panel (b) shows municipalities belonging to Industrial Zones.

Appendix Figure D2. Industrial Zones - Form

Scheda del Comune di _____

VOCI	Data	Unità di misura	Cifre (*)
I. INDICATORI DEMOGRAFICO-ECONO-MICO-SOCIALI			
Popolazione	31-12-1958	N. abitanti	
2. Popolazione attiva (censimento demografico):			
2.1. In complesso	4-11-1951	unità	
2.2. Attivi in agricoltura in % sul complesso	4-11-1951	%	
3. Situazione Industriale (censimento industriale e commerciale):			
3.1. Industrie in totale (estrattive, manifatturiere, delle costruzioni, ecc.):			
3.1.1. Addetti in complesso . .	5-11-1951	numero	
3.1.2. Addetti in esercizi con oltre 50 addetti	5-11-1951	»	
3.1.3. % addetti ad esercizi maggiori (3.1.2.) su addetti in complesso (3.1.1.)	5-11-1951	%	
3.2. Industrie in totale escluso artigianato (1) addetti	5-11-1951	numero	
3.3. Industrie manifatturiere:			
3.3.1. Addetti in complesso . .	5-11-1951	»	
3.3.2. Addetti in esercizi con oltre 50 addetti	5-11-1951	»	
3.3.3. % addetti ad esercizi maggiori (3.3.2.) su addetti in complesso (3.3.1.)	5-11-1951	%	
3.4. Proporzione degli addetti industriali su popolazione attiva:			
3.4.1. Addetti industriali in totale (3.1.1.) per 1.000 attivi (2.1.)	5-11-1951	%	
3.4.2. Addetti industrie escluso artigianato (3.2.) per 1.000 attivi	5-11-1951	%	
3.4.3. Addetti industrie manifatturiere (3.3.1.) per 1.000 attivi	5-11-1951	%	
3.5. Forza motrice utilizzabile:			
3.5.1. In tutte le industrie (3.1.)	5-11-1951	HP	
3.5.2. Media HP per addetto (3.5.1. diviso 3.1.1.)	5-11-1951	»	
3.6. Industrie prevalenti (2):			
3.6.1. . . . . . . addetti	5-11-1951	numero	
3.6.2. . . . . . . addetti	5-11-1951	»	
3.6.3. . . . . . . addetti	5-11-1951	»	
3.6.4. . . . . . . addetti	5-11-1951	»	

(1) Addetti alle industrie in totale (3.1.1.) meno addetti all'artigianato secondo le indicazioni del Censimento Industriale del 1951.

(2) Classi di industrie (secondo classificazione del Censimento) con non meno del 20% sugli addetti alle industrie in totale (3.1.1.).

(*) Da riportare se possibile in quattro colonne distinte per le quattro categorie indicate nella Avvertenza.

Notes: Excerpt of the form to be filled by a _consortium_ to include a municipality in an Industrial Zone. See the government 1965-1970 government coordination plan for public intervention in the South of Italy.

Appendix Figure D3. Industrial Zones - matched sample

■ Industrial Zone
■ Matched control municipality
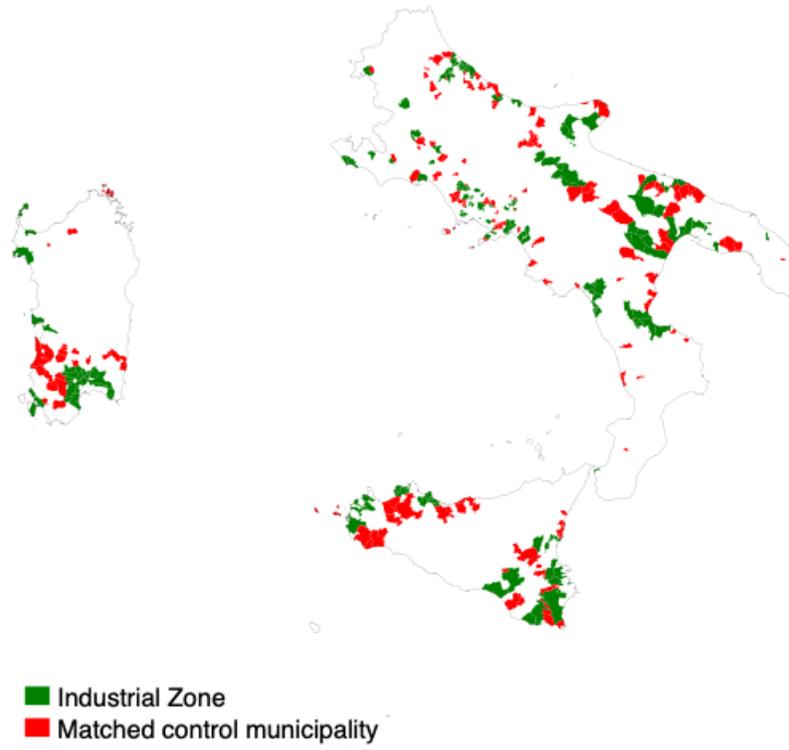
Notes: Matched sample resulting from a propensity score matching that relates Zone status to municipality characteristics. See text for details.

Appendix Table D1. Industrial Zones and other CasMez municipalities – descriptive statistics

	Industrial Zone	Other municipalities
CasMez transfers	8.12	1.63
	(12.58)	(4.67)
CasMez infrastructure spending	4.11	3.74
	(7.01)	(5.35)
Provincial capital	0.09	0.01
	(0.28)	(0.09)
Coastal location	0.29	0.16
	(0.46)	(0.36)
Elevation	175.17	468.18
	(163.75)	(318.83)
Population density, 1951	558.55	163.11
	(940.19)	(325.93)
High school education (%), 1951	2.53	1.76
	(1.88)	(0.94)
Agriculture share of employment (%), 1951	53.97	71.39
	(21.50)	(15.25)
Industry share of employment (%), 1951	25.49	16.82
	(12.90)	(11.19)
Number of municipalities	400	2325

Notes: Descriptive statistics for the CasMez area (mean and standard deviation in parentheses). "CasMez transfers" and "CasMez infrastructure spending" are in thousand euros (2011 prices), cumulated between 1950 and 1992, scaled by population in 1951 and winsorized at the 1st and 99th percentile. "Provincial capital" and "Coastal location" are dummies equal to one for municipalities that are a provincial capital or are located by the sea, respectively. "Elevation" is measured in meters. "Population density" is measured as number of inhabitants per km^2. "High school education" denotes the share of people aged at least 6 with high school education or more. See text for details.

Appendix Table D2. Matched sample – descriptive statistics

	Industrial Zone	Other municipalities
CasMez transfers	7.84	2.29
	(12.82)	(5.19)
CasMez infrastructure spending	4.11	3.28
	(6.72)	(4.84)
Provincial capital	0.00	0.00
	(0.00)	(0.00)
Coastal location	0.32	0.30
	(0.47)	(0.46)
Elevation	220.48	227.62
	(182.83)	(161.90)
Population density, 1951	299.02	381.12
	(383.95)	(998.35)
High school education (%), 1951	2.00	2.19
	(1.15)	(1.28)
Agriculture share of employment (%), 1951	62.47	60.62
	(15.90)	(18.11)
Industry share of employment (%), 1951	21.87	22.42
	(10.48)	(12.99)
Number of municipalities	182	182

Notes: Descriptive statistics for the matched sample based on the predicted probability of belonging to an Industrial Zone (mean and standard deviation in parentheses). "CasMez transfers" and "CasMez infrastructure spending" are in thousand euros (2011 prices), cumulated between 1950 and 1992, scaled by population in 1951 and winsorized at the 1st and 99th percentile. "Provincial capital" and "Coastal location" are dummies equal to one for municipalities that are a provincial capital or are located by the sea, respectively. "Elevation" is measured in meters. "Population density" measured as number of inhabitants per km^2. "High school education" denotes the share of people aged at least 6 with high school education or more. See text for details.

Appendix Table D3. Baseline 2-SLS estimates

	(1) First stage	(2) Support for state intervention, 2013
CasMez transfers	5.39	0.33
(instrumented with Industrial Zone dummy)	(0.96)	(0.09)
Kleibergen-Paap F-Stat		31.60
Observations	364	364
Mean	5.07	38.27
Standard deviation	10.15	6.19

Notes: Estimation on a matched sample based on the predicted probability of belonging to an Industrial Zone. CasMez transfers are in thousand euros (2011 prices), cumulated between 1950 and 1992, scaled by population in 1951 and winsorized at the 1st and 99th percentile. The coefficient in Column (2) is estimated using a 2-SLS procedure that instruments CasMez transfers with a dummy equal to one for municipalities belonging to Industrial Zones. Column (1) shows the first stage estimate. The outcome is the index of support for state intervention measured for the 2013 general election using the formula in Equation 1. The regression includes province-level fixed effects. Robust standard errors in parentheses. See text for details.

Appendix E

In this Appendix we investigate whether individual preferences for state intervention sourced from survey data show patterns that are in line with our main evidence on voting outcomes at the CasMez border. In particular, theoretical models have posited that past exposure to state presence might decrease the extent to which a society believes that individual effort determines income (Corneo and Gruner, 2002, Alesina and Giuliano, 2011) which might, in turn, reinforce preferences for state intervention (Alesina and Angeletos, 2005; Benabou, 2008). We exploit the 5th Wave (2005-2009) of the World Values Survey (WVS), which contains a small set of questions on individual preferences for state intervention for Italy.[5] We use the following questions, all posed as a self-placement scale from 1 to 10: *i*) 1 (*"Incomes should be made more equal"*) – 10 (*"We need larger income differences as incentives for individual effort"*); *ii*) 1 (*"Private ownership of business and industry should be increased"*) – 10 (*"Government ownership of business and industry should be increased"*); *iii*) 1 (*"The government should take more responsibility to ensure that everyone is provided for"*) – 10 (*"People should take more responsibility to provide for themselves"*); *iv*) 1 (*"Competition is good. It stimulates people to work hard and develop new ideas"*) – 10 (*"Competition is harmful. It brings out the worst in people"*); *v*) 1 (*"In the long run, hard work usually brings a better life"*) and 10 (*"Hard work doesn't generally bring success – it's more a matter of luck and connections"*).[6] In particular, question *v*) pins down the precise mechanism set forth in theoretical models, which is whether individual beliefs on the role of effort versus luck are related to past experience of state intervention. We also aggregate measures *i*) - *iv*) into a composite index computed as the simple mean of the four scores, then standardized between zero and one.

The 5th wave of the WVS features responses from 1,012 individuals scattered around the country. Of these, only 17 live 47 km (the baseline RD bandwidth) south of the Cas-Mez border and these are concentrated in only two municipalities. Even within a larger 100-km bandwidth south of the border, only 48 respondents are available in just four municipalities. To increase sample size and obtain more reliable estimates, we therefore have to widen the estimation bandwidth further and choose a 150-km baseline bandwidth. 248 respondents live within this radius, 138 of which in nine treated municipalities south of the border and the remainder in eight municipalities north of it.

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[5]At the time of writing, Italy features only in the 5th wave of the WVS (2005-2009).

[6]These questions are identified as V116 - V120 in the WVS wave 5 questionnaire (see Inglehart et al., 2018). To ease interpretation, we recode questions *i*) and *iii*) as follows: *i*) 1 (*"We need larger income differences as incentives for individual effort"*) - 10 (*"Incomes should be made more equal"*); *iii*) 1 (*"People should take more responsibility to provide for themselves"*) - 10 (*"The government should take more responsibility to ensure that everyone is provided for"*).

Figure E1 plots the empirical distribution of responses to the five above questions sep-arately for respondents living south (green bars) and north (white bars) of the border. A glance at the histograms suggests that the distribution of responses in treated munici-palities is more skewed towards agreement to each statement. In particular, respondents south of the border tend to support more income equality (i) and government owner-ship (ii), are relatively more in line with the idea that the state should provide for people (iii) and believe that competition is harmful (iv). In addition, they also agree more with the statement that luck and connections bring success relative to people in control areas (v). Figure E2 reproduces the RD plots showed in the main body of the paper for the (standardized) composite index (top panel) and question v) on the role of luck versus effort (bottom panel). The plots confirm the suggestive evidence of Figure E1 of a posi-tive discontinuity at the CasMez border, although the very small sample size and limited variation make these results quite uncertain.

Table E1 shows the estimation output of a simple RD design relating each preference measure for each individual in the WVS data to CasMez status based on the municipal-ity of residence, again focusing on respondents living in a 150-km symmetric bandwidth around the border and controlling for distance to the border and border segment fixed effects. For the categorical outcomes (the five individual indices in Columns (1)-(4) and Column (6)) we specify the model as an ordered logit. We estimate a positive discontinu-ity at the CasMez border for each of the outcomes. For the composite index (Column (5)), the jump is rather sizable at one standard deviation. The bottom panel shows how coeffi-cient estimates vary when controlling for a set of individual-level covariates available in the WVS database (age, gender, employment status and education). Our evidence points again to a positive jump in each preference index, albeit some estimates lose statistical significance.[7]

This analysis comes with many caveats as the sample size and variation exploited to estimate these coefficients is admittedly small. It might nonetheless offer suggestive evidence that a shift in individual attitudes towards the role of the state in the economy might be among the channels through which past state intervention has affected voting outcomes. Further investigation and more granular data might allow researchers to shed more light on these findings.

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[7]The coefficients in Columns (1)-(4) and Column (6) are expressed in log-odds units and do not have a meaningful interpretation. Table E2 shows the implied predicted probabilities (only for the estimates in Panel a)).

Appendix Figure E1. WVS responses, distribution south and north of CasMez border
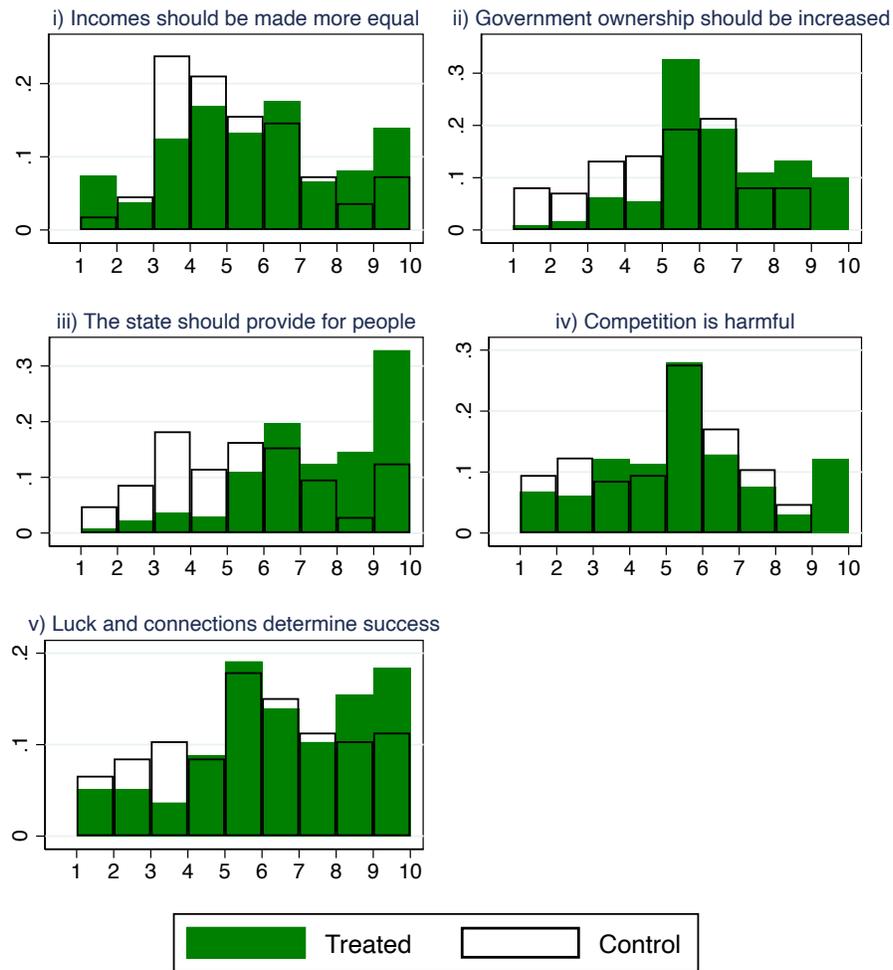
Notes: Empirical distribution of responses to five questions in the World Values Survey (2005-2009 wave). Respondents are concentrated in a 150-km symmetric bandwidth around the CasMez border. Green bars denote respondents south of the border. Survey responses are collected on a 1-10 scale based on the degree of agreement with the specific question. See text for details.

Appendix Figure E2. WVS responses, RD plots

World Values Survey 2005-2008
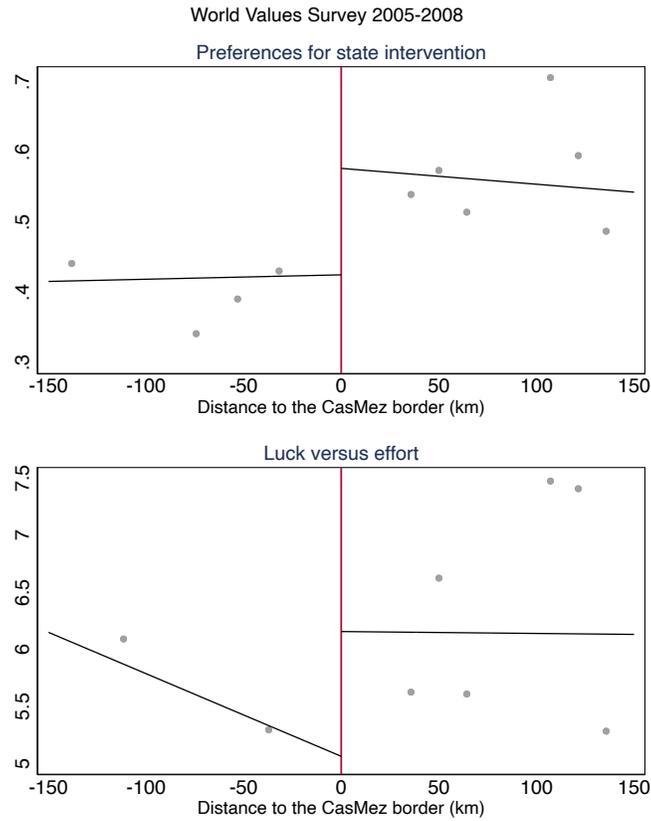
Notes: "Preferences for state intervention" is the composite index built as the mean of questions V116 to V119 in the 5th wave of the WVS, standardized between zero and one. Questions V116 and V118 are recoded as described in the text. "Luck versus effort" shows responses to question V120 on a categorical scale from 1 to 10 based on agreement with the statement. The RD estimates and standard errors are equivalent to 0.17 and 0.06 in the top panel, and 1.38 and 0.66 in the bottom panel. The solid black line is a linear polynomial of the outcome on the running variable, fit separately north and south of the border and estimated on a 150-km bandwidth. See Figure 3 and text for details.

Appendix Table E1. Individual preferences – World Values Survey

WVS question	(1) Incomes should be made more equal	(2) Government ownership should be increased	(3) The state should provide for people	(4) Competition is harmful	(5) Composite index (1)-(4)	(6) Luck rather than effort brings success
Panel (a): No controls						
RD estimate	1.47	1.42	0.89	1.44	0.17	0.98
	(0.51)	(0.60)	(0.59)	(0.61)	(0.06)	(0.50)
Bandwidth (km)	150	150	150	150	150	150
Observations	245	227	241	237	246	242
Mean	5.15	5.46	6.33	4.87	0.50	5.81
Standard deviation	2.35	2.06	2.57	2.26	0.18	2.50
Panel (b): Individual-level controls						
RD estimate	1.53	1.16	0.75	1.33	0.16	0.71
	(0.42)	(0.56)	(0.64)	(0.63)	(0.06)	(0.52)
Bandwidth (km)	150	150	150	150	150	150
Observations	235	218	231	228	236	233
Mean	5.22	5.49	6.35	4.92	0.50	5.81
Standard deviation	2.33	2.02	2.54	2.25	0.17	2.49

Notes: Estimation output of a RD design relating individual preferences to CasMez status in a 150-km neighborhood of the CasMez border. Outcomes in Columns (1) - (4) and Column (6) are sourced from the 2005-2009 wave of the World Values Survey and are on a placement scale from 1 (minimum agreement with the statement) to 10 (maximum agreement with the statement). Questions in Columns (1) and (3) have been recoded relative to the original WVS question to ease interpretation. The outcome in Column (5) is a composite index computed as the mean response to questions i) to iv), standardized between 0 and 1. All regressions control linearly for the distance to the CasMez border and for border segment fixed effects. The bottom panel also controls for individual-level covariates (age, gender, employment status and education level). The estimates in Columns (1)-(4) and (6) are obtained through an ordered-logit model. Table E2 shows the implied predicted probabilities. Standard errors clustered by municipality are in parentheses. Descriptive statistics are always computed within the estimation sample. See text for details.

Appendix Table E2. Individual preferences – World Values Survey

WVS question	Incomes should be made more equal		Government ownership should be increased		The state should provide for people		Competition is harmful		Luck rather than effort brings success	
Answer	Control	Treated	Control	Treated	Control	Treated	Control	Treated	Control	Treated
1	6.0%	3.9%	6.6%	2.2%	4.5%	0.8%	9.7%	7.0%	7.5%	4.5%
2	4.9%	3.3%	6.6%	2.4%	8.7%	1.8%	10.6%	8.4%	8.3%	5.3%
3	20.2%	15.3%	14.3%	6.2%	16.7%	4.6%	11.9%	10.3%	8.1%	5.6%
4	20.2%	18.1%	12.9%	7.1%	10.5%	4.0%	11.2%	10.4%	10.1%	7.7%
5	14.1%	14.5%	28.9%	24.6%	18.3%	10.1%	26.8%	27.7%	19.9%	17.5%
6	14.9%	17.4%	15.5%	22.3%	18.0%	17.6%	13.1%	15.1%	14.0%	14.7%
7	6.0%	7.7%	6.2%	12.2%	8.3%	13.4%	7.6%	9.4%	9.6%	11.5%
8	5.0%	6.9%	5.2%	12.4%	5.5%	12.5%	2.5%	3.2%	10.9%	14.9%
9	2.3%	3.2%	1.8%	4.9%	2.4%	6.8%	1.8%	2.3%	5.1%	7.8%
10	6.3%	9.5%	1.9%	5.6%	7.2%	28.3%	4.7%	6.2%	6.4%	10.5%

Notes: Implied predicted probabilities from an ordered logit model relating individual preferences to CasMez status in a 150-km neighborhood of the CasMez border. The corresponding model estimates are showed in Columns (1)-(4) and (6) in Table E1, Panel (a). Outcomes are sourced from the 2005-2009 wave of the World Values Survey and are on a placement scale from 1 (minimum agreement with the statement) to 10 (maximum agreement with the statement). "Control" and "Treated" denote municipalities north and south of the border, respectively. See Table E1 and text for details.

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