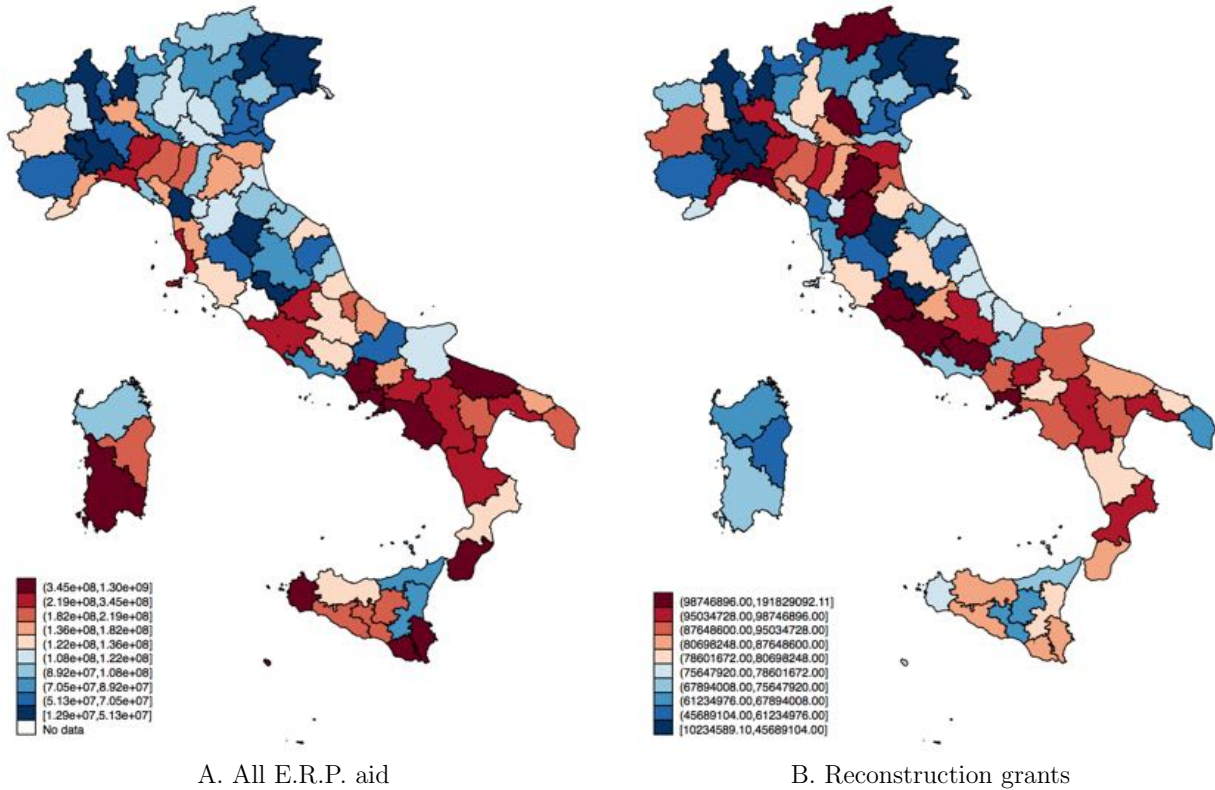


# Online Appendix - Not For Publication

## A Additional Figures and Tables

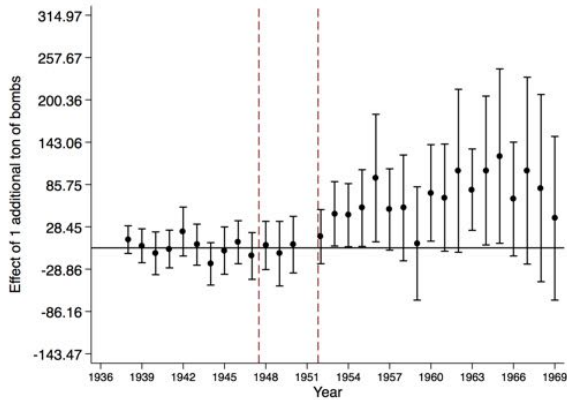
Figure A1: Maps of Reconstruction Grants



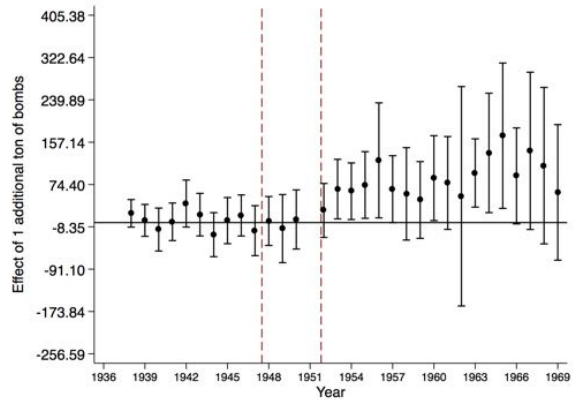
Notes: This graph shows the distribution of E.R.P. aid across the Italian provinces. Panel A shows all E.R.P. aid. Panel B focuses on reconstruction grants.

Source: “*Missione Americana E.R.P. in Italia*”, “Mutual Security Agency” bulletins, and historical archive of the *Istituto Mobiliare Italiano*.

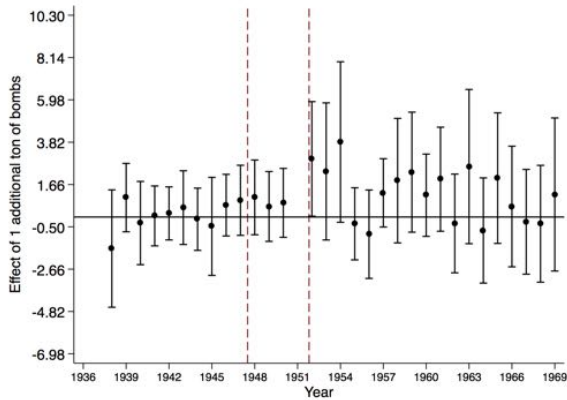
**Figure A2: Other Graphs on Italian Recovery**



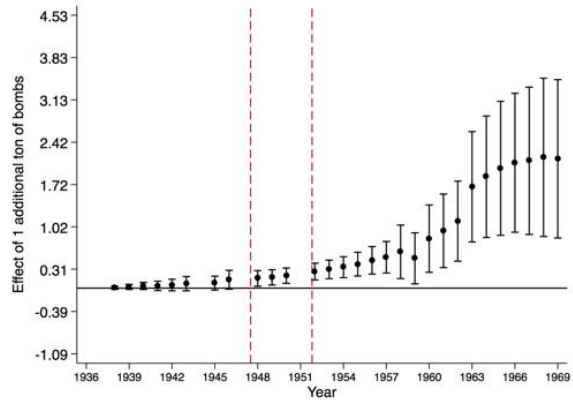
A. Wine



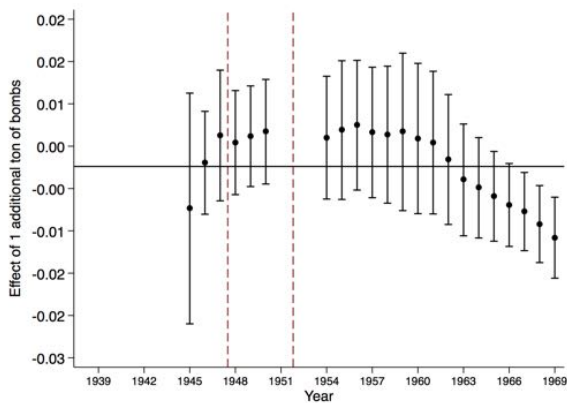
B. Grape



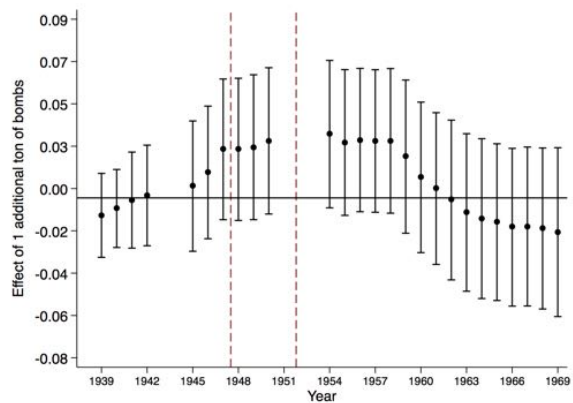
C. Oil



D. All agricultural machines



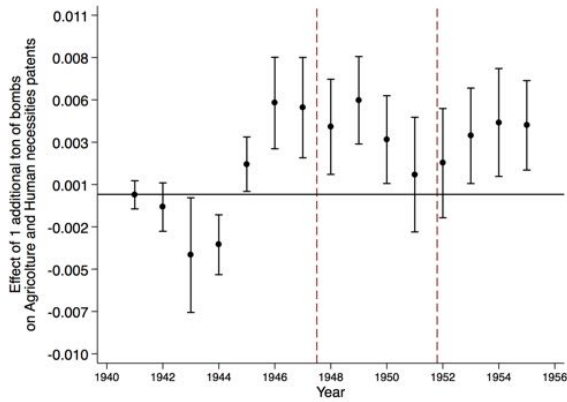
E. Gins



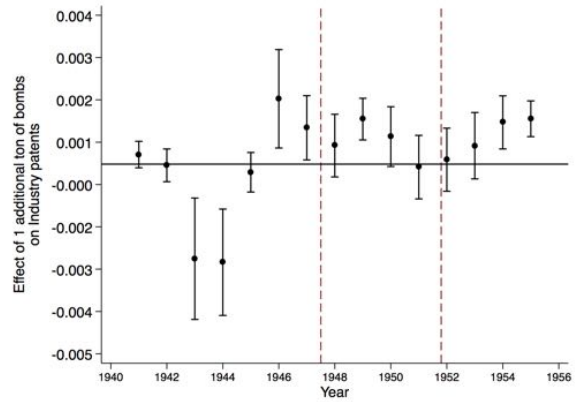
F. Threshers

Notes: These graphs show the effect of 1 ton of IC bombs on different outcomes. The regressions also include province fixed effects, region-year fixed effects, as well as linear, quadratic, and cubic trends in several baseline characteristics (population density, horsepower, employment rate, share of industrial workers, share of agricultural workers) and in the share of war-related deaths. Standard errors are clustered at the province level. The horizontal bars measure 95% confidence intervals. The outcomes are the production of wine (100L, panel A), the production of grapes (100kg, panel B), the production of oil (100L, panel C), the number of all agricultural machines (panel D), the number of gins (panel E), and the number of threshers (panel F). Source: Annuario di Statistica Agraria, Istituto Nazionale di Statistica. USAF Theater History of Operations Reports (THOR) Database, available at [www.afri.au.af.mil/thor](http://www.afri.au.af.mil/thor).

**Figure A3: Development of Intellectual Property**



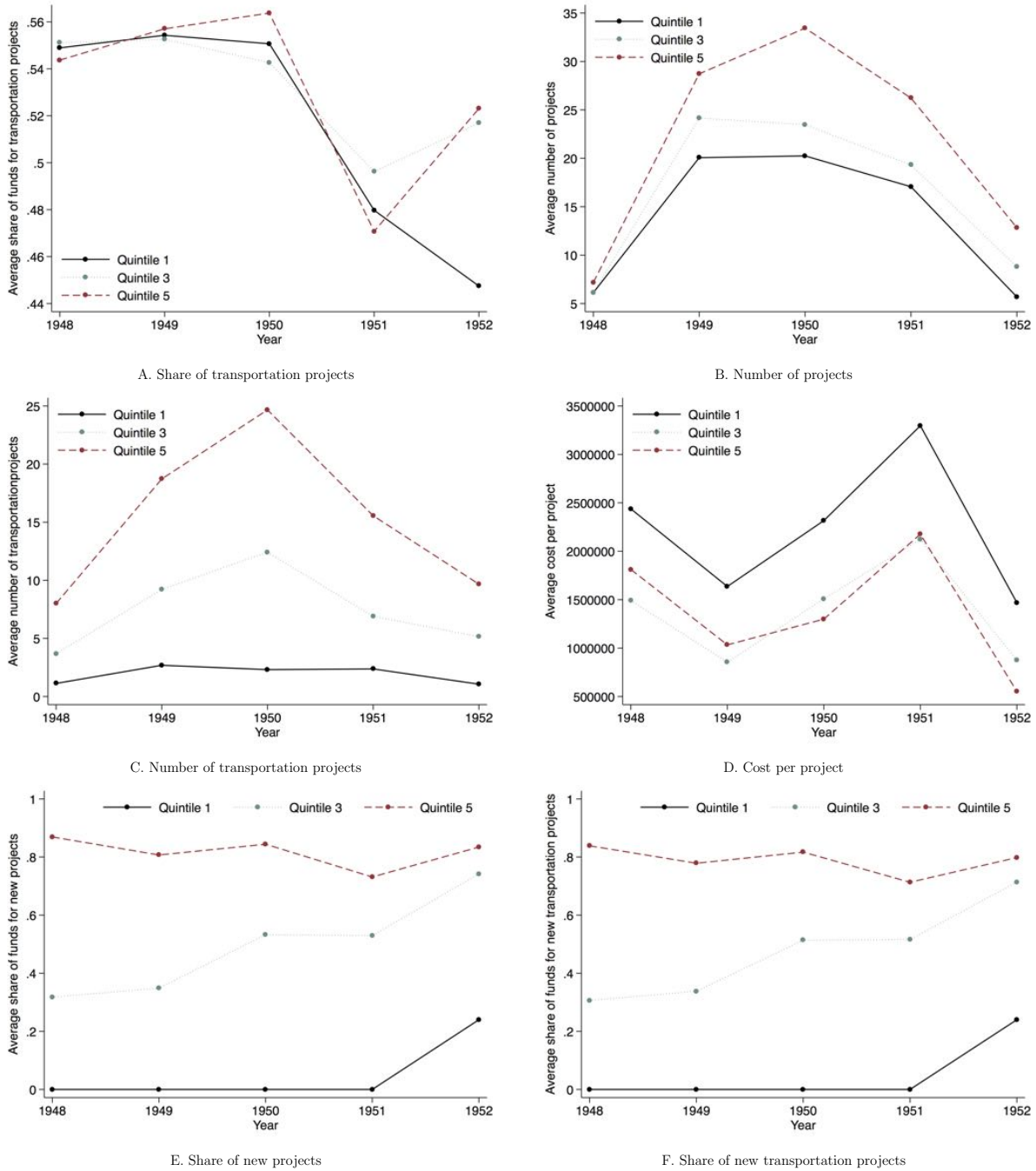
B. Agriculture



C. Industry

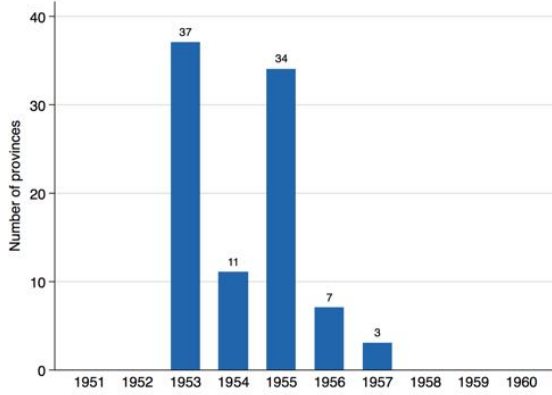
Notes: These graphs show the effect of 1 ton of IC bombs on different types of patents. The regressions also include province fixed effects, region-year fixed effects, as well as linear, quadratic, and cubic trends in several baseline characteristics (population density, employment rate, horsepower, share of industrial workers, share of agricultural workers) and in the share of war-related deaths. Standard errors are clustered at the province level. The horizontal bars measure 95% confidence intervals. The outcomes are the number of patents per province, class, and year. Panel A isolates agricultural patents, while panel B focuses on industrial patents. Source: Bollettino della Proprietà Intellettuale, Ministero dell'Agricoltura, dell'Industria, e del Commercio. USAF Theater History of Operations Reports (THOR) Database, available at [www.afri.au.af.mil/thor](http://www.afri.au.af.mil/thor).

Figure A4: Funded Projects

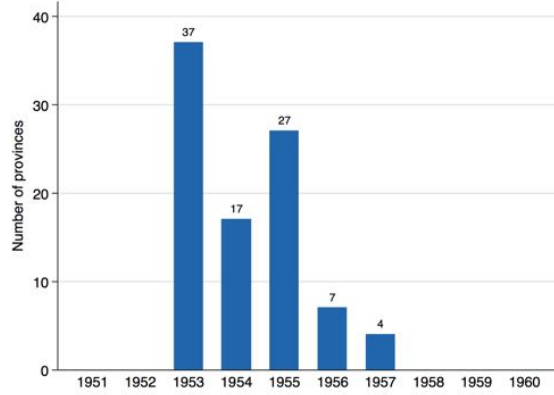


Notes: These graphs show statistics on the projects funded through E.R.P. reconstruction aid for provinces in different quintiles of the distribution of explosives dropped during the Italian Campaign. The variables are the share of grants used for transportation projects (panel A), the number of projects (panel B), the number of transportation projects (panel C), the average cost per project (panel D), the share of funds used for new projects (panel E), the share of funds used for new transportation projects (panel F). Costs are expressed in 2010 USD. “New projects” identifies public works that did not reconstruct public infrastructure that was present before WWII. Source: “*Missione Americana E.R.P. in Italia*”, “Mutual Security Agency” bulletins, and the historical archive of the *Istituto Mobiliare Italiano*.

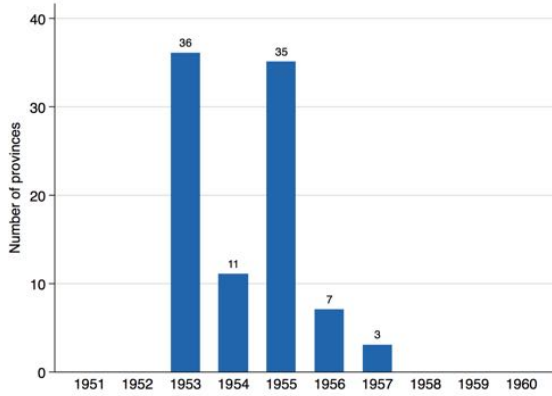
**Figure A5: Year of Completion of Large Infrastructure Projects**



A. Year of completion top 5 projects



B. Year of completion top 5 roads

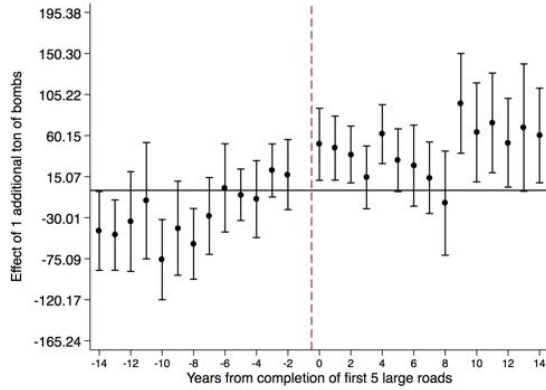


C. Year of completion top 5 railways

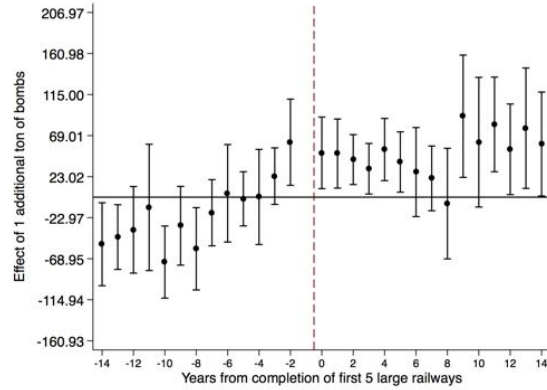
Notes: This graph shows the distribution of the completion year of the first 5 large infrastructure projects funded by E.R.P aid across the 92 Italian provinces. Panel A shows the completion year of the first 5 projects, each amounting to at least 5 percent of total funds assigned to a province. Panel B shows the completion year of the first 5 roads, each amounting to at least 5 percent of total funds assigned to a province. Panel A shows the completion year of the first 5 railways, each amounting to at least 5 percent of total funds assigned to a province.

Source: “*Missione Americana E.R.P. in Italia*”, “Mutual Security Agency” bulletins, and historical archive of the *Istituto Mobiliare Italiano*.

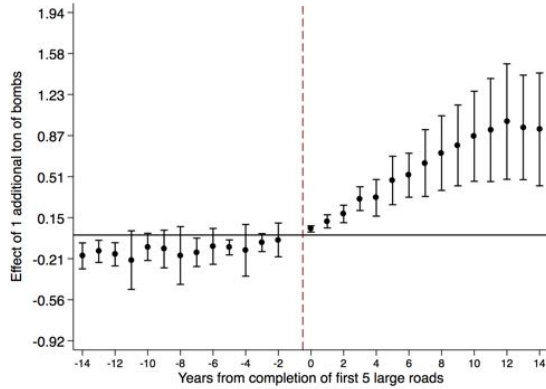
**Figure A6:** Completion of Large Infrastructure Projects



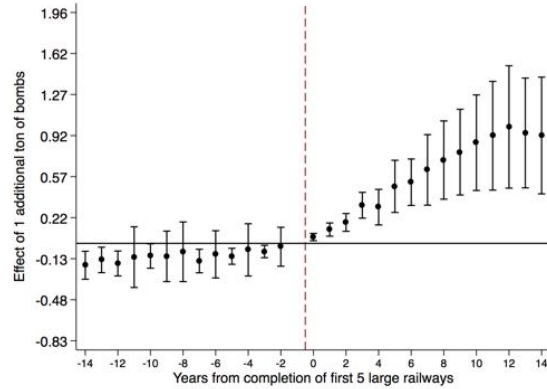
A. Wheat and corn - top 5 roads



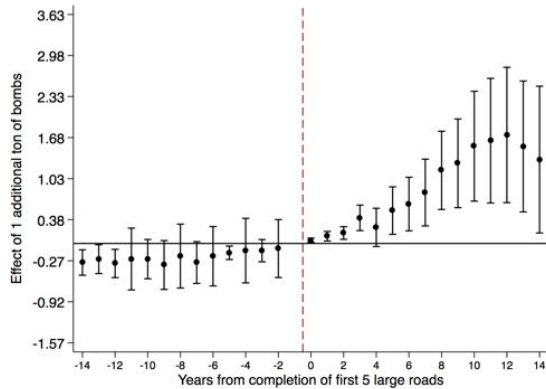
B. Wheat and corn - top 5 railways



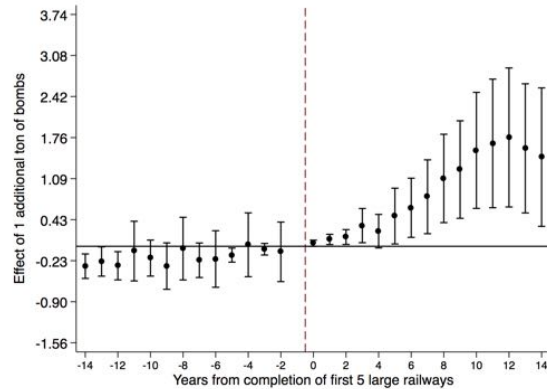
C. Tractors - top 5 roads



D. Tractors - top 5 railways



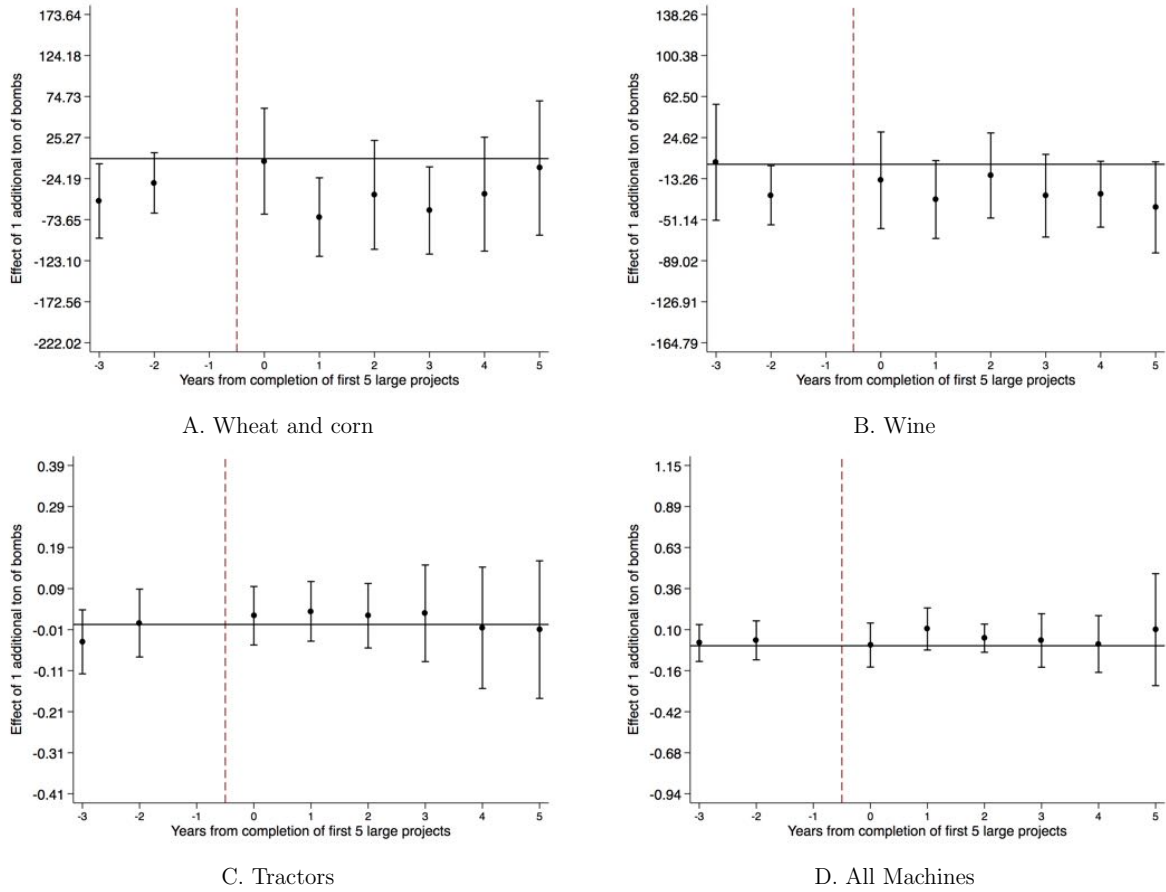
E. All Machines - top 5 roads



F. All Machines - top 5 railways

Notes: The regressions are event studies in which period 0 is the completion year of the first 5 large infrastructures (roads in panels A, C, and E; railways in panels B, D, and F), each amounting to at least 5 percent of total funds assigned to a province, funded by E.R.P aid. Regressions also include province FEs, region-event period FEs, calendar year FEs, as well as linear, quadratic, and cubic trends in several baseline characteristics (population density, horsepower, employment rate, share of industrial workers, share of agricultural workers) and in the share of war-related deaths. Standard errors are clustered at the province level. The horizontal bars measure 95% confidence intervals. The outcomes are the production of wheat and corn (100kg, panel A and B), the number of tractors (panel C and D), and the number of all motorized agricultural machines (panel E and F). Source: Annuario di Statistica Agraria, Censimento Generale della Popolazione. USAF THOR Database.

**Figure A7:** Completion of Large Infrastructure Projects, Placebo Treatments



Notes: These regressions are placebo event studies. The estimating sample includes only periods before the actual completion of large infrastructures. In each province, period 0 is chosen randomly among the pre-treatment periods. Regressions also include province fixed effects, region-event period fixed effects, calendar year fixed effects, as well as linear, quadratic, and cubic trends in several baseline characteristics (population density, horsepower, employment rate, share of industrial workers, share of agricultural workers) and in the share of war-related deaths. Standard errors are clustered at the province level. The horizontal bars measure 95% confidence intervals. The outcomes are the production of wheat and corn in each province, and year (100kg, panel A), the production of wine (100L, panel B), the number of tractors (panel C), and the number of all motorized agricultural machines (panel D). Source: Annuario di Statistica Agraria, Censimento Generale della Popolazione, Istituto Nazionale di Statistica. USAF Theater History of Operations Reports (THOR) Database, available at [www.afri.au.af.mil/thor](http://www.afri.au.af.mil/thor).

**Table A1: Other Outcomes**

	Population	Total wage	Average wage	Illiterates	Non-agri area	Wheat and corn area	Gins	All machines
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Panel A: OLS with province controls								
Tons of bombs x Post 1948	19.145 (20.832)	4,724.488** (1,915.477)	-4.518 (4.532)	0.019 (1.657)	0.050 (0.430)	0.127 (0.468)	-0.002 (0.002)	0.950*** (0.291)
Observations	588	2,736	2,635	368	1,628	2,247	1,702	2,218
R <sup>2</sup>	0.978	0.399	0.090	0.968	0.970	0.984	0.958	0.928
Panel B: IV with province controls								
Reconstr. grants (M) x Post 1948	2,539.306 (2,884.964)	650,582.865*** (215,754.828)	-627.841 (648.509)	2.589 (221.400)	6.307 (54.696)	16.876 (61.436)	-0.250 (0.273)	124.444*** (42.172)
Observations	588	2,736	2,635	368	1,628	2,247	1,702	2,218
R <sup>2</sup>	0.978	0.399	0.090	0.968	0.970	0.985	0.958	0.927
F-statistic	39.30	36.24	35.04	36.96	40.95	36.24	35.62	37.27
Mean outcome	461,828	11,339,233	2294	73,733	27,142	69,992	78	773
Tons of IC bombs - mean	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045
Tons of IC bombs - std. dev.	1,681	1,681	1,681	1,681	1,681	1,681	1,681	1,681
Reconstr. grants (M)- mean	79	79	79	79	79	79	79	79
Reconstr. grants (M)- std. dev.	29	29	29	29	29	29	29	29
Source	Decennial census	Decennial census	Decennial census	Decennial census	Yearly statistics	Yearly statistics	Yearly statistics	Yearly statistics

Notes: Regressions include province fixed effects, industry fixed effects (first 4 columns), region-year fixed effects, pre-war characteristics (population density, employment rate, industrial horsepower, share of industrial workers, share of agricultural workers) interacted with a trend up to the third order, and the share of war-related deaths interacted with a trend up to the third order. Panel B shows instrumental variable regressions in which the reconstruction grants received by a province (in millions) are instrumented with the amount of explosives dropped during the Italian Campaign. The dependent variables are the residential population (column 1), the wage bill in an industry, province, and year (column 2), the average wage (column 3), the number of illiterates (column 4), the hectares not used for agriculture (column 5), the hectares used for wheat and corn (column 6), the number of gins (column 7), and the number of all motorized agricultural machines (column 8). The estimating sample does not include provinces in Sardegna and Sicilia, because these regions were not affected by bombings related to the Italian Campaign. Standard errors clustered by province in parentheses, \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.



**Table A2: Different Controls for WWII and Marshall Plan**

	Industrial firms (1)	Firms $\leq 10$ employees (2)	Industrial workers (3)	Wheat & corn production (4)	Agricultural workers (5)	Tractors (6)
Panel A: Controls for tons of bombs before armistice						
Tons of bombs x Post 1948	0.057** (0.026)	0.044* (0.022)	0.687*** (0.201)	57.957** (25.039)	-5.252*** (1.500)	0.534*** (0.176)
Observations	5,526	5,515	5,515	2,270	523	2,245
$R^2$	0.391	0.356	0.477	0.952	0.954	0.909
Panel B: Controls for other MP grants						
Tons of bombs x Post 1948	0.059** (0.025)	0.045** (0.022)	0.712*** (0.202)	77.583*** (25.955)	-7.199*** (2.165)	0.667*** (0.201)
Observations	5,526	5,515	5,515	2,270	523	2,245
$R^2$	0.391	0.356	0.477	0.949	0.949	0.902
Panel C: Controls for other MP grants and war-related deaths						
Tons of bombs x Post 1948	0.046* (0.024)	0.034 (0.021)	0.634*** (0.210)	63.278** (26.683)	-5.820*** (1.788)	0.508** (0.215)
Observations	5,454	5,443	5,443	2,244	516	2,218
$R^2$	0.391	0.356	0.477	0.949	0.952	0.908
Mean outcome	704	667	3,969	1,234,237	96,445	454
Tons of IC bombs - mean	1,045	1,045	1,045	1,045	1,045	1,045
Tons of IC bombs - std. dev.	1,681	1,681	1,681	1,681	1,681	1,681

Notes: Regressions include province fixed effects, region-year fixed effects, pre-war characteristics (population density, employment rate, industrial horsepower, share of industrial workers, share of agricultural workers) interacted with a trend up to the third order. In addition, panel A includes the tons of bombs dropped in each province before the armistice interacted with a trend up to the third order; panel B includes the amount of grants (not for reconstruction of public infrastructures) assigned through the Marshall Plan interacted with a dummy equal to 1 starting from 1952; panel C includes the amount of grants (not for reconstruction of public infrastructures) assigned through the Marshall Plan interacted with a dummy equal to 1 starting from 1952, as well as the share of war-related deaths interacted with a trend up to the third order. The dependent variables are the amount of firms active in each province, industry, and year (column 1), the number of industrial workers (column 2), the number of firms with less than 10 workers (column 3), the production of wheat and corn in each province, and year (column 4), the number of agricultural workers (column 5), and the number of tractors (column 6). The estimating sample does not include provinces in Sardegna and Sicilia, because these regions were not affected by bombings related to the Italian Campaign. Standard errors clustered by province in parentheses, \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

**Table A3:** Alternative Specifications of Bombings and Larger Sample

	Industrial firms (1)	Firms $\leq$ 10 employees (2)	Industrial workers (3)	Agricultural workers (4)	Wheat & corn production (5)	Tractors (6)
Panel A: IC bombings since Armistice of Cassibile						
Tons of bombs x Post 1948	0.058** (0.022)	0.046** (0.019)	0.613*** (0.165)	-5.894*** (1.441)	61.318*** (22.852)	0.413** (0.168)
Observations	5,454	5,443	5,443	516	2,244	2,218
$R^2$	0.391	0.356	0.477	0.953	0.949	0.907
Tons of bombs - mean	1,486	1,486	1,486	1,486	1,486	1,486
Tons of bombs - std. dev.	2,063	2,063	2,063	2,063	2,063	2,063
Panel B: More targets during Italian Campaign						
Tons of bombs x Post 1948	0.042** (0.019)	0.034** (0.016)	0.371*** (0.116)	-4.798*** (1.140)	60.789*** (17.271)	0.444*** (0.108)
Observations	5,454	5,443	5,443	516	2,244	2,218
$R^2$	0.391	0.356	0.477	0.957	0.951	0.914
Tons of bombs - mean	2,490	2,490	2,490	2,490	2,490	2,490
Tons of bombs - std. dev.	3,074	3,074	3,074	3,074	3,074	3,074
Panel C: All Italian Provinces						
Tons of bombs x Post 1948	0.056** (0.025)	0.044** (0.022)	0.613*** (0.194)	-5.224*** (1.588)	60.992** (24.933)	0.492** (0.201)
Observations	6,246	6,235	6,235	593	2,598	2,578
$R^2$	0.389	0.355	0.476	0.950	0.937	0.909
Tons of bombs - mean	907	907	907	907	907	907
Tons of bombs - std. dev.	1,604	1,604	1,604	1,604	1,604	1,604
Mean outcome	704	667	3,969	96,445	1,234,237	454
Source	Decennial census	Decennial census	Decennial census	Yearly statistics	Yearly statistics	Yearly statistics

Notes: In Panel A, the treatment variable measures the amount of explosives related to the Italian Campaign between the signing of the Armistice of Cassibile on September 3, 1943 (instead of March 1944) and the end of the war. In Panel B, the treatment variable measures the amount of explosives used during the Italian Campaign against a longer lists of targets: direct cooperation with ground forces; troop concentrations; radar installations; gun emplacements; weapon launching sites; tactical targets; supply dumps; tracks and marshaling yards; moving trains; highways and vehicles; transportation facilities; tunnels and bridges; waterways; airdromes. Panel C includes all Italian provinces, instead of dropping provinces in Sardegna and Sicilia. All regressions include province fixed effects, region-year fixed effects, pre-war characteristics (population density, employment rate, industrial horsepower, share of industrial workers, share of agricultural workers) interacted with a trend up to the third order, and the share of war-related deaths interacted with a trend up to the third order. The first three columns also include industry fixed effects. The dependent variables are the number of firms in an industry, province, and year (column 1), the number of firms with less than 10 employees (column 2), the number of industrial workers (column 3), the number of agricultural workers (column 4), production of wheat and corn in 100kg (column 5), and the number of tractors (column 6). Standard errors clustered by province in parentheses, \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

**Table A4: Effects on Agricultural Outcomes Without War Years**

	Wheat & corn production (1)	Wine production (2)	Grape production (3)	Oil production (4)	Tractors (5)	Threshers (6)	Gins (7)	All machines (8)
Panel A: OLS with province controls								
Tons of bombs x Post 1948	62.938** (26.517)	62.065* (32.320)	78.093** (38.573)	1.337 (1.110)	0.490** (0.203)	-0.006 (0.008)	-0.004* (0.002)	0.880*** (0.295)
Observations	1,800	1,897	1,897	1,924	1,848	1,702	1,628	1,848
$R^2$	0.952	0.901	0.900	0.899	0.917	0.869	0.959	0.932
Panel B: IV with province controls								
Reconstr. grants (M) x Post 1948	8,177.181** (3,669.234)	8,029.297* (4,804.137)	10,102.900* (5,713.480)	172.440 (148.970)	62.730** (29.546)	-0.750 (1.007)	-0.477* (0.268)	112.650*** (41.173)
Observations	1,800	1,897	1,897	1,924	1,848	1,702	1,628	1,848
$R^2$	0.954	0.886	0.888	0.898	0.916	0.869	0.958	0.931
F-statistic	38.54	39.13	39.13	39.19	40.26	35.67	36.28	40.26
Mean outcome	1,234,237	459,348	694,159	27,196	454	383	78	773
Tons of IC bombs - mean	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045
Tons of IC bombs - std. dev.	1,681	1,681	1,681	1,681	1,681	1,681	1,681	1,681
Reconstr. grants (M)- mean	79	79	79	79	79	79	79	79
Reconstr. grants (M)- std. dev.	29	29	29	29	29	29	29	29

Notes: These regressions exclude the observations between 1940 and 1945. Regressions include province fixed effects, region-year fixed effects, pre-war characteristics (population density, employment rate, industrial horsepower, share of industrial workers, share of agricultural workers) interacted with a trend up to the third order, and the share of war-related deaths interacted with a trend up to the third order. Panel B shows instrumental variable regressions in which the reconstruction grants received by a province (in millions) are instrumented with the amount of explosives dropped during the Italian Campaign. The dependent variables are the production of wheat and corn in 100kg (column 1), the production of wine in 100L (column 2), the production of grape in 100kg (column 3), the production of oil in 100kg (column 4), the number of tractors (column 5), the number of threshers (column 6), the number of gins (column 7), and the number of all motorized agricultural machines (column 8). The estimating sample does not include provinces in Sardegna and Sicilia, because these regions were not affected by bombings related to the Italian Campaign. Standard errors clustered by province in parentheses, \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

**Table A5:** Correlation between Characteristics of Funded Projects and Bombing

	IC bombs (1)	Mean (2)	Standard deviation (3)	Observations (4)
Share of grants used for transp. network (1948-1952)	-0.000 (0.002)	0.525	0.0168	79
Share of grants used for hygiene infrastr. (1948-1952)	0.007 (0.008)	0.155	0.0776	79
Share of grants used for public buildings (1948-1952)	-0.007 (0.007)	0.321	0.0780	79
Number of projects (1948-1952)	21.531*** (7.955)	77.04	58.73	79
Number of projects in 1948	1.302** (0.526)	5.716	4.217	79
Number of projects in 1949	5.357** (2.356)	21.79	17.20	79
Number of projects in 1950	6.910*** (2.536)	23.04	18.64	79
Number of transp. projects (1948-1952)	20.262*** (6.173)	37.80	41.63	79
Number of transp. projects in 1948	2.091** (0.854)	3.778	5.045	79
Number of transp. projects in 1949	4.257*** (1.328)	9.654	9.393	79
Number of transp. projects in 1950	6.871*** (2.021)	11.80	14.12	79
Cost per project (1948-1952)	-218,724.424* (118,601.445)	1,773,641	1,880,658	79
Cost per project in 1948	-204,466.826* (116,268.907)	1,931,482	1,967,943	79
Cost per project in 1949	-102,277.500 (92,640.737)	1,212,103	1,295,238	79
Cost per project in 1950	-220,747.402* (119,923.682)	1,872,237	2,046,273	79
Share of grants used for new infrastructure (1948-1952)	0.096*** (0.031)	0.484	0.340	79
Share of grants used for new infrastructure in 1948	0.126*** (0.041)	0.432	0.437	79
Share of grants used for new infrastructure in 1949	0.113*** (0.036)	0.408	0.373	79
Share of grants used for new infrastructure in 1950	0.096*** (0.035)	0.518	0.380	79
Share of grants used for new transp. infrastr. (1948-1952)	0.092*** (0.030)	0.469	0.329	79
Share of grants used for new transp. infrastr. in 1948	0.121*** (0.039)	0.416	0.419	79
Share of grants used for new transp. infrastr. in 1949	0.109*** (0.035)	0.394	0.360	79
Share of grants used for new transp. infrastr. in 1950	0.092*** (0.034)	0.501	0.368	79

Notes: Each row-column combination shows the coefficient  $\beta_1$  from a different regression of the characteristics of projects funded through E.R.P. reconstruction grants and the tonnage of bombs in a province (*in thousands of tons*):  $Projects_p = \beta_0 + \beta_1 \cdot IC\ bombs_p + \gamma_r + \varepsilon_p$ . The “Share of grants” divide the amount of grants used for a specific purpose by the total amount of grants received between 1948 and 1952 or in a given year. Column 2 shows the mean of each dependent variable, while column 3 shows the standard deviation. The regression also includes region fixed effects ( $\gamma_r$ ). Robust standard errors in parentheses, \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ . Source: Censimento dell’Industria e dei Servizi, Annuario di Statistica Agraria, Censimento Generale della Popolazione, Istituto Nazionale di Statistica. USAF Theater History of Operations Reports (THOR) Database, available at [www.afri.au.af.mil/thor](http://www.afri.au.af.mil/thor).

**Table A6:** Event Study on Infrastructure Development, Placebo Treatments

	Wheat & corn production (1)	Wine production (2)	Grape production (3)	Oil production (4)	Tractors (5)	Threshers (6)
Tons of bombs x Post event	-4.224 (17.467)	-11.094 (12.657)	-19.134 (17.054)	-0.202 (0.947)	-0.010 (0.025)	-0.008 (0.006)
Observations	452	453	453	453	366	288
$R^2$	0.971	0.947	0.947	0.868	0.973	0.990
Mean outcome	1,234,237	459,348	694,159	27,196	454	383
Tons of IC bombs - mean	1,045	1,045	1,045	1,045	1,045	1,045
Tons of IC bombs - std. dev.	1,681	1,681	1,681	1,681	1,681	1,681

Notes: This table shows results from placebo event studies. The estimating sample includes only periods before the actual completion of large infrastructures. The dummy variable Post event turns from 0 to 1 randomly in each province. Regressions also include province fixed effects, region–event period fixed effects, calendar year fixed effects, pre-war characteristics (population density, employment rate, industrial horsepower, share of industrial workers, share of agricultural workers) interacted with a trend up to the third order, and the share of war-related deaths interacted with a trend up to the third order. The dependent variables are the production of wheat and corn in 100kg (column 1), the production of wine in 100L (column 2), the production of grape in 100kg (column 3), the production of oil in 100kg (column 4), the number of tractors (column 5), and the number of threshers (column 6). The estimating sample does not include provinces in Sardegna and Sicilia, because these regions were not affected by bombings related to the Italian Campaign. Standard errors clustered by province in parentheses, \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

**Table A7: Event Study on Infrastructure Development**

	Wheat & corn production (1)	Wine production (2)	Grape production (3)	Oil production (4)	Tractors (5)	Threshers (6)
Panel A: Top 5 projects						
Tons of bombs x Post event	57.393*** (19.214)	59.459* (30.504)	69.731* (35.561)	0.073 (1.188)	0.510*** (0.168)	-0.008 (0.009)
Observations	1,938	2,041	2,041	2,055	1,895	1,728
$R^2$	0.952	0.872	0.888	0.856	0.918	0.894
Panel B: Top 5 roads						
Tons of bombs x Post event	58.247*** (19.210)	65.938** (31.909)	78.527** (37.280)	0.213 (1.216)	0.511*** (0.160)	-0.008 (0.009)
Observations	1,939	2,041	2,041	2,054	1,892	1,725
$R^2$	0.950	0.873	0.886	0.855	0.918	0.895
Panel C: Top 5 railways						
Tons of bombs x Post event	56.796*** (18.708)	59.190* (30.225)	69.430* (35.215)	0.095 (1.156)	0.502*** (0.164)	-0.007 (0.009)
Observations	1,937	2,041	2,041	2,055	1,893	1,730
$R^2$	0.952	0.872	0.887	0.879	0.919	0.894
Mean outcome	1,234,237	459,348	694,159	27,196	454	383
Tons of IC bombs - mean	1,045	1,045	1,045	1,045	1,045	1,045
Tons of IC bombs - std. dev.	1,681	1,681	1,681	1,681	1,681	1,681

Notes: This table shows results from event studies that isolate the completion of large infrastructures funded by E.R.P. aid. Post event in panel A is 1 after the first 5 large projects, each costing at least 5 percent of the total reconstruction budget, were completed. Post event in panel B is 1 after the first 5 large roads, each costing at least 5 percent of the total reconstruction budget, were completed. Post event in panel C is 1 after the first 5 large railways, each costing at least 5 percent of the total reconstruction budget, were completed. Regressions also include province fixed effects, region–event period fixed effects, calendar year fixed effects, pre-war characteristics (population density, employment rate, industrial horsepower, share of industrial workers, share of agricultural workers) interacted with a trend up to the third order, and the share of war-related deaths interacted with a trend up to the third order. The dependent variables are the production of wheat and corn in 100kg (column 1), the production of wine in 100L (column 2), the production of grape in 100kg (column 3), the production of oil in 100kg (column 4), the number of tractors (column 5), and the number of threshers (column 6). The estimating sample does not include provinces in Sardegna and Sicilia, because these regions were not affected by bombings related to the Italian Campaign. Standard errors clustered by province in parentheses, \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

**Table A8: Event Study on Infrastructure Development, IV**

	Wheat & corn production (1)	Wine production (2)	Grape production (3)	Oil production (4)	Tractors (5)	Threshers (6)
Panel A: Top 5 projects						
Reconstr. grants (M) x Post event	10,677.909*** (3,903.050)	10,963.212* (6,321.661)	12,857.245* (7,345.798)	13.481 (218.478)	98.583*** (36.906)	-1.167 (1.371)
Observations	1,938	2,041	2,041	2,055	1,895	1,728
$R^2$	0.952	0.843	0.867	0.856	0.900	0.894
F-statistic	30.75	31.46	31.46	31.53	32.49	29.71
Panel B: Top 5 roads						
Reconstr. grants (M) x Post event	10,846.143*** (3,957.860)	12,151.265* (6,742.170)	14,471.117* (7,874.598)	39.091 (223.593)	98.253*** (35.040)	-1.231 (1.372)
Observations	1,939	2,041	2,041	2,054	1,892	1,725
$R^2$	0.950	0.836	0.859	0.855	0.900	0.894
F-statistic	29.38	29.64	29.64	29.90	32.72	30.39
Panel C: Top 5 railways						
Reconstr. grants (M) x Post event	10,603.712*** (3,847.406)	10,939.745* (6,314.698)	12,832.320* (7,332.643)	17.495 (213.207)	97.776*** (36.690)	-1.122 (1.388)
Observations	1,937	2,041	2,041	2,055	1,893	1,730
$R^2$	0.953	0.843	0.867	0.879	0.901	0.893
F-statistic	30.85	31.61	31.61	31.67	32.44	29.44
Mean outcome	1,234,237	459,348	694,159	27,196	454	383
Reconstr. grants (M)- mean	79	79	79	79	79	79
Reconstr. grants (M)- std. dev.	29	29	29	29	29	29

Notes: This table shows results from event studies that isolate the completion of large infrastructures funded by E.R.P. aid. Post event in panel A is 1 after the first 5 large projects, each costing at least 5 percent of the total reconstruction budget, were completed. Post event in panel B is 1 after the first 5 large roads, each costing at least 5 percent of the total reconstruction budget, were completed. Post event in panel C is 1 after the first 5 large railways, each costing at least 5 percent of the total reconstruction budget, were completed. The reconstruction grants received by a province (in millions) are instrumented with the amount of explosives dropped during the Italian Campaign. Regressions also include province fixed effects, region–event period fixed effects, calendar year fixed effects, pre-war characteristics (population density, employment rate, industrial horsepower, share of industrial workers, share of agricultural workers) interacted with a trend up to the third order, and the share of war-related deaths interacted with a trend up to the third order. The dependent variables are the production of wheat and corn in 100kg (column 1), the production of wine in 100L (column 2), the production of grape in 100kg (column 3), the production of oil in 100kg (column 4), the number of tractors (column 5), and the number of threshers (column 6). The estimating sample does not include provinces in Sardegna and Sicilia, because these regions were not affected by bombings related to the Italian Campaign. Standard errors clustered by province in parentheses, \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

**Table A9:** Event Study on Infrastructure Development, First Project

	Wheat & corn production (1)	Wine production (2)	Grape production (3)	Oil production (4)	Tractors (5)	Threshers (6)
Panel A: First project						
Tons of bombs x Post event	64.156*** (20.586)	60.472** (30.195)	71.795** (35.393)	1.316 (1.113)	0.434** (0.179)	-0.003 (0.008)
Observations	1,963	2,065	2,065	2,067	1,907	1,756
$R^2$	0.951	0.876	0.891	0.854	0.907	0.906
Panel B: First road						
Tons of bombs x Post event	60.684*** (21.198)	64.225** (27.684)	77.446** (32.377)	1.155 (1.128)	0.473*** (0.164)	-0.005 (0.009)
Observations	1,965	2,066	2,066	2,068	1,910	1,758
$R^2$	0.951	0.876	0.891	0.854	0.908	0.905
Panel C: First railway						
Tons of bombs x Post event	64.621*** (20.465)	59.863** (30.017)	71.077** (35.151)	1.566 (1.081)	0.435** (0.179)	-0.003 (0.008)
Observations	1,961	2,063	2,063	2,066	1,907	1,752
$R^2$	0.952	0.876	0.891	0.858	0.907	0.906
Mean outcome	1,234,237	459,348	694,159	27,196	454	383
Tons of IC bombs - mean	1,045	1,045	1,045	1,045	1,045	1,045
Tons of IC bombs - std. dev.	1,681	1,681	1,681	1,681	1,681	1,681

Notes: This table shows results from event studies that isolate the completion of large infrastructures funded by E.R.P. aid. Post event in panel A is 1 after the first large project, costing at least 5 percent of the total reconstruction budget, was completed. Post event in panel B is 1 after the first large road, costing at least 5 percent of the total reconstruction budget, was completed. Post event in panel C is 1 after the first large railway, costing at least 5 percent of the total reconstruction budget, was completed. Regressions also include province fixed effects, region–event period fixed effects, calendar year fixed effects, pre-war characteristics (population density, employment rate, industrial horsepower, share of industrial workers, share of agricultural workers) interacted with a trend up to the third order, and the share of war-related deaths interacted with a trend up to the third order. The dependent variables are the production of wheat and corn in 100kg (column 1), the production of wine in 100L (column 2), the production of grape in 100kg (column 3), the production of oil in 100kg (column 4), the number of tractors (column 5), and the number of threshers (column 6). The estimating sample does not include provinces in Sardegna and Sicilia, because these regions were not affected by bombings related to the Italian Campaign. Standard errors clustered by province in parentheses, \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .