

APPENDIX A

Placebo Test

In order to further confirm the exogeneity of the threshold exploited by the spatial RDD proposed in the paper, i.e. the *policy-change boundaries*, the traditional Placebo Tests of the RDD empirical literature have been run. The results confirm that the threshold is exogenous to all the factors changing across space except to the treatment assignment.

A first test estimates the impact of the policy on our outcomes where no treatment takes place: Table A1 and A2 document the results obtained by using a fictitious threshold of treatment assignment (we randomly assigned a treatment status=1 to observations which are part of the control group and compare them to the rest of the control group observations). The coefficients obtained are all insignificant.

A second test estimates the impact of the policy on outcomes for which the treatment should not have had any impact (we maintain the true threshold of treatment here, and verify what happens with respect to outcomes for which our treatment should not have implied any change). Tables A3 and Table A4 document the results obtained by using as outcome variables the log variation in the employment in the financial sector (which is not a target of the EU Cohesion Policy). Again, the coefficients obtained are all insignificant.

Table A1- Placebo Test 1: mock treatment assigned to actual controls (period 2000-2010)

	Europe	Germany	Italy	Spain	UK
Y: economic growth					
Mock Objective 1 status	-0.0023 (0.0017)	0.0198 (0.0091)	-0.0001 (0.0016)	0.0050 (0.0031)	0.0022 (0.0025)
R squared	0.189	0.106	0.229	0.650	0.037
Polynomial degree	3-2	3-2	2-1	2-1	1-1
Observations	577	311	68	12	105
Y: employment					
Mock Objective 1 status	-0.0023 (0.0017)	5.4937 (6.1738)	0.0028 (0.0041)	0.0022 (0.0211)	-0.0127 (0.0063)
R squared	0.317	0.164	0.201	0.341	0.080
Polynomial degree	3-1	3-3	2-2	3-3	3-2
Observations	569	304	68	11	105

Notes: robust standard errors are clustered at the NUTS-2 level. The best polynomial degree of the forcing variable is selected according to the AIC criteria among the nine specifications of model 1 (we estimate the model by considering the polynomial degree of up to degree 3, allowing it to differently vary below and above the cut-off of the forcing variable). Significance level: ***<0.001; **<0.010; *<0.050.

Table A2- Placebo Test 1: mock treatment assigned to actual controls (period 2010-2014)

	Europe	Germany	Italy	Spain	UK
Y: economic growth					
Mock Objective 1 status	-0.0019 (0.0023)	-0.1434 (0.1045)	-0.0045 (0.0032)	0.0089 (0.0024)	0.0005 (0.0043)
R squared	0.252	0.092	0.168	0.839	0.126
Polynomial degree	3-1	3-2	2-2	3-1	3-2
Observations	554	308	68	10	98
Y: employment					
Mock Objective 1 status	0.0109 (0.0096)	18.6428 (23.1189)	-0.0062 (0.0050)	0.0303 (0.0168)	-0.0412 (0.0213)
R squared	0.392	0.134	0.084	0.657	0.095
Polynomial degree	3-1	3-3	2-2	3-3	2-2
Observations	549	302	68	11	98

Notes: robust standard errors are clustered at the NUTS-2 level. The best polynomial degree of the forcing variable is selected according to the AIC criteria among the nine specifications of model 1 (we estimate the model by considering the polynomial degree of up to degree 3, allowing it to differently vary below and above the cut-off of the forcing variable). Significance level: ***<0.001; **<0.010; *<0.050.

Table A3- Placebo Test 2: non-targeted dependent variable (period 2000-2010)

	Europe	Germany	Italy	Spain	UK
Y: employment in financial sector					
Objective 1	0.0001 (0.0018)	0.4518 (4.6518)	12.5753 (20.9432)	57.7687 (40.3585)	23.7062 (23.3218)
R squared	0.184	0.054	0.215	0.490	0.065
Polynomial degree	3-1	3-3	2-3	3-3	3-2
Observations	770	421	87	42	125

*Notes: robust standard errors are clustered at the NUTS-2 level. The best polynomial degree of the forcing variable is selected according to the AIC criteria among the nine specifications of model 1 (we estimate the model by considering the polynomial degree of up to degree 3, allowing it to differently vary below and above the cut-off of the forcing variable). Significance level: ***<0.001; **<0.010; *<0.050.*

Table A4- Placebo Test 2: non-targeted dependent variable (period 2010-2014)

	Europe	Germany	Italy	Spain	UK
Y: employment in financial sector					
Objective 1	-0.0122 (0.0073)	0.0205 (0.0540)	-73.5910 (32.9294)	12.9418 (55.2015)	2.9457 (19.6464)
R squared	0.154	0.088	0.084	0.414	0.250
Polynomial degree	3-2	3-1	2-2	3-3	2-2
Observations	659	379	43	42	114

*Notes: robust standard errors are clustered at the NUTS-2 level. The best polynomial degree of the forcing variable is selected according to the AIC criteria among the nine specifications of model 1 (we estimate the model by considering the polynomial degree of up to degree 3, allowing it to differently vary below and above the cut-off of the forcing variable). Significance level: ***<0.001; **<0.010; *<0.050.*