

The geography of COVID-19 and the structure of local economies: A correlation analysis for Italian provinces

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Abstract

This article offers an economic geography perspective of analysis on the sub-national spread of COVID-19 in Italy. The striking spatial unevenness of COVID-19 suggests that the infection hits economic core locations harder, and this raises questions about whether and how the sub-national geography of the disease is connected to the local economic base. We provide preliminary evidence consistent with the possibility that the local specialisation in geographically concentrated economic activities acts as a vehicle of disease transmission, thus generating a core-periphery pattern in the spatiality of COVID-19 which might follow the lines of the local economic landscape and the tradability of its output.

JEL Codes:

Keywords: COVID-19, local economic structure, geographical concentration, tradability

1. Introduction

In December 2019 the city of Wuhan in China is hit by a rapidly growing number of pneumonia cases caused by an unknown coronavirus. The outbreak swiftly extends to other Asian countries in the following weeks, including Japan, South Korea and Iran, raising public health concerns at the international level. By the end of February 2020, the contagion explodes in Europe, with a sheer surge of infections hitting Italy. On 11 March, when the global number of confirmed infections attains 118,319 in 113 countries, the Director General of the World Health Organization (WHO) officially evaluates the spread and severity of the disease as the first pandemic caused by a coronavirus (WHO, 2020a). The fast-moving diffusion of the disease reaches a global number of 1,133,758 confirmed cases on 5 April (WHO, 2020b), confirming the very high global risk assessment given by most national and international public authorities. The new virus is initially called 2019 novel coronavirus (2019-nCov) by WHO on 12 January 2020 and successively named severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) by the International Committee on Taxonomy of Viruses on 11 February. On the same day, the WHO formally names the disease caused by SARS-CoV-2 as coronavirus disease 2019 (COVID-19).

From an economic geography perspective, it is an intriguing fact that the sub-national territorial spread of COVID-19 is very uneven. For instance, in the case of Italy, which is the first and hardest hit European country, reached by Spain only at the beginning of April 2020, it is striking that the great bulk of COVID-19 cases is tremendously concentrated in a specific area of the country. By 4 March 2020, which is the day of the first nation-wide containment measures taken by the Italian government, the top ten infected provinces (NUTS-3) represent about 80% of all confirmed cases. These locations occupy an area in the Northern part of the country spanning across the boundaries of the regions of Lombardy, Veneto and Emilia-Romagna, which represent the well-known economic core of the country where most high value-added economic activities are concentrated. The combined GDP of these top ten provinces in 2017 is about one-fifth of the national total and the per capita GDP is well above the national average for eight out of ten of these high infected locations. These are striking spatial features that raise questions about whether and how the sub-national geography of COVID-19 cases is connected to the local economic structure. This is an important object of inquiry for at least two reasons. First, clarifying the link between the incidence of COVID-19 infections and the characteristics of the local economy may help policy makers in the definition of targeted containment measures once the nation-wide lockdown can be removed. Second, in presence of a relationship between COVID-19 cases and local economic structures, future academic investigations of the

impact of COVID-19 on the economy should take into consideration that the territorial profile of sector specialisation may play a notable role.

The present work intends to develop an analysis of the relationship between the geography of COVID-19 and the structure of local economies, by focusing on the case of Italian provinces. Specifically, based on an economic geography-inspired conceptual argument, we hypothesise that locations specialised in economic activities that are characterised by high geographical concentration might be subject to relatively higher infections due to the agglomeration advantages characterising these industries. A long standing literature, in fact, suggests that the spatial clustering of sectors is connected to the existence of increasing returns internal and external to firms, and that this gives rise to traded or untraded agglomeration benefits potentially involving frequent face-to-face interactions (e.g. Kaldor, 1970; Krugman, 1991a; Storper and Venables, 2004). Furthermore, spatially concentrated industries also tend to serve markets that overcome the local administrative boundaries, thus generating intense trading relationships across geographical space, with other locations within a country or even at the global level (Kemeny and Storper, 2015).

From the empirical standpoint, we cannot offer an investigation of the causal effects related to these ideas. Rather, we can provide an analysis of the correlation between the local share of COVID-19 confirmed cases and a measure of provincial specialisation in geographically concentrated sectors, which we call provincial economic base. The latter is based on information for all economic activities at the 5-digits level taken from the Census of Industry and Services run in 2011 by the Italian National Institute of Statistics (ISTAT). We also control for a number of other potential factors influencing the local infection toll, such as past COVID-19 cases, population density, demographic indicators and others, as well as regional dummies (NUTS-2). In line with our ideas, our results suggest that the local infection of COVID-19 is positively correlated with the 2011 local economic specialisation in spatially concentrated industries, *ceteris paribus*. Specifically, this association is driven by the provincial specialisation in clustered manufacturing sectors, rather than services or other activities. Consistently, when we examine the role of provincial trade linkages, we also find a correlation between manufacturing exports and COVID-19 infections, in line with the possibility that tradable local economic bases might be a vehicle of disease transmission.

This article is structured as follows. The next section provides a conceptual background to the notion that persistent spatial processes of economic clustering may be channelling COVID-19 infections towards core locations. Section 3 offers a contextual description of the emergence of COVID-19 cases in Italy and the institutional containment measures that are adopted as of 22 March 2020. Next, Section 4 presents the data used in the empirical analysis. Then, we explain our methodological approach in Section 5. Results are presented and discussed in Section 6. Finally, we offer our concluding remarks in Section 7.

2. Conceptual framework

This section offers a discussion of the main drivers of industry concentration in space. In the context of the present work, the aim here is to develop an economic geography-inspired conceptual support to the idea that core locations might be more exposed to COVID-19 transmission than peripheral locations. This may be due to the vehicle or medium represented by the persistent and self-reinforcing spatial concentration mechanisms that bring together firms, industries and, consequently, workers and to the tradable nature of the clustered sectors.

A long-standing and central question among economic geographers, regionalists and some economists concerns the reasons why individual spatial units within a national socio-economic system behave differently and sometimes follow divergent trajectories of development (e.g. Isard, 1965; Kaldor, 1970; Storper, 1995). This tradition has generated a notable body of work over the years, essentially based on the premise that all economic processes take place within geographical space. This acknowledgement implies that the economic and non-economic specificities of different locations as well as the role of distance between these locations can produce different spatial market conditions. Consistently, the emergence of a so-called 'regional world' is fundamentally connected with the inherently spatial nature of the forces pushing economic activity to agglomerate in specific locations within countries (Storper, 1997). Not surprisingly, a plethora of scholarly contributions have in fact documented the striking and persistent geographical concentration of economic activity within specific areas, with notable examples ranging from the early studies on the American manufacturing belt (DeGeer, 1927) and the economy of New York (Lichtenberg, 1960) to the more recent evidence on the US and the European Union (e.g. Krugman, 1991a; Ellison and Glaeser, 1997; Midelfart-Knarvik et al., 2002).

In terms of market structure, the geographical concentration of economic activity emerges in presence of firm-level increasing returns to scale and imperfect competition (Krugman, 1991b). Combined together, indeed, these elements can produce a self-reinforcing process of cumulative causation leading to spatial polarisation and the generation of core-periphery patterns in the economic landscape (Myrdal, 1957; Kaldor, 1970). In fact, increasing returns encourage companies to concentrate their activities due to the cost advantages deriving from creating larger plants. Concentrating production in space, nonetheless, requires firms to face the costs of shipping goods over large geographical distance in order to serve other locations. Hence, to minimize transport costs, companies locate where demand is larger and/or where providers of inputs are located (Venables, 1996). This in turn determines a path-dependent and circular process of interconnected (co-)location behaviours, as input producers and demand are influenced by the location of the very companies operating under increasing returns.

Furthermore, industry-level sources of agglomeration benefits constitute another substantial mechanism of self-reinforcing geographical clustering (Marshall, 1890; Arrow 1962; Romer, 1987). The advantages of spatially-

concentrated industries, in fact, including labour market pooling, the local availability of specialized inputs and services as well as potential knowledge spillovers, tie together sector activity in space (Faggio et al., 2017). Moreover, with the market expansion of an industry due to such agglomeration benefits, the sector division of labour increases with the emergence of new specialized companies, the development of new competences and the additional differentiation of activities on a local basis (Young, 1928). This further strengthens the initial industry-wide scale economies, thus suggesting that such agglomeration benefits, the division of labour and the extent of the market of an industry are characterized by a co-dependent cumulative nature (Kaldor, 1970).

In this framework, learning and effectively communicating knowledge is key for firms to sustain their innovative efforts and foster their competitiveness. Along these lines a large body of work suggests that new knowledge creation and technological change have a relevant relational component, thus heavily involving the spatial clustering of specialized knowledge producers and workers (Glaeser, 1999; Hanson, 2000). One fundamental reason for this concentration stands in the essential role of face-to-face contacts to diminish coordination costs, increase trust between partners, transmit not easily codified knowledge and reduce moral hazard and other issues related to information asymmetries (Storper and Venables, 2004). In this sense, spatially bound locations become the *loci* for a set of untraded connections facilitating inter-firm interactions in terms of knowledge-related common practices and spillovers (Lundvall, 1992; Storper, 1995).

The geographical concentration of certain economic activities, due to the reason mentioned above, generates clear implications in terms of the spatiality of the markets that will be served by agglomerated industries (Kurgman, 1991a; Jensen and Kletzer, 2006). As a matter of fact, these markets tend to transcend the regional dimension due to the non-ubiquity of producers (Kemeny and Storper, 2015; Gervais and Jensen, 2019). In this sense, clustered industries constitute the tradable sector of a specific location, intended as the aggregated portion of local economic activities that supply output to other locations, at the national or even the global level. As a result, local industries with external demand linkages play a substantial role in local economic development processes, as their output growth is driven by larger markets than the regional one (Kaldor, 1970).

Taken together, the ideas here outlined suggest that some economic behaviours and processes have an intimate spatial nature, generating path-dependent patterns of geographical concentration of economic activity at the local level. This may generate dense business and human interactions that follow patterns in line with the specific economic structure of a location. Hence, regions specialised in activities exhibiting a notable geographical concentration benefit from the advantages of agglomeration and also establish profitable linkages with extra-regional markets, due to the tradability of their output. In the context of the present work, however, this may also imply that locations whose internal economic base is characterised by concentrated activities might be more conducive of COVID-19 transmission, if the latter follow the lines of the dense localised interactions mentioned above as well as the vehicle of extra regional linkages associated with the higher tradability of local output. In

other words, the emergence of an uneven geography of COVID-19, at least in its initial phase, might be associated with the unevenness of the core-periphery pattern that results from spatial economic forces.

3. The emergence of COVID-19 cases in Italy and the institutional containment response

On 31 January 2020, the Italian health authorities confirm the first two cases of COVID-19 infection in Rome, after two Chinese tourists originally from Wuhan test positive for SARS-CoV-2. They previously entered Italy from Malpensa Airport in Milan on 23 January and subsequently moved to Verona and Parma, before reaching Rome on 28 January¹. The infection toll grows to three on 6 February, when an Italian repatriated a week earlier from Wuhan, and since then quarantined in Rome, also tests positive². The outbreak in the North of Italy becomes evident some weeks later, starting on 16 February when a 38-year-old Italian patient with flu-like symptoms reports respiratory issues at the Codogno hospital, in the province of Lodi (Lombardy). It is possible that this infection is connected to an asymptomatic contact in Munich, Germany, happened around 20 January, which can also be the first European transmission of COVID-19 (Rothe et al., 2020). Therefore, the Italian patient evidently remained asymptomatic for almost a month, by potentially spreading the infection through various social interactions. For example, the first doctor who treated the 38-year-old patient tests positive on 21 February. By the end of February the number of cases in the whole of Italy touches 1,000 confirmed COVID-19 infections, most of which in the Northern provinces of Lodi (Lombardy), Piacenza (Emilia-Romagna), Cremona (Lombardy), Bergamo (Lombardy) and Padova (Veneto), suddenly throwing the country into a health crisis. Nonetheless, in the first weeks of diffusion of the disease the public and policy attitude towards the declaration of emergency remained mixed, partly in the attempt to reassure the economy that the crisis could be controlled. This can be partially explained with an initial cognitive bias of decision makers in targeting the growing emergency³, similar to the experiences of other Western countries in the subsequent weeks, and partially connected with the novelty that the infection represents in the European context in February 2020.

Emergency policies taken by the Italian government start with the *Decreto del Presidente del Consiglio dei Ministri* (DPCM) of 23 February. This is an executive act of the Prime Minister implementing containment measures in the most infected areas in the North of the country, namely in the regions of Lombardy and Veneto, fundamentally imposing a quarantine to the most affected municipalities. The first nation-wide measures are instead included in a government decree of 1 March, which extends the length of the existing measures and provides a national framework for the containment policy. In consideration of the exponential growth of infections

¹ https://www.corriere.it/cronache/20_gennaio_31/virus-primi-due-casi-italia-due-cinesi-marito-moglie-italia-dieci-giorni-e365df1c-43b3-11ea-bdc8-faf1f56f19b7.shtml. Retrieved on 31 March 2020

² <https://edition.cnn.com/asia/live-news/coronavirus-outbreak-02-06-20-intl-hnk/index.html>. Retrieved on 31 March 2020.

³ <https://hbr.org/2020/03/lessons-from-italys-response-to-coronavirus?fbclid=IwAR3bne1xKvxeFrk5d-34ZtbmsFq3cmzAAKJmuCYp2uCDUORinP1FFknrl4M#comment-section>. Retrieved on 31 March.

in the first days of March, a new DPCM is adopted on 4 March with more restrictive measures. This act includes, among other points, the national suspension of all public shows, social and sport events where the minimum social distancing norm of 1.5 metres cannot be assured, the national closure of schools and universities until 15 March and a number of other restrictions in the whole country. Faced with growing spread of the disease in the first days of March and a death toll above a hundred, the government announces a new DPCM during the night between 7 and 8 March, including unprecedented lockdown measures in the region of Lombardy and in fourteen widely affected provinces in the regions of Piedmont (five), Emilia-Romagna (five), Veneto (three) and Marche (one), for a total of about sixteen million inhabitants. These measures aim at avoiding the mobility and interaction of people inside and across these areas through, for instance, the suspension of social gatherings, cultural and religious activities, limitations to restaurants, just to mention a few. Containment measures in the rest of the country also become more severe. The announcement of this new DPCM provokes in the night between 7 and 8 March a number of attempts of people from the lockdown areas to travel to their origin locations in the Centre and South of the country before the new containment measures become effective on 8 March⁴. In the face a growing numbers of COVID-19 infections exceeding ten thousands cases on 10 March, the Prime Minister signs another DPCM on 11 March, substantially extending the lockdown to the whole country, known as *#Io resto a casa* (*#I stay home*). This includes strong limitations to peoples' mobility and the suspension of all retail and commercial activities with the exception of grocery stores, pharmacies and a limited number of others for basic necessities and services, with the objectives of severely limiting social contact. On 22 March a new DPCM blocks all non-essential and non-strategic economic activities.

4. Data

As of 20 March 2020, Italy ranks third in the world after China and South Korea for the total number of tests performed for the detection of COVID-19, with 206,886 confirmed tests. Consistently, Figure 1 shows the top-10 countries by COVID-19 tests at this date, thus indicating that the Italian case is worth of investigation as the detection of the infection lies on a good number of tests.

[Figure 1 about here]

4.1 COVID-19 provincial data

We collect data from the Italian Ministry of Health regarding the daily number of confirmed COVID-19 infections in the 107 Italian provinces (NUTS-3) starting with 25 February 2020. This is a rather precise spatial level of data aggregation, allowing notable variation at low geographical scale even within regions. Every day the Ministry of

⁴ https://www.ilmessaggero.it/italia/coronavirus_milano_fuga_milano_treno_romani-5097472.html. Retrieved on 31 March 2020.

Health releases these data in a daily report. A tiny minority of infections cannot be associated to provinces in these reports and thus we do not consider these cases, thus obtaining a (slight) under-representation of the outbreak⁵. Figure 2 shows the provincial share of COVID-19 confirmed cases at different points in time. It is evident from map (a) that the outbreak starts from a group of Northern provinces, including Lodi and Cremona in the Lombardy region, and rapidly spreads to other areas. Map (b) refers to the outbreak as of 4 March, which is the day of the DPCM that extends for the first time to the whole country a number of measures to contain the diffusion of the disease. Map (c) indicates the geography of COVID-19 after 9 days from the implementation of the DPCM of 4 March, suggesting that more provinces experience higher shares of infections by this date. Finally, map (d) reports the data for 16 March, which is 9 days after the national lockdown imposed with the DPCM of 7 March. The latter also triggered some return migration from the North to the Centre-South of Italy, thus potentially spreading the infection to other areas. In this case, we can see that the geography of COVID-19 cases slightly changes as compared to map (c), with the Northern provinces registering even higher share of infections and some areas in the Centre-South also experiencing some increases. In general, what is interesting is the spatiality of COVID-19 infections within the country. In fact, not only is this quite strongly and persistently concentrated, but it also appears to be self-reinforcing since the share of infections in the Northern provinces tends to grow, as evidenced by the increasingly darker colours in Figure 2 over time.

[Figure 2 about here]

4.2 Provincial economic base

As exemplified above, we conceive provinces as spatial economic systems consisting of an industry mix whose performance is dependent on the local portion of geographically concentrated activities. The latter fundamentally signals the advantages of internal and external increasing returns to scale. Furthermore, the spatial concentration of industries is also connected to the geography of the demand for the output produced by each provincial industry mix. In the latter sense, our idea of provincial economies echoes the export-based approach to regional economic analysis (e.g. Kaldor, 1970), whereby regional industries with external demand linkages play a substantial role in local economic development processes. Rather than classifying economic sectors in arbitrary categories to reflect their dependence on agglomeration dynamics or external demand conditions, we adopt a simple measure of industry concentration at the national level and we subsequently consider the provincial specialisation in each industry.

[Figure 3 about here]

⁵ Ongoing research also suggests that the number of unidentified infected individuals can be about 4 times larger than the confirmed number of cases (Pedersen and Meneghini, 2020). This would lead to an even larger underestimation of the incidence of COVID-19 cases in our data.

Therefore, we first construct a simple Herfindahl-Hirschman Index (HHI) of spatial concentration by using employment data on 5-digit industries taken from the 2011 Census of Industry and Services undertaken by ISTAT. We consider the whole economy, with the exception of primary activities. As an example of differences in the geography of economic activities, Figure 3 shows the different employment distribution of sectors with relatively high and low HHI. Maps (a) and (b) refer to manufacturing sectors Ateco 20140 “Manufacture of other organic basic chemicals”, which is a spatially concentrated activity, and Ateco 25121 “Manufacture of doors and windows of metal”, which is instead evenly distributed across provinces⁶. Interestingly, the export value of Ateco 25121 in 2018 is only 8% of that of Ateco 25140 according to ISTAT data, thus suggesting that the most concentrated industry serves a spatially larger market than the least concentrated one. A similar picture can be drawn for service sectors, as exemplified by the spatial differences in the concentration of employment between Ateco 64910 “Financial leasing” and Ateco 71123 “Engineering activities and related technical consultancy. Secondly, we consider the specialisation of provincial economies in each 5-digit sector in order to assign the national industry HHI measure to provinces. Following the idea that industry size matters to define local specialisation profiles, we weight industry HHI by absolute provincial employment figures. Hence, we obtain a measure of provincial specialisation accounting for the relevance of geographical concentration and tradability of the local industry mix, very similar to the approach of Kemeny and Storper (2015). In order to alleviate the influence of outlier industries within individual provinces, we consider the provincial median of our measure. In fact, there might be monopolistic industries or highly centralised state-owned service activities, such as Ateco 30400 “Manufacture of military fighting vehicles” or Ateco 53100 “Postal activities under universal service obligation”, concentrated in one province only, which can influence the general economic base of specific provinces. Figure 4 shows our measure of provincial economic base plotted in map (b) and the geography of COVID-19 infection in map (a), both grouping provinces by eight quantiles. It is evident that the spatial distributions of the two variables have common traits based on this descriptive evidence, with the North of the country being characterised by both an economic base specialised in less spatially ubiquitous activities (i.e. more tradable) and a higher share of infections of COVID-19. While this is a mere visual association, it is suggestive of the potential existence of a link between the nature of local economic activities and the diffusion of the COVID-19 infections. Similarly, Table 1 shows the top ten provinces by COVID-19 cases as of 4 March 2020 (i.e. when the DPCM with the first national containment measure is adopted), together with their positioning in the distribution of our measure of provincial economic base on aggregate and also disaggregated for manufacturing and services, respectively. Again, this descriptive output suggests that a connection between the local economic base and the presence of COVID-19 cases might exist, as six of the ten most infected provinces fall in the topmost distribution quartile for the aggregate and manufacturing indicators, and five for the service indicator.

⁶ Ateco codes refer to the Italian industrial classification of 2007 and they are directly comparable to NACE codes.

[Figure 4 and Table 1 about here]

4.3 Other variables

In exploring the relationship between COVID-19 cases and provincial economic base, we account for a number of other concurrent elements that can in principle provide alternative explanations for the geography of the outbreak across Italy. We collect these data from ISTAT for the most recent time-period possible.

First, we construct a measure of provincial population density in 2019 in order to capture the role of dense urbanised areas. Population density can certainly be a driver of rapid contagion, as the frequency of human social interactions is plausibly larger within more crowded spatial units (Tarwater and Martin, 2001). Social contact plays indeed a strong role in the transmission of diseases, as suggested by epidemiology studies, especially in the case of respiratory infectious agents (Wallinga et al., 2006; Meyer and Held, 2017). Second, we consider the provincial number of deaths in 2018 in order to account for the fact that a more rapid spread of COVID-19 may occur in provinces already afflicted by higher mortality. This could be the case, for instance, if the disease is more easily transmitted among more fragile people. Third, we take into consideration provincial health migration by collecting data for 2016 on the number of days spent in other regions' hospitals by the residents of each province. This can proxy for the capacity of local health systems to address large scale outbreaks, such as COVID-19. Next, we explicitly account for the age structure of provinces in 2018, defined as the local share of residents older than 64. While all age groups can be infected with COVID-19, some initial evidence on the diffusion of virus suggests that the aging populations can be more at risk of infections (WHO, 2020a; Wu and McGoogan, 2020). Furthermore, we include in our analysis the provincial proportion of male population in 2018, as males seem to be more susceptible of infections according to a number of recent scientific findings (Wang et al., 2020; Sun et al., 2020).

Besides these demographic aspects, we also account for other provincial elements that can facilitate the diffusion of the infection. These include an indicator of tourism by province, measured as the number of days in 2018 with a presence of tourists in local hotels and other touristic structures. In order to capture the touristic presence during the season of diffusion of COVID-19, we account for non-summer months only, as provided by ISTAT. Accounting for the touristic vocation of local economies is important in the setting of the present analysis as tourism flows can increasingly represent vectors of disease transmission (Sönmez et al., 2019). Then, we take into consideration the dynamism of the local labour market by including the provincial unemployment rate in 2018. More dynamic labour markets, in fact, can be characterised by more frequent business interactions, thus representing a potential risky environment in terms of disease contagion. Not surprisingly, one of the tightest measures taken by the Italian government with DPCM of 22 March in order to contain the transmission of COVID-19 is to freeze all economic activities labelled as non-essential or non-strategic. Next, we also consider the local attraction force towards migrants, by incorporating in the analysis the provincial share of foreign residents in 2019. In fact, peoples' mobility can represent a transmission channel of infections, such that territories receiving larger

portions of migrants can be more at risk of disease spread (Apostolopoulos and Sönmez, 2007; Herbing et al., 2016; Backer et al., 2020). Finally, connected to the previous point, we also consider the presence of airports in a province, as this type of transport infrastructure can connect each territory to a national or international network of linkages through which the mobility of people is reinforced.

Table 2 summarises the variables discussed in this section and the appendix reports summary statistics as well as a correlation matrix (Tables A.1 and A.2).

[Table 2 about here]

5. Methodology

Our analysis of the relationship between the geography of COVID-19 cases and the local economic base of Italian provinces lies on the notion that infections can propagate within and also between spatial units (Meyer and Held, 2017). Furthermore, we also refer to recent medical evidence regarding the incubation period of COVID-19 and the timeline of the emergence of symptoms. By analysing 181 confirmed cases of COVID-19, Lauer et al. (2020) find that the median incubation period is 5.1 days and that 97.5% of infected sample cases develop symptoms within 11.5 days. Other studies also provide similar estimates (e.g. Backer et al., 2020; Lai et al., 2020). Taken together, these elements provide a methodological guide in the analysis of the relationship under investigation, as explained below. Hence, we estimate the following spatial autoregressive model with generalised spatial two-stage least square methods:

$$y_{i,d} = \beta y_{i,d-t} + \lambda \mathbf{W} y_{j,d-t} + \vartheta x_i + Z \gamma_i + \rho + \varepsilon_i$$

where the dependent variable y is the share of COVID-19 confirmed cases in province i on day d , \mathbf{W} is a spatial weighting matrix based on inverse distance between province i and all other provinces j , x is our measure of provincial economic base, Z is a vector of control variables and ε is the error term. Importantly, with the inclusion of regional dummies ρ we are able to control for factors operating at the level of regions (NUTS-2) that can affect the spread of COVID-19 infection. For instance, specific regional emergency measures taken by local authorities can be controlled with this term. In the case of Italy, in fact, the decentralisation powers gives mandate to regional government, rather than provinces, for many matters and for the provision of services such as health and transportation. In order to account for the fact that new infections can emerge where previous infections have taken place, we enter the lagged number of COVID-19 cases in the right-hand side of the equation, where t denotes a time lag in terms of days. In line with the scientific evidence reported above, we start by considering a 12-days lag in order to cover the largest possible span of infection. This choice is also driven by the fact that our measure of COVID-19 does not only require that a person is infected, but also that the infection is detected and reported by

the health authorities. Nevertheless, we subsequently present estimates by also reducing the time lag of one third (i.e. 4 days), in order to avoid the some of the measures contained in the various and frequent DPCMs described in a previous section influence the number of COVID-19 cases. The time lags will also enter the spatial lag, as the incubation period and emergence of the symptoms are plausibly the same regardless of whether the infection occurs within or across a specific provincial areas.

6. Results and discussion

6.1 Baseline regressions

We start our empirical analysis by estimating the model presented above and gradually including the various regressors. Table 3 presents this first set of results. In column 1, we show the most parsimonious version of our model, where we include the time and spatial lags of our dependent variable along with the economic base indicator and the regional dummies. What emerges from the results is, first and foremost, that new COVID-19 infections tend to concentrate in provinces where prior cases are recorded. The coefficient on the dependent variable lagged of twelve days (i.e. 25 February) is indeed positive and statistically significant. This is not surprising and in line with both the visual evidence provided in Figure 2 and with the more general notion of infection occurring through interactions, which are clearly highly localised (Meyer and Held, 2017). Second, we cannot detect a significant relationship at the geographical level between of the infections as of 8 March (i.e. our dependent variable) and its spatial lag fixed at 25 February. This seems to suggest that, on average, infections across provinces in Italy as a whole are not statistically significant. This, however, does not necessarily mean that provinces are self-contained spatial units when it comes to the disease transmission. In fact, there might be specific vehicles and networks that may facilitate the diffusion of COVID-19 across locations, as we specify later, but our spatial lag based on inverse distance seems not to capture any of these channels. Third, we detect a significant positive relationship between COVID-19 cases and the local economic base of provinces, *ceteris paribus*. In other words, this result suggests that provincial economies with larger employment in geographically concentrated industries in 2011 exhibit a larger share of COVID-19 cases as of 8 March 2020. We refrain from attaching any causal meaning to this association, as our data and methodological setting do not permit this type of analytical inference. Nonetheless, we consider that shedding light on this potential link deserves attention.

In the remaining specifications of Table 3 we enter the remaining covariates discussed above, which can offer other explanations of the geographical unevenness of the COVID-19 infection⁷. Surprisingly, we cannot find any stable and significant effect across columns for these other variables. One exception is represented by the presence

⁷ The number of observations changes from 107 to 106, as the data for the new Province of South Sardinia are missing for many variables.

of an airport within a province (column 10), which seems to be facilitating the transmission of COVID-19. In a sense, this compensates for the insignificant role of the spatially lagged dependent variable, as airport connections clearly indicate the spatial nature of COVID-19 transmissions across provinces. Population density exhibits an unexpected negative sign, albeit weakly significant or irrelevant. The share of male population, also, loses its significance with richer specifications. Importantly for the purposes of this work, instead, the coefficient on the local economic base remains positive and significant at 1% or 5% level. In terms of magnitude, the coefficient is also rather stable. In column 10, an increase of one unit in the provincial economic base is associated, on average and keeping all else fixed, with an increase of 0.145 percentage points in COVID-19 infections. Put differently, we consider that the province of Piacenza in the Emilia-Romagna region has a value of about 1 in terms of the economic base indicator, placing it on the 60th percentile of the distribution, as shown in Table 1. Hence, adding to Italy a new province with an industry mix similar to Piacenza would mean to increase the infections by 1.01 percent. In the Census 2011 data under analysis, Piacenza is a location specialised in the manufacture of different types of industrial machinery, a sector with a medium-high degree of geographical concentration and tradability. Accordingly, ISTAT export data shows that about 30% of exports of Piacenza in 2011 are associated with these activities.

[Table 3 around here]

Next, we present a number of alternative estimations in Table 4. First, we propose the same model of column 10 of Table 3, with the exception that the dependent variable now captures the share of COVID-19 cases as of 4 March, rather than 8 March. That is, we shorten the time lag from twelve days, which is the time span identified as sufficient for symptoms to appear in 97.5% of patients (e.g. Lauer et al., 2020), to 8 days. The reason for this choice is that the DPCM of 4 March introduces the first set of restrictive containment measures at the national level, as explained above, including social distancing and the suspension of schools, universities, public shows, sport events and other serious limitations. Therefore, by picking the infections as of 4 March should exclude the effect of these nation-wide policy. At the same, the risk is that we miss some COVID-19 cases, also considering that the inclusion of infections in our data also depends on the detection and the reporting by public health authorities. The results are reported in column 1, where we find that the correlation between the provincial economic base the share of COVID-19 infections as of 4 March is positive and significant at the 10% level, controlling for the full set of covariates. The local male population is also positive and weakly significant, corroborating the scientific evidence that this portion of the population is more susceptible of infections (Wang et al., 2020; Sun et al., 2020). Again, the presence of airport infrastructures in a location is positively correlated with the presence of COVID-19 cases, while the spatially lagged dependent variable remains insignificant. In line with previous results, instead, the provincial infections as of 25 February are strongly and directly correlated with the local cases 8 days later. While the significance of the coefficient of interest decreases in this model, we extend our analysis by considering a 8-days lag from now on, rather than 12 days. By allowing a shorter time lag, in fact, we

may be providing a safer estimate in consideration of the fact that data before 25 February are unavailable and some infections could have taken place earlier. In column 2 we include an economic base indicator based on the number of firms, rather than employment, in order to explicitly account for the geographical concentration of businesses. The estimated coefficient is not statistically significant, thus suggesting that a firm-based measure is probably not appropriate to capture a phenomenon that spread among people (i.e. workers). In columns 3 and 4 we replicate the employment-based and firm-based economic base indicators of column 1 and 2, by assigning the industry HHI to provinces according to their (median) location quotients (LQs) as a measure of sector specialisation. Similar to before, we cannot detect any statistically significant correlation between the local economic base and the presence of COVID-19 cases. One reason for this, as compared to the estimate of column 1, can again be linked to the nature of the phenomenon under analysis. In fact, while the LQ provides a measure of the extent to which a local economy is specialised in an industry as compared to a national benchmark, the absolute employment figure used in the construction of the economic base of column 1 offers an indication of the size of industries, in terms of workers. The latter is plausibly what matters when the object of analysis is a phenomenon affecting people directly.

[Table 4 around here]

6.2 Distinguishing different aggregate economic activities

This section proposes the analysis of the association between the provincial economic base and the local COVID-19 infections by accounting for specific segments of economic activity. Specifically, we separately consider the different macro-activities that form our aggregate measure of economic base at the provincial level. An important motivation for this type of investigation is that local economic profiles with similar aggregate economic base indicators can hide profound differences if their industry mix is more or less dominated by one activity or another. One key distinction, in this sense, is for instance related to local economies that are more proportionally dominated by service or manufacturing industries. Although the co-location of different types of activities is obviously an important characteristics of modern economies (e.g. Castellani et al., 2016), we are interested in disentangling potential different relationships associated with different activities and their geographical concentration. Table 1 shows that the top provinces by COVID-19 cases are characterised by the high economic base scores on aggregate, and slightly higher for the manufacturing sector as compared to services, although these differences seem marginal in the case of these top ten provinces. Nonetheless, the results in column 1 of Table 5, suggest that the correlation between the provincial economic base and the share of COVID-19 cases is driven by the specialisation of provinces in spatially clustered manufacturing activities, rather than services. This can also partially explain the reason why certain large metropolitan areas, such as Rome and Naples, have a relatively low share of infections, considering that their economy is proportionally more service-oriented. Therefore, it is possible that the agglomeration effects

and the dynamics of exposed above regarding the geographical concentration of activities are especially relevant for the case of manufacturing, where face-to-face contacts and other form of interaction might be more frequent than in service activities. Also, it is possible that manufacturing firms occupy, on average, a larger number of employees than service firms, thus generating an environment where social interactions are more pervasive. Furthermore, it is also plausible that trading manufacturing output requires more human interaction than trading services, as the former consist in most cases of tangible goods that need to be physically shipped. In context of the present work, these remain mere hypothetical explanations of the prevalence of manufacturing in the relationship under investigation. Disentangling these specific channels is well beyond the scope of our analysis. In column 2, for the sake of completeness, we add other activities to the regression model, namely the production and provision of energy as well as the activities related to water, sewage and waste. Considering the high correlation between these and services (see Table A.3 in the appendix), column 2 excludes the latter from the specification. In this case, the significance of the manufacturing economic base decreases to the 10% level. In columns 3 to 7, we unpack services by different types of activities, as these can be highly heterogeneous. We consider different types of service activities separately from the other as the correlation between them is very high. In column 3 we consider services grouped into wholesale, retail and repair, by excluding the manufacturing indicator due to the high correlation between the two variables. In the next columns, we enter transport and storage services, hotel and restaurants, professional activities and, finally, other services. We cannot detect any significant coefficient on any of the sub-categories of services, while the manufacturing economic base of provinces remain significantly correlated with local COVID-19 cases, *ceteris paribus*.

[Table 5 around here]

6.3 The timing of lockdowns

We further explore the relationship between the local economic base and the provincial incidence of COVID-19 infections by considering the timing of the different lockdown measure implemented with the various DPCMs discussed above. The time lag adopted in this analysis is 8 days, similar to results presented in Table 4, rather than the 12 days of Table 3. This should provide a more conservative measure of COVID-19 infections because a portion of the affected population does not show symptoms within 8 days, as previously explained. However, we also run the same specifications by adopting the longest time lag possible, that is using infection data as of 25 February. Table 6 presents the results for a number of alternative regression specifications. In Columns 1 to 4, we consider the DPCM of 4 March, which extends for the first time to the whole of Italy the initial containment measures to address the disease transmission. Therefore, the dependent variable in these models refers to the COVID-19 cases as of 12 March. Columns 5 to 8 are based on the DPCM of the night of 7 March, which initiate a severe national lockdown and generates a sudden return migration from the North to the Centre-South of the

country. In this set of regressions, hence, the dependent variable refers to COVID-19 cases as of 15 March. Finally, we account for the lockdown tightening contained in the DPCM of 11 March, known as *#Io resto a casa* (*#I stay home*), which imposes limitations to peoples' mobility and the suspension of all retail and commercial activities with the exception of grocery stores, pharmacies and a small number of others for basic necessities and services. For each of these three sets of regressions we consider both the aggregate provincial economic base and the disaggregation in manufacturing and services. The regression coefficients are in line with the previous findings and are rather stable across different specifications, regardless of the timing of the lockdown and whether the time lag is 8 days or longer (i.e. 16, 19 or 23 days in the specifications based on infections as of 25 February). The positive correlation between the provincial economic base and the share of provincial cases of COVID-19 is persistent and its magnitude slightly increases over time. Similar to previous results, this significant association is exclusively driven the local specialisation in concentrated manufacturing sectors, *ceteris paribus*.

[Table 6 around here]

6.4 Exporting and importing activities

Finally, we investigate whether provinces specialised in tradable activities still experience higher shares of COVID-19 infections, by using provincial international trade data for 2018 taken from ISTAT. As discussed above, economic sectors that are spatially concentrated tend to serve markets that transcend the local dimension. This also suggests that increasing returns to scale, internal and external to firms, and tradability are interconnected elements (e.g. Krugman, 1991a; Kemeny and Storper, 2015). Table 7 presents a set of regressions where we examine the role of the provincial shares of exports and imports of manufacturing goods. We exclude the economic base indicator from this regression, due to the high correlation coefficient with the trade measures (see Table A.4 in the appendix), which further corroborates the notion that geographical concentration and tradability are intimately associated. We also enter exports and imports separately because of their high correlation (see appendix). In columns 1 and 2, we present the estimated coefficients for exports and imports by considering the world as a trade partner. Columns 3 and 4 consider the EU-28 as a trade partner, which is the main exporting and importing area for Italian firms. Finally, columns 5 and 6 analyse trade linkages with China, which supposedly is the origin country of COVID-19. The setting of these regressions is similar to that of Table 4, with the dependent variable capturing the provincial share of COVID-19 cases as of 4 March and with a time lag of 8 days only. The results suggest that the relationship between trade and COVID-19 emerges in connection with total provincial manufacturing exports, in line with our conceptual framework, and not with imports. In terms of geography, export linkages to China are not correlated with COVID-19, while the correlation is very strong in the case of provinces with tighter links with EU-28 markets.

[Table 7 around here]

7. Concluding remarks

Since December 2019, the outbreak of COVID-19 has rapidly thrown the world into an unexpected high-risk global health crisis, with a total number of 1,133,758 confirmed cases on 5 April (WHO, 2020b). Most countries have adopted containment measures, also including the complete lockdown of the population and most economic activities. As a result, the expectations about a new global economic crisis are rather solid. The present article offered an economic geography perspective of analysis on the sub-national spread of the COVID-19 infection in the case of Italy. This is based on the striking and intriguing unevenness of COVID-19 at the local level, where the most infected provinces represent a disproportionate share of national GDP, suggesting that the infection hits economic core locations harder. These clear spatial features raise questions about whether and how the sub-national geography of COVID-19 cases is connected to the local economic structure.

In this sense, we developed an analysis of the relationship between the geography of COVID-19 and the structure of local economies, by hypothesising that locations specialised in economic activities that are characterised by high geographical concentration might be subject to relatively higher infections due to the agglomeration advantages characterising these industries. The spatial agglomeration of economic activity, in fact, rely on the existence of localised traded or clustering advantages, which potentially involve frequent and dense face-to-face interactions (Krugman, 1991a; Storper and Venables, 2004). Moreover, the high geographical concentration of an industry also relates to the spatiality of its demand (i.e. tradability). Hence, local economies hosting clustered sectors are prone to generating trading relationships across geographical space, at the national and international level.

Our results, which cannot be interpreted in causal terms, suggest that there is a positive association between the geography of COVID-19 and the economic base of Italian provinces, measured using sector data at the 5-digit level taken from the 2011 Census of Industry and Services. This relationship is robust to the inclusion of a large number of covariates, such as previous infections, population density, demographic factors and others, as well as regional dummies. Moreover, we find that the relationship under investigation is mostly driven by the local specialisation in geographically concentrated manufacturing activities, rather than services. In line with this evidence, the positive correlation persists also in the case of provincial manufacturing exports and COVID-19 infections. This descriptive evidence is consistent with the possibility that the geographical concentration of economic activity in specific areas of the country acts as a vehicle of disease transmission, thus generating a core-periphery pattern in the geography of COVID-19 which might follow the lines of the local economic landscape and the tradability of its output. Some limitations of this work should also be acknowledged. As mentioned above, we cannot produce causal evidence on the relationship under analysis, partly due to the early stage of the COVID-

19 outbreak and the ongoing containment measures at the time of this writing. Although we consider a large number of covariates and regional dummies in our empirical setting, we cannot rule out the potential bias connected to provincial unobserved heterogeneity. Moreover, the data on COVID-19 confirmed cases might also suffer from weaknesses related to how infections are detected and reported within each regional health system (although regional dummies might capture this). As we discussed above, the available information probably underestimates the real incidence of COVID-19. This might generate a lower bound picture of the situation. In general, however, national data should be more harmonised than cross-country data, given the existence of national protocols and guidelines in testing and detecting symptoms.

Although the evidence produced in this article is descriptive in nature and relatively preliminary, it can offer important implications for policy and research. First, clarifying the link between the incidence of COVID-19 infections and the characteristics of the local economy may help policy makers in the definition of targeted measures once the nation-wide lockdown can be removed. In this sense, social distancing measures and reinforced containment checks could be prolonged in areas susceptible of more frequent transmission along the lines described in this research. Considering that these areas may also represent the economic core of a national economy, a strong public financial support in favour of these locations should definitely accompany the containment measures. Second, the recognition that the sub-national geography of COVID-19 does not follow a random pattern, but may instead be associated with specific economic profiles, can be a point for the involvement of regional policy, at the national and EU level, in the design of targeted support tools. Finally, in presence of a relationship between COVID-19 cases and local economic structures, future academic investigations of the impact of COVID-19 on the economy should take into consideration that the territorial profile of sector specialisation may play a notable role.

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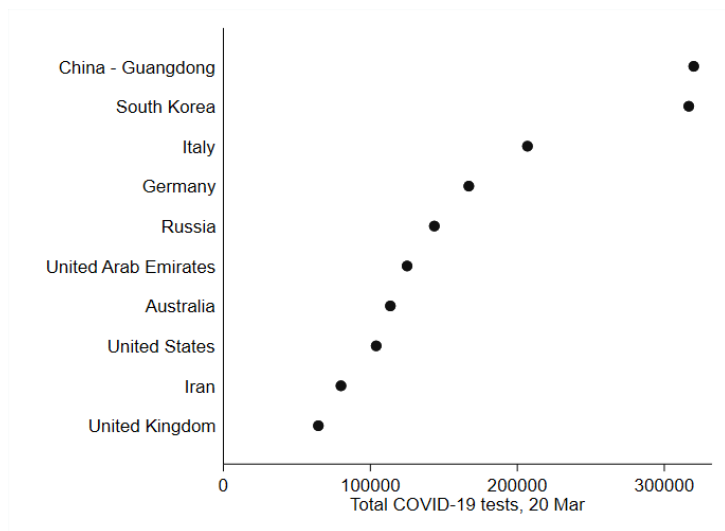
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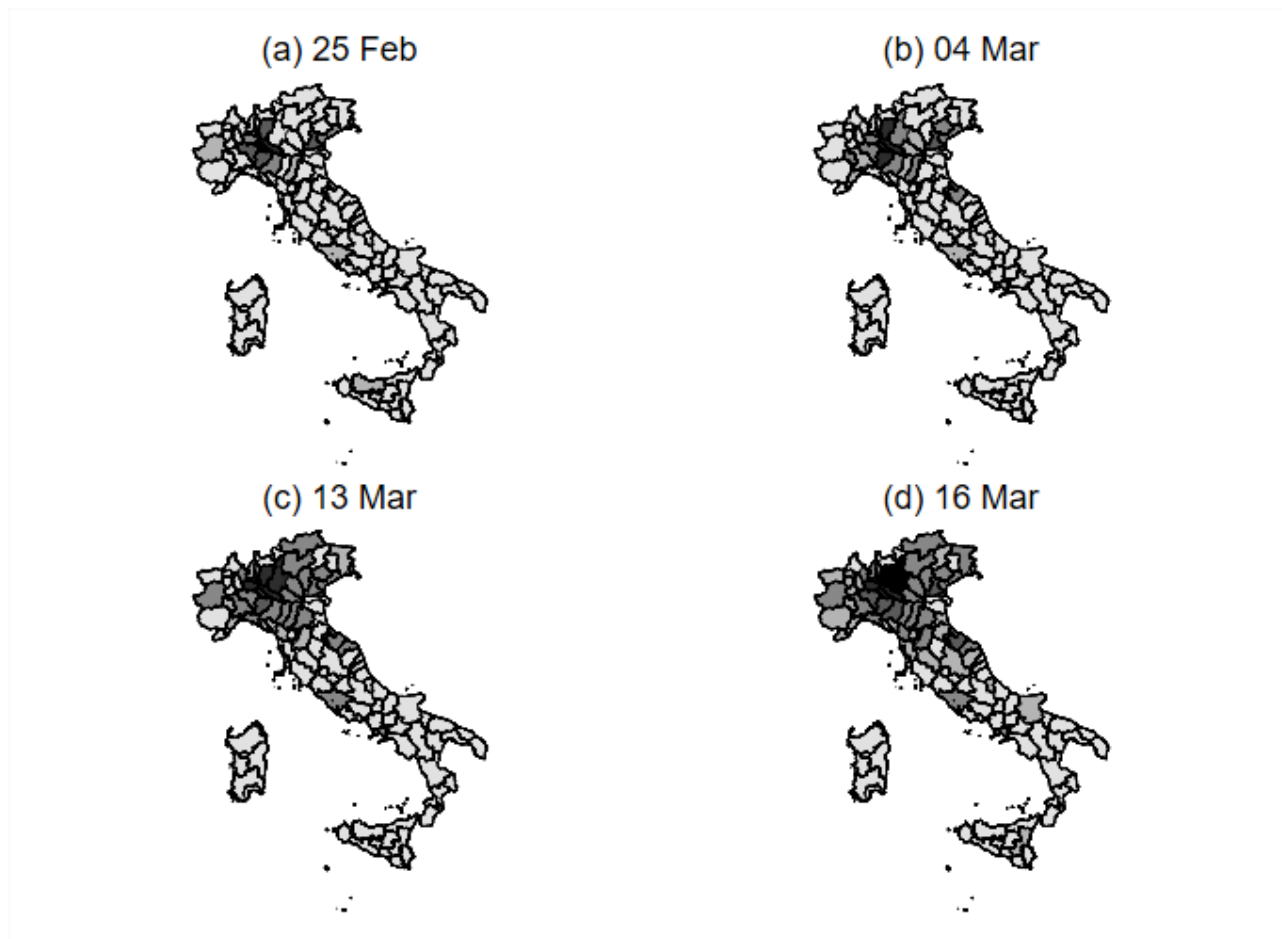
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Figure 1: Top-10 countries by total COVID-19 tests performed as of 20 March.



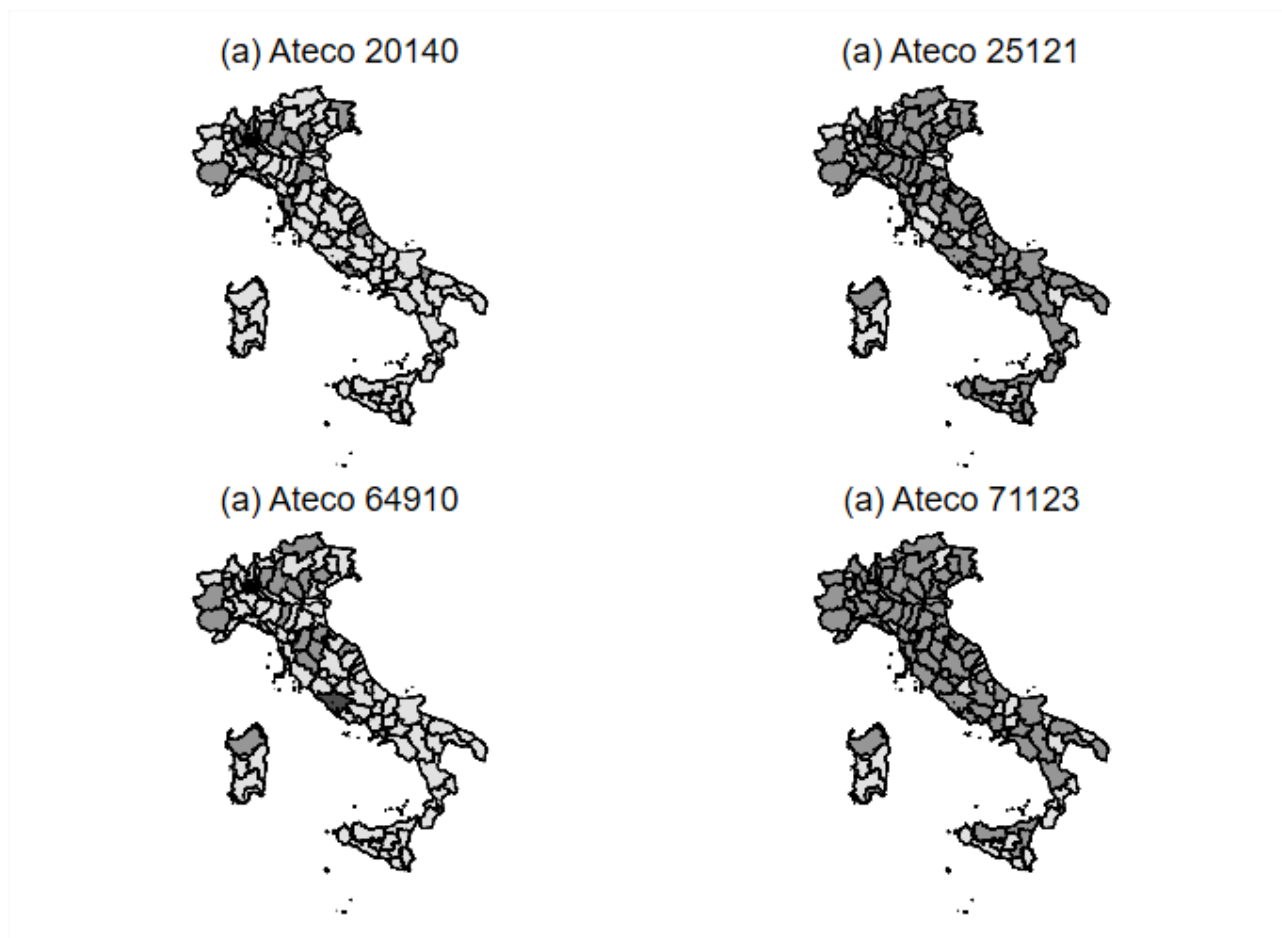
Note: data comes from countries' official reports and press releases compiled together by ourworldindata.org

Figure 2: Provincial share of COVID-19 infections



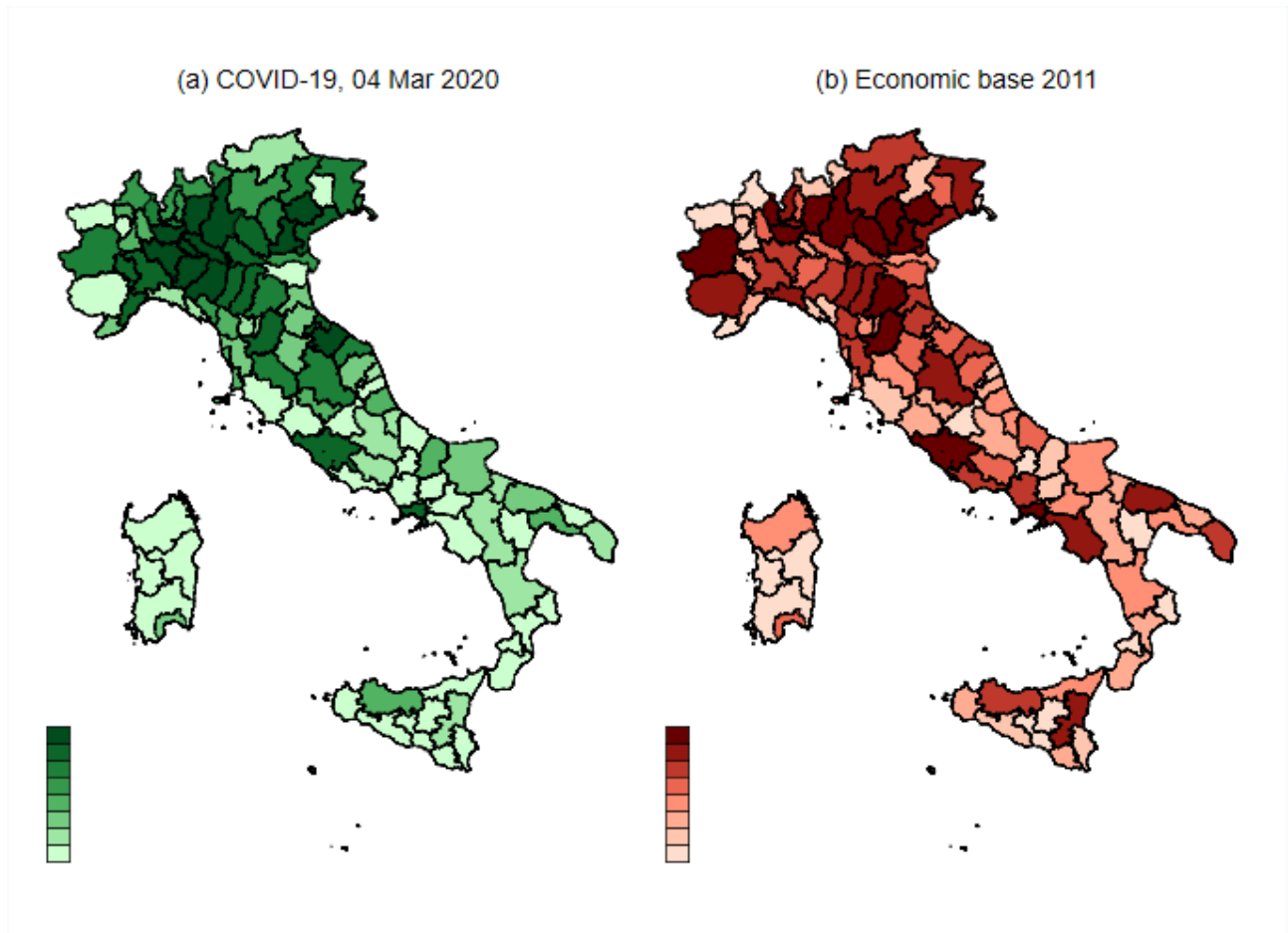
Note: the colours measure the provincial share of COVID-19 infections, with darker colours indicating higher values. The colour groups are six, as follows: 0-0.005, 0.005-0.01, 0.01-0.05, 0.05-0.1, 0.1-0.2 and <0.2.

Figure 3: Spatial concentration of employment in different industries



Note: Ateco 20140 is Manufacture of other organic basic chemicals; Ateco 25121 is Manufacture of doors and windows of metal; Ateco 64910 is Financial leasing; Ateco 71123 is Engineering activities and related technical consultancy. Colours in both maps correspond to four groupings of relative industry presence, with darker colours indicating higher values, as follows: 0-0.005, 0.005-0.1, 0.1-0.25 and >0.25.

Figure 4: Geography of COVID-19 and provincial economic base



Notes: The colours in both maps correspond to eight distribution quantiles of the two variables, with darker colours indicating higher values.

Table 1: Top-10 provinces by COVID-19 cases as of 04 March and their economic base positioning

Province	COVID-19 cases	Economic base		Manufacturing base		Service base	
		rank	Percentile	rank	Percentile	rank	Percentile
Lodi	559	80	26th	71	34th	87	19th
Bergamo	423	6	94th	5	95th	10	91th
Cremona	333	43	53th	41	62th	67	38th
Piacenza	319	51	60th	49	55th	56	48th
Padova	162	7	94th	8	93th	9	92th
Milan	145	1	99th	1	99th	1	99th
Brescia	127	5	95th	3	97th	7	94th
Pavia	126	30	72th	42	61th	36	67th
Parma	115	27	75th	22	80th	29	73th
Treviso	86	12	89th	6	94th	15	86th

Table 2: Variables description

Variable	Measure	Year	Geography	Source
COVID-19 cases	Number of COVID-19 cases on national total	2020	Province	Ministry of Health
Economic base	Employment-weighted Herfindahl-Hirschman Index	2011	Province	ISTAT
Population density	Population divided by provincial area (sq. Km)	2019	Province	ISTAT
Deaths	Log number of deaths	2018	Province	ISTAT
Health emigration	Number of days spent by residents in other regions' hospitals	2016	Province	ISTAT
Old population	Population above 64 divided by total population	2018	Province	ISTAT
Male population	Male population divided by total population	2018	Province	ISTAT
Tourism rate	Number of days with touristic presence in hotels and other touristic structures	2018	Province	ISTAT
Unemployment rate	Percentage of unemployed	2018	Province	ISTAT
Foreign residents	Number of foreign residents on total population	2019	Province	ISTAT
Airport	Dummy equal to 1 if the province has an airport	2019	Province	ISTAT

Table 3: GS2SLS estimates of COVID-19 cases in Italian provinces as of 08 March 2020.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Dep. Var:										
COVID-19 cases, 08 Mar										
COVID-19 cases, 25 Feb	0.306*** (0.033)	0.301*** (0.033)	0.302*** (0.033)	0.304*** (0.033)	0.300*** (0.033)	0.303*** (0.033)	0.301*** (0.033)	0.301*** (0.033)	0.295*** (0.034)	0.294*** (0.033)
Economic base	0.134*** (0.039)	0.191*** (0.047)	0.175*** (0.062)	0.177*** (0.062)	0.175*** (0.062)	0.165*** (0.061)	0.169*** (0.062)	0.165*** (0.063)	0.152** (0.064)	0.145** (0.062)
Density		-0.001** (0.000)	-0.001** (0.000)	-0.001** (0.000)	-0.001** (0.000)	-0.001* (0.000)	-0.001* (0.000)	-0.001 (0.000)	-0.001 (0.000)	-0.001* (0.000)
Deaths			0.128 (0.327)	0.220 (0.417)	0.115 (0.428)	0.314 (0.435)	0.283 (0.441)	0.285 (0.441)	0.337 (0.442)	-0.066 (0.461)
Health emigration				-0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)
Old population					-12.827 (10.386)	0.775 (12.579)	0.296 (12.620)	0.433 (12.627)	2.979 (12.833)	4.447 (12.504)
Male population						87.507* (47.165)	82.490* (48.624)	83.440* (48.745)	68.464 (50.856)	77.896 (49.643)
Tourism rate (no summer)							-0.029 (0.070)	-0.029 (0.070)	-0.025 (0.069)	-0.071 (0.070)
Unemployment rate								-0.015 (0.058)	-0.009 (0.058)	-0.013 (0.056)
Foreign residents									8.578 (8.718)	5.042 (8.608)
Airport										0.837** (0.344)
Spat.COVID-19 cases, 25 Feb	-0.474 (0.504)	-0.522 (0.495)	-0.501 (0.497)	-0.497 (0.497)	-0.284 (0.523)	-0.298 (0.515)	-0.311 (0.515)	-0.306 (0.516)	-0.365 (0.517)	-0.255 (0.505)
Obs.	107	107	107	107	106	106	106	106	106	106
Pseudo R ²	0.68	0.69	0.69	0.69	0.70	0.71	0.71	0.71	0.71	0.73
Region dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: Standard errors are in parenthesis. Significance levels: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table 4: COVID-19 as of 04 March 2020 by different measures of economic base

	(1)	(2)	(3)	(4)
Dep. Var:				
COVID-19 cases, 04 March				
COVID-19 cases, 25 Feb	0.464*** (0.033)	0.464*** (0.033)	0.461*** (0.033)	0.462*** (0.033)
Economic base (employment)	0.104* (0.062)			
Economic base (firms)		1.569 (0.965)		
Economic base (LQ-employment)			43.894 (44.763)	
Economic base (LQ-firms)				28.683 (79.915)
Density	-0.001 (0.000)	-0.001 (0.000)	-0.000 (0.000)	-0.000 (0.000)
Deaths	-0.326 (0.458)	-0.419 (0.488)	-0.373 (0.563)	-0.163 (0.609)
Health emigration	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Old population	7.535 (12.422)	9.425 (12.380)	10.089 (12.495)	10.120 (12.675)
Male population	89.351* (49.318)	91.732* (49.287)	95.710* (49.650)	94.198* (49.851)
Tourism rate (no summer)	-0.083 (0.070)	-0.083 (0.070)	-0.053 (0.071)	-0.058 (0.073)
Unemployment rate	-0.018 (0.056)	-0.016 (0.056)	-0.043 (0.056)	-0.035 (0.056)
Foreign residents	5.237 (8.552)	5.897 (8.494)	8.566 (8.463)	8.467 (8.542)
Airport	0.742** (0.342)	0.730** (0.343)	0.761** (0.344)	0.770** (0.346)
Spatial COVID-19 cases, 25 Feb	-0.322 (0.502)	-0.296 (0.501)	-0.175 (0.510)	-0.243 (0.507)
Obs.	106	106	106	106
Pseudo R ²	0.81	0.81	0.81	0.81
Region dummies	Yes	Yes	Yes	Yes

Note: Standard errors are in parenthesis. Significance levels: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table 5: COVID-19 cases by economic activity

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Dep. Var:							
COVID-19 cases, 04 March							
COVID-19 cases, 25 Feb	0.475*** (0.0330)	0.472*** (0.0329)	0.463*** (0.0329)	0.472*** (0.0329)	0.474*** (0.0332)	0.476*** (0.0330)	0.475*** (0.0330)
<i>Economic base</i>							
Manufacturing	0.0006** (0.0003)	0.0005* (0.0003)		0.0005** (0.0002)	0.0006* (0.0003)	0.0007** (0.0003)	0.0006** (0.0003)
Services	-0.0000 (0.0000)						
Energy		-0.0002 (0.0002)					
Water, sewage, waste		0.0014 (0.0059)					
Wholesale, retail, repair			0.0003 (0.0002)				
Transport and storage				-0.0000 (0.0001)			
Hotel and restaurant					-0.0004 (0.0008)		
Professional services						-0.0001 (0.0001)	
Other services							-0.0006 (0.0008)
Spat. COVID-19 cases, 25 Feb	-0.3110 (0.4981)	-0.3165 (0.4964)	-0.3205 (0.5044)	-0.3277 (0.4980)	-0.3158 (0.4990)	-0.2943 (0.4974)	-0.3232 (0.4975)
Obs.	106	106	106	106	106	106	106
Pseudo R ²	0.81	0.81	0.81	0.81	0.81	0.81	0.81
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Region dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: Standard errors are in parenthesis. Significance levels: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table 6: COVID-19 cases by timing of lockdowns

Dep. Var:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	COVID-19 Cases, 12 Mar (8 days after DPCM of 04 Mar; first national measures)				COVID-19 Cases, 15 Mar (8 days after DPCM of 07 Mar; national lockdown and escape from the North)				COVID-19 Cases, 19 Mar (8 days after DPCM of 11 Mar; lockdown tightening)			
Economic base	0.2662*** (0.0805)		0.2020*** (0.0536)		0.3922*** (0.1256)		0.2008*** (0.0715)		0.8213*** (0.1771)		0.3568*** (0.0568)	
Econ. base, manufacturing		0.0012*** (0.0004)		0.0010*** (0.0003)		0.0019*** (0.0006)		0.0012*** (0.0003)		0.0036*** (0.0009)		0.0016*** (0.0003)
Econ. base, services		-0.0000 (0.0001)		-0.0000 (0.0000)		-0.0000 (0.0001)		-0.0000 (0.0000)		-0.0000 (0.0001)		0.0000 (0.0000)
COVID-19 cases, 25 Feb	0.1962*** (0.0427)	0.2186*** (0.0429)			0.2133*** (0.0666)	0.2474*** (0.0668)			0.1898** (0.0939)	0.2556*** (0.0934)		
Sp. COVID-19 cases, 25 Feb	-0.3255 (0.6530)	-0.3119 (0.6462)			-0.4360 (1.0194)	-0.4205 (1.0069)			-0.4321 (1.4374)	-0.4136 (1.4087)		
COVID-19 cases, 04 Mar			0.6641*** (0.0491)	0.6807*** (0.0476)								
Sp. COVID-19 cases, 04 Mar			0.2603 (0.6540)	0.1536 (0.6364)								
COVID-19 cases, 07 Mar							0.8481*** (0.0523)	0.8545*** (0.0501)				
Sp. COVID-19 cases, 07 Mar							0.3787 (0.5198)	0.2487 (0.5041)				
COVID-19 cases, 11 Mar											2.2259*** (0.0691)	2.2180*** (0.0631)
Sp. COVID-19 cases, 11 Mar											0.4425 (0.6034)	0.2046 (0.5569)
Obs.	106	106	106	106	106	106	106	106	106	106	106	106
Pseudo R ²	0.66	0.66	0.85	0.86	0.63	0.64	0.88	0.89	0.67	0.68	0.97	0.97
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Region dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: Standard errors are in parenthesis. Significance levels: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table 7: COVID-19 cases and trade linkages in manufacturing

	(1)	(2)	(3)	(4)	(5)	(6)
Dep. Var:						
COVID-19 cases, 04 March						
Exports to the World	44.223** (17.186)					
Imports from the World		12.010 (9.131)				
Exports to EU-28			69.974*** (21.449)			
Imports from EU-28				11.419 (8.210)		
Exports to China					14.482 (8.874)	
Imports from China						8.729 (8.978)
COVID-19 cases, 25 Feb	0.468*** (0.032)	0.460*** (0.033)	0.467*** (0.032)	0.461*** (0.033)	0.466*** (0.033)	0.449*** (0.036)
Spatial COVID-19 cases, 25 Feb	-0.383 (0.494)	-0.315 (0.505)	-0.362 (0.484)	-0.315 (0.504)	-0.333 (0.503)	-0.336 (0.512)
Obs.	106	106	106	106	106	106
Pseudo R ²	0.82	0.81	0.82	0.81	0.81	0.81
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Region dummies	Yes	Yes	Yes	Yes	Yes	Yes

Note: Standard errors are in parenthesis. Significance levels: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.