

# Online Appendix

Inventors and Firm Innovation: Evidence from the U.S. World War I Draft

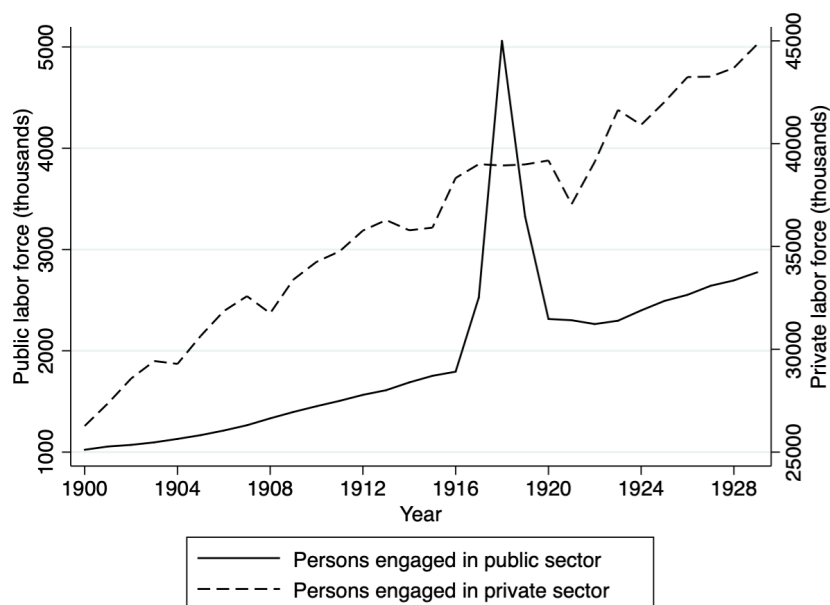
Chungeun Yoon, University of Notre Dame

Online Appendix Figure B and Table B

Figure B.1: LABOR FORCE IN PUBLIC/PRIVATE SECTOR



(a) Persons engaged in public/private sector (ratio)



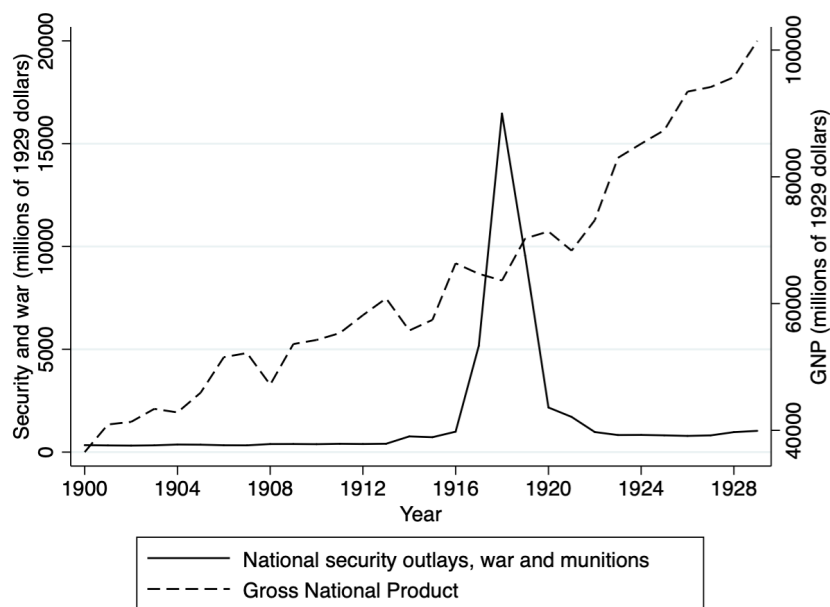
(b) Persons engaged in public/private sector (thousands)

*Notes:* The figures show persons engaged in public/private sector across the years from administrative data ([Kendrick, 1961](#)).

Figure B.2: MILITARY EXPENDITURE



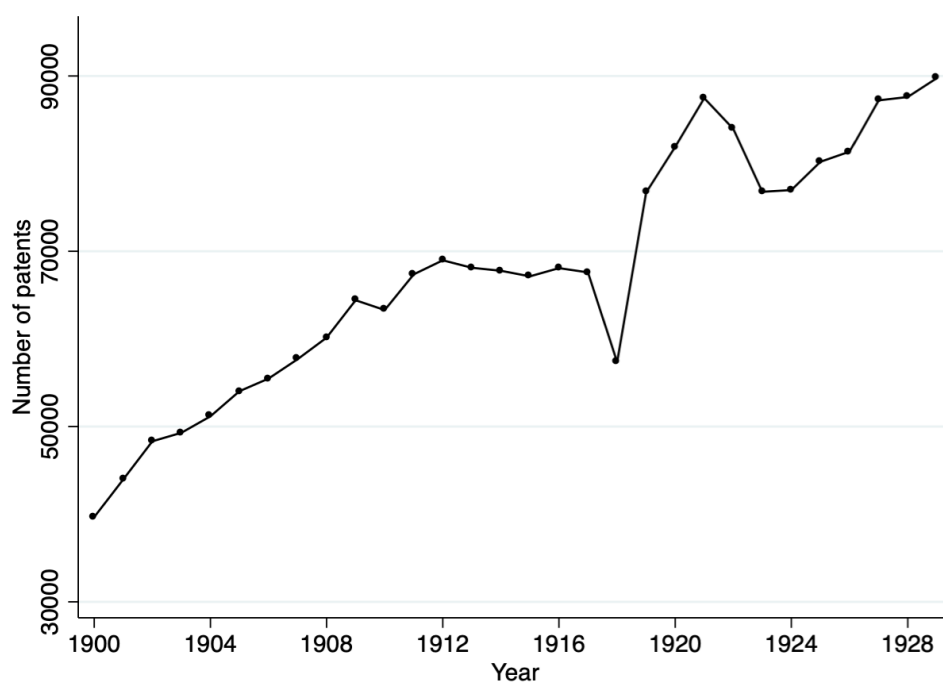
(a) Military expenditure, percentage of GNP



(b) Military expenditure and GNP (millions of 1929 dollars)

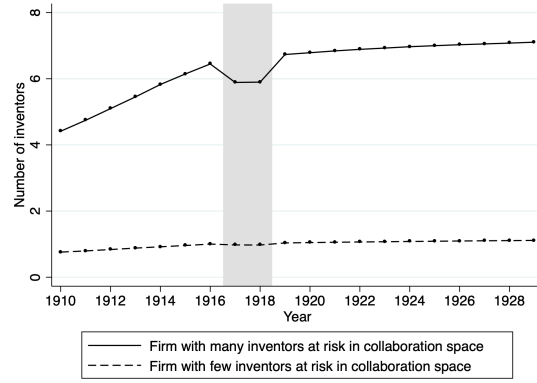
*Notes:* The figures show persons military expenditure across the years from administrative data ([Kendrick, 1961](#)).

Figure B.3: PATENT APPLICATIONS PER YEAR

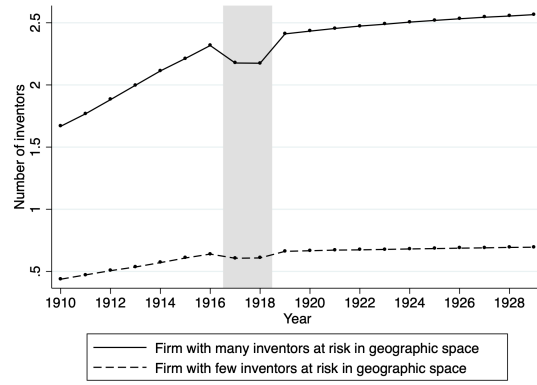


*Notes:* The figure shows the total number of patent applications to the U.S. Patent and Trademark Office ([Marco et al., 2015](#)).

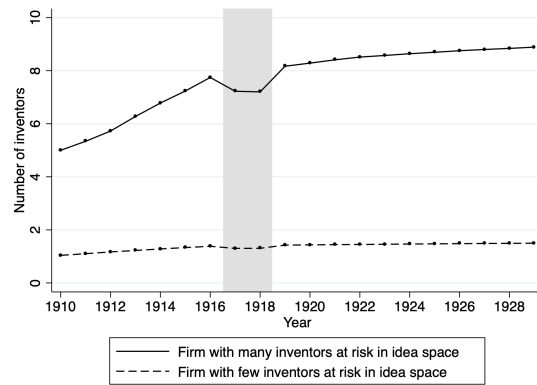
Figure B.4: IMPACT OF SUPPLY SHOCK ON THE POOL OF INVENTORS



(a) Collaboration space



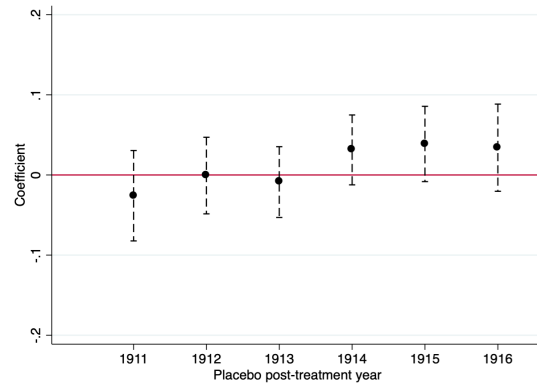
(b) Geographic space



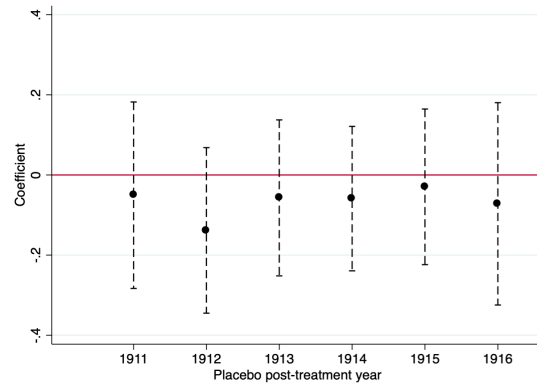
(c) Idea space

*Notes:* The figures show the pool of inventors for treated firms and control firms in each supply shock. New inventors who file a patent application for the first time are added to the pool of inventors every year. Inventors who serve in the military are excluded from the pool between the years 1917 to 1918.

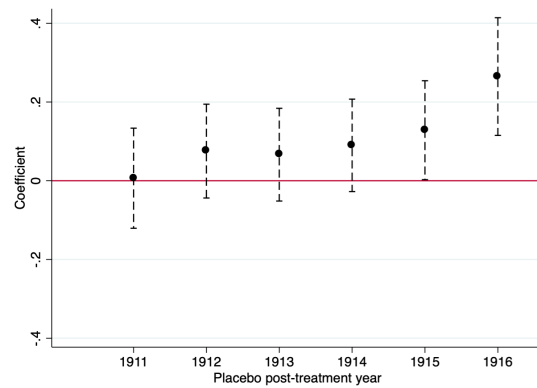
Figure B.5: IMPACT OF SUPPLY SHOCK ON INNOVATION RATES, PLACEBO WWI DRAFT YEARS



(a) Collaboration space



(b) Geographic space



(c) Idea space

*Notes:* The figures show each of coefficients corresponding to each placebo year.

Table B.1: LONG-RUN IMPACT OF SUPPLY SHOCK ON INNOVATION RATES,  
REDUCED FORM, MORE INNOVATIVE FIRM

	Specification			
	(1)	(2)	(3)	(4)
<i>Dependent variable: Patent applications per year</i>				
<i>A. Year: 1910-1929, Post-treatment years: 1917-1929</i>				
Supply shock in	-0.0414***	—	—	-0.0398***
Collaboration space	(0.0154)			(0.0154)
Geographic space	—	-0.1124 (0.1153)	—	-0.1167 (0.1153)
Idea space	—	—	0.1257*** (0.0460)	0.1212*** (0.0459)
Dependent variable mean	0.3481			
Number of observations	181,860			
Number of firms	9,093			
<i>B. Year: 1910-1950, Post-treatment years: 1917-1950</i>				
Supply shock in	-0.0445***	—	—	-0.0455***
Collaboration space	(0.0146)			(0.0146)
Geographic space	—	-0.1570 (0.1135)	—	-0.1619 (0.1135)
Idea space	—	—	-0.0444 (0.0351)	-0.0496 (0.0351)
Dependent variable mean	0.3481			
Number of observations	372,813			
Number of firms	9,093			
<i>C. Year: 1900-1950, Post-treatment years: 1917-1950</i>				
Supply shock in	-0.0322***	—	—	-0.0325***
Collaboration space	(0.0093)			(0.0093)
Geographic space	—	-0.0687 (0.0715)	—	-0.0721 (0.0717)
Idea space	—	—	-0.0118 (0.0228)	-0.0153 (0.0227)
Dependent variable mean	0.3056			
Number of observations	463,743			
Number of firms	9,093			

*Notes:* The sample consists of firms which had at least one patent application prior to the WWI draft and had no patent application relevant for the arms industry such as weapons, ammunition, and explosives. The outcome variable is the number of patent applications per year not relevant for the arms industry. The number of patent applications is winsorized at 10. Standard errors are clustered by firms.

Table B.2: LONG-RUN IMPACT OF SUPPLY SHOCK ON INNOVATION RATES,  
REDUCED FORM, LESS INNOVATIVE FIRM

	Specification			
	(1)	(2)	(3)	(4)
<i>Dependent variable: Patent applications per year</i>				
<i>A. Year: 1910-1929, Post-treatment years: 1917-1929</i>				
Supply shock in	-0.0021	—	—	-0.0022
Collaboration space	(0.0015)			(0.0015)
Geographic space	—	-0.0273*** (0.0104)	—	-0.0269*** (0.0104)
Idea space	—	—	-0.0389*** (0.0057)	-0.0390*** (0.0057)
Dependent variable mean	0.0768			
Number of observations	398,760			
Number of firms	19,938			
<i>B. Year: 1910-1950, Post-treatment years: 1917-1950</i>				
Supply shock in	-0.0054***	—	—	-0.0057***
Collaboration space	(0.0015)			(0.0015)
Geographic space	—	-0.0225** (0.0111)	—	-0.0217* (0.0111)
Idea space	—	—	-0.0636*** (0.0053)	-0.0639*** (0.0053)
Dependent variable mean	0.0768			
Number of observations	817,458			
Number of firms	19,938			
<i>C. Year: 1900-1950, Post-treatment years: 1917-1950</i>				
Supply shock in	-0.0042***	—	—	-0.0044***
Collaboration space	(0.0009)			(0.0009)
Geographic space	—	-0.0184*** (0.0067)	—	-0.0178*** (0.0067)
Idea space	—	—	-0.0346*** (0.0029)	-0.0348*** (0.0029)
Dependent variable mean	0.0710			
Number of observations	1,016,838			
Number of firms	19,938			

*Notes:* The sample consists of firms which had at least one patent application prior to the WWI draft and had no patent application relevant for the arms industry such as weapons, ammunition, and explosives. The outcome variable is the number of patent applications per year not relevant for the arms industry. The number of patent applications is winsorized at 10. Standard errors are clustered by firms.



Table B.3: LONG-RUN IMPACT OF SUPPLY SHOCK ON INNOVATION RATES,  
REDUCED FORM, HIGHLY INNOVATIVE FIRM

	Specification			
	(1)	(2)	(3)	(4)
<i>Dependent variable: Patent applications per year</i>				
<i>A. Year: 1910-1929, Post-treatment years: 1917-1929</i>				
Supply shock in	-0.6037***	—	—	-0.5406***
Collaboration space	(0.1155)			(0.1135)
Geographic space	—	-0.6589 (0.9828)	—	-0.9558 (0.9503)
Idea space	—	—	2.5571*** (0.2635)	2.5080*** (0.2636)
Dependent variable mean	1.2970			
Number of observations	58,660			
Number of firms	2,933			
<i>B. Year: 1910-1950, Post-treatment years: 1917-1950</i>				
Supply shock in	-0.6380***	—	—	-0.5911***
Collaboration space	(0.1249)			(0.1240)
Geographic space	—	-1.0400 (0.9958)	—	-1.2396 (0.9724)
Idea space	—	—	1.9617*** (0.2558)	1.9109*** (0.2555)
Dependent variable mean	1.2970			
Number of observations	120,253			
Number of firms	2,933			
<i>C. Year: 1900-1950, Post-treatment years: 1917-1950</i>				
Supply shock in	-0.2837***	—	—	-0.2426**
Collaboration space	(0.1042)			(0.1031)
Geographic space	—	-0.4538 (0.8517)	—	-0.6881 (0.8308)
Idea space	—	—	1.7479*** (0.2479)	1.7297*** (0.2475)
Dependent variable mean	1.0379			
Number of observations	149,583			
Number of firms	2,933			

*Notes:* The sample consists of firms which had at least one patent application prior to the WWI draft and had no patent application relevant for the arms industry such as weapons, ammunition, and explosives. Highly innovative firms are those with pre-WWI patents in the top 10 percentile. The outcome variable is the number of patent applications per year not relevant for the arms industry. The number of patent applications is winsorized at 10. Standard errors are clustered by firms.

Table B.4: CORRELATIONS BETWEEN POSSIBLE SUPPLY SHOCK  
AND ACTUAL SUPPLY SHOCK

	<i>Actual supply shock of served inventors</i>		
	Collaborator (1)	Geographic (2)	Idea (3)
<i>A. Supply shock of more likely draftable inventors (age 21-30)</i>			
<i>Collaborator</i>	0.2585	0.0110	-0.0156
<i>Geographic</i>	0.0075	0.9581	0.0022
<i>Idea</i>	0.0186	0.0041	0.9499
<i>B. Supply shock of less likely draftable inventors (age 31-45)</i>			
<i>Collaborator</i>	0.0356	0.0214	0.0022
<i>Geographic</i>	0.0267	0.0363	-0.0021
<i>Idea</i>	-0.0002	0.0031	0.0790
<i>C. Supply shock of not draftable inventors (age 46 or above)</i>			
<i>Collaborator</i>	0.0104	0.0199	-0.0124
<i>Geographic</i>	0.0129	0.0166	-0.0050
<i>Idea</i>	0.0037	-0.0003	0.0736

*Notes:* This table reports correlation between each of possible supply shocks captured by draftable inventors and each of actual supply shocks captured by served inventors. In panel A, supply shocks of more likely draftable inventors are the instruments for supply shocks of served inventors. Panel B and C show correlation between placebo supply shocks and supply shocks of served inventors. The sample consists of firms which had at least one patent application prior to the WWI draft. Standard errors are clustered by firms.

Table B.5: FIRST-STAGE REGRESSIONS, PLACEBO AGE GROUPS

<i>Instrument</i>	Dependent variable					
	Collaborator (1)	Geographic (2)	Idea (3)	Collaborator (4)	Geographic (5)	Idea (6)
<i>A. Supply shock of less likely draftable inventors (age 31-45)</i>						
<i>Collaborator</i> ( $S_{iC}^*$ )	0.0389*** (0.0077)	—	—	0.0376*** (0.0077)	0.0039*** (0.0009)	0.0070** (0.0031)
<i>Geographic</i> ( $S_{iG}^*$ )	—	0.0100** (0.0044)	—	-0.0026 (0.0044)	0.0097** (0.0044)	0.0373*** (0.0099)
<i>Idea</i> ( $S_{iF}^*$ )	—	—	0.0238*** (0.0015)	-0.0007 (0.0020)	0.0002 (0.0004)	0.0237*** (0.0015)
F-test of excluded instruments	25.53	5.17	249.74	13.30	8.40	85.96
<i>B. Supply shock of not draftable inventors (age 46 or above)</i>						
<i>Collaborator</i> ( $S_{iC}^*$ )	0.0111* (0.0058)	—	—	0.0103* (0.0058)	0.0036*** (0.0008)	-0.0007 (0.0025)
<i>Geographic</i> ( $S_{iG}^*$ )	—	0.0043 (0.0033)	—	-0.0015 (0.0041)	0.0040 (0.0033)	0.0175** (0.0084)
<i>Idea</i> ( $S_{iF}^*$ )	—	—	0.0191*** (0.0012)	0.0009 (0.0018)	-0.0004 (0.0003)	0.0191*** (0.0013)
F-test of excluded instruments	3.68	1.70	232.52	2.60	7.97	77.86

*Notes:* This table reports first-stage regressions for placebo supply shocks measured by unlikely draftable inventors. The sample consists of firms which had at least one patent application prior to the WWI draft. Standard errors are clustered by firms.

Table B.6: IMPACT OF SUPPLY SHOCK ON INNOVATION RATES, IV  
COEFFICIENTS, PLACEBO AGE GROUPS OF INVENTOR

	Specification			
	(1)	(2)	(3)	(4)
<i>Dependent variable: Patent applications per year</i>				
<i>A. Supply shock of less likely draftable inventors (age 31-45)</i>				
Supply shock in	-0.0544	–	–	-0.0573
Collaboration space	(0.1010)			(0.1094)
Geographic space	–	-6.0505 (15.5370)	–	-5.0650 (13.2236)
Idea space	–	–	-0.0377 (0.0533)	-0.0371 (0.0542)
<i>B. Supply shock of not draftable inventors (age 46 or above)</i>				
Supply shock in	0.4979	–	–	0.3389
Collaboration space	(0.5490)			(0.5237)
Geographic space	–	-1.3442 (1.2974)	–	-1.1873 (1.3282)
Idea space	–	–	-0.0380 (0.0531)	-0.0500 (0.0566)
Dependent variable mean	0.1618			
Number of observations	261,279			
Number of firms	29,031			

*Notes:* The sample consists of firms which had at least one patent application prior to the WWI draft and had no patent application relevant for the arms industry such as weapons, ammunition, and explosives. The outcome variable is the number of patent applications per year not relevant for the arms industry. The number of patent applications is winsorized at 10. Standard errors are clustered by firms. State-year fixed effects are included.

Table B.7: CORRELATIONS BETWEEN POSSIBLE SUPPLY SHOCK  
AND ACTUAL SUPPLY SHOCK

	<i>Actual supply shock of served inventors</i>		
	Collaborator (1)	Geographic (2)	Idea (3)
<i>A. Supply shock of more likely draftable men in geographic space</i>			
<i>Collaborator</i>	0.2585	0.0110	-0.0156
<i>Geographic</i>	0.0069	0.1787	0.0167
<i>Idea</i>	0.0186	0.0041	0.9499
<i>B. Supply shock of less likely draftable men in geographic space</i>			
<i>Collaborator</i>	0.2585	0.0110	-0.0156
<i>Geographic</i>	-0.0065	-0.1118	0.0016
<i>Idea</i>	0.0186	0.0041	0.9499
<i>C. Supply shock of not draftable men in geographic space</i>			
<i>Collaborator</i>	0.2585	0.0110	-0.0156
<i>Geographic</i>	-0.0035	-0.1459	-0.0259
<i>Idea</i>	0.2585	0.0110	-0.0156

*Notes:* This table reports correlation between each of possible supply shocks captured by men in 1910 Census and each of actual supply shocks captured by served inventors. The supply shock in geographic space measured by inventors is replaced with each of possible supply shocks in geographic space measured by men in 1910 Census, while supply shocks in collaboration space and idea space remain the same. The sample consists of firms which had at least one patent application prior to the WWI draft. Standard errors are clustered by firms.

Table B.8: FIRST-STAGE REGRESSIONS, PLACEBO SUPPLY SHOCK IN GEOGRAPHIC SPACE

<i>Instrument</i>	Dependent variable					
	Collaborator (1)	Geographic (2)	Idea (3)	Collaborator (4)	Geographic (5)	Idea (6)
<i>A. Supply shock of more likely draftable men in geographic space from 1910 Census</i>						
<i>Collaborator</i> ( $S_{iC}^*$ )	0.1081*** (0.0051)	—	—	0.1093*** (0.0055)	0.0001 (0.0006)	-0.0001 (0.0004)
<i>Geographic</i> ( $S_{iG}^*$ )	—	0.0675*** (0.0021)	—	-0.0060** (0.0024)	0.0676*** (0.0021)	-0.0033 (0.0117)
<i>Idea</i> ( $S_{iF}^*$ )	—	—	0.6649*** (0.0076)	0.0293*** (0.0090)	-0.0015 (0.0009)	0.6671*** (0.0081)
F-test of excluded instruments	453.85	1,027.98	7,607.89	2,326.87	352.51	132.84
<i>B. Supply shock of less likely draftable men in geographic space from 1910 Census</i>						
<i>Collaborator</i> ( $S_{iC}^*$ )	0.1081*** (0.0051)	—	—	0.1093*** (0.0055)	0.0003 (0.0006)	-0.0001 (0.0004)
<i>Geographic</i> ( $S_{iG}^*$ )	—	-0.0605*** (0.0034)	—	0.0092*** (0.0035)	-0.0605*** (0.0034)	-0.0005 (0.0167)
<i>Idea</i> ( $S_{iF}^*$ )	—	—	0.6649*** (0.0076)	0.0293*** (0.0090)	-0.0007 (0.0009)	0.6671*** (0.0081)
F-test of excluded instruments	453.85	316.49	7,607.89	133.13	106.90	2,314.91
<i>C. Supply shock of not draftable men in geographic space from 1910 Census</i>						
<i>Collaborator</i> ( $S_{iC}^*$ )	0.1081*** (0.0051)	—	—	0.1093*** (0.0055)	0.0003 (0.0006)	-0.0001 (0.0004)
<i>Geographic</i> ( $S_{iG}^*$ )	—	-0.0801*** (0.0035)	—	0.0031 (0.0029)	-0.0801*** (0.0035)	0.0074 (0.0177)
<i>Idea</i> ( $S_{iF}^*$ )	—	—	0.6649*** (0.0076)	0.0293*** (0.0090)	-0.0014 (0.0009)	0.6671*** (0.0081)
F-test of excluded instruments	453.85	526.69	7,607.89	133.14	180.94	2,354.57

*Notes:* The supply shock in geographic space measured by inventors is replaced with each of possible supply shocks in geographic space measured by men in 1910 Census, while supply shocks in collaboration space and idea space remain the same. The sample consists of firms which had at least one patent application prior to the WWI draft. Standard errors are clustered by firms.

Table B.9: IMPACT OF SUPPLY SHOCK ON INNOVATION RATES, PLACEBO  
SUPPLY SHOCK IN GEOGRAPHIC SPACE

	Specification			
	(1)	(2)	(3)	(4)
<i>Dependent variable: Patent applications per year</i>				
<i>A. Supply shock of more likely draftable men in geographic space from 1910 Census</i>				
Supply shock in	-0.0217***	—	—	-0.0204**
Collaboration space	(0.0070)			(0.0080)
Geographic space	—	-0.0425 (0.0360)	—	-0.0431 (0.0359)
Idea space	—	—	0.0832** (0.0326)	0.0886** (0.0361)
<i>B. Supply shock of less likely draftable men in geographic space from 1910 Census</i>				
Supply shock in	-0.0217***	—	—	-0.0204**
Collaboration space	(0.0070)			(0.0080)
Geographic space	—	0.0748 (0.0487)	—	0.0733 (0.0487)
Idea space	—	—	0.0832** (0.0326)	0.0882** (0.0362)
<i>C. Supply shock of not draftable men in geographic space from 1910 Census</i>				
Supply shock in	-0.0217***	—	—	-0.0206***
Collaboration space	(0.0070)			(0.0080)
Geographic space	—	0.0126 (0.0534)	—	0.0153 (0.0533)
Idea space	—	—	0.0832** (0.0326)	0.0881** (0.0361)
Dependent variable mean	0.1664			
Number of observations	265,536			
Number of firms	29,504			
Number of counties	1,361			

*Notes:* The supply shock in geographic space measured by inventors is replaced with each of possible supply shocks in geographic space measured by men in 1910 Census, while supply shocks in collaboration space and idea space remain the same. The sample consists of firms which had at least one patent application prior to the WWI draft. The outcome variable is the number of patent applications per year. The number of patent applications is winsorized at 10. Standard errors are clustered by firms.

Table B.10: IMPACT OF SUPPLY SHOCK ON INNOVATION RATES, REDUCED FORM, ALL FIRM

	Specification			
	(1)	(2)	(3)	(4)
<i>Dependent variable: Patent applications per year</i>				
<i>A. All firms</i>				
Supply shock in	-0.0215***	—	—	-0.0208***
Collaboration space	(0.0080)			(0.0080)
Geographic space	—	0.0475 (0.0498)	—	0.0481 (0.0497)
Idea space	—	—	0.0927** (0.0362)	0.0915** (0.0362)
Dependent variable mean	0.1664			
Number of observations	265,536			
Number of firms	29,504			
<i>B. More innovative firms (Patents before WWI above the median)</i>				
Supply shock in	-0.0368*	—	—	-0.0332
Collaboration space	(0.0223)			(0.0223)
Geographic space	—	0.2575 (0.1675)	—	0.2527 (0.1674)
Idea space	—	—	0.2240*** (0.0844)	0.2211*** (0.0844)
Dependent variable mean	0.3572			
Number of observations	84,537			
Number of firms	9,393			
<i>C. Less innovative firms (Patents before WWI below the median)</i>				
Supply shock in	-0.0016	—	—	-0.0018
Collaboration space	(0.0030)			(0.0030)
Geographic space	—	-0.0229 (0.0212)	—	-0.0233 (0.0212)
Idea space	—	—	-0.0512*** (0.0125)	-0.0513*** (0.0125)
Dependent variable mean	0.0772			
Number of observations	180,999			
Number of firms	20,111			

*Notes:* The sample consists of firms which had at least one patent application prior to the WWI draft. More innovative firms had pre-WWI patents above the median and less innovative firms had pre-WWI patents equal to or below the median. The outcome variable is the number of patent applications per year. The number of patent applications is winsorized at 10. Standard errors are clustered by firms. State-year fixed effects are included.



Table B.11: IMPACT OF SUPPLY SHOCK ON INNOVATION RATES,  
INTERACTION TERMS FOR MORE OR LESS INNOVATIVE FIRMS

	Specification			
	(1)	(2)	(3)	(4)
<i>Dependent variable: Patent applications per year</i>				
<i>More innovative firms</i>				
Supply shock in	-0.0344	—	—	-0.0311
Collaboration space	(0.0211)			(0.0211)
Geographic space	—	0.1370 (0.1517)	—	0.1298 (0.1520)
Idea space	—	—	0.2419*** (0.0834)	0.2389*** (0.0834)
<i>Less innovative firms</i>				
Supply shock in	-0.0016	—	—	-0.0016
Collaboration space	(0.0019)			(0.0019)
Geographic space	—	-0.0076 (0.0137)	—	-0.0075 (0.0137)
Idea space	—	—	-0.0159* (0.0085)	-0.0160* (0.0085)
Dependent variable mean	0.1664			
Number of observations	265,536			
Number of firms	29,504			

*Notes:* The sample consists of firms which had at least one patent application prior to the WWI draft. More innovative firms are those with pre-WWI patents above the median and less innovative firms are those with pre-WWI patents below the median. The outcome variable is the number of patent applications per year. The number of patent applications is winsorized at 10. Standard errors are clustered by firms.

Table B.12: IMPACT OF SUPPLY SHOCK ON INNOVATION RATES, REDUCED FORM (EQUALLY WEIGHTED PRE-WWI PATENTS)

	Specification			
	(1)	(2)	(3)	(4)
<i>Dependent variable: Patent applications per year</i>				
<i>A. Firms</i>				
Supply shock in	-0.0251***	—	—	-0.0246***
Collaboration space	(0.0083)			(0.0083)
Geographic space	—	0.0366 (0.0481)	—	0.0363 (0.0480)
Idea space	—	—	0.0806** (0.0390)	0.0795** (0.0390)
Dependent variable mean	0.1618			
Number of observations	261,279			
Number of firms	29,031			
<i>B. More innovative firms</i>				
Supply shock in	-0.0490**	—	—	-0.0455*
Collaboration space	(0.0234)			(0.0234)
Geographic space	—	0.2322 (0.1627)	—	0.2286 (0.1623)
Idea space	—	—	0.1827** (0.0901)	0.1783** (0.0900)
Dependent variable mean	0.3481			
Number of observations	81,837			
Number of firms	9,093			
<i>C. Less innovative firms</i>				
Supply shock in	-0.0018	—	—	-0.0018
Collaboration space	(0.0033)			(0.0033)
Geographic space	—	-0.0254 (0.0212)	—	-0.0252 (0.0212)
Idea space	—	—	-0.0432*** (0.0144)	-0.0432*** (0.0144)
Dependent variable mean	0.0768			
Number of observations	179,442			
Number of firms	19,938			

*Notes:* The sample consists of firms which had at least one patent application prior to the WWI draft and had no patent application relevant for the arms industry such as weapons, ammunition, and explosives. More innovative firms are those with pre-WWI patents above the median and less innovative firms are those with pre-WWI patents below the median. The outcome variable is the number of patent applications per year not relevant for the arms industry. The number of patent applications is winsorized at 10. Standard errors are clustered by firms. State-year fixed effects are included.

Table B.13: IMPACT OF SUPPLY SHOCK ON INNOVATION RATES, REDUCED FORM (OUTSIDE THE FIRM)

	Specification			
	(1)	(2)	(3)	(4)
<i>Dependent variable: Patent applications per year</i>				
<i>A. Firms</i>				
Supply shock in	-0.0213***	—	—	-0.0208***
Collaboration space	(0.0077)			(0.0077)
Geographic space	—	0.0522 (0.0479)	—	0.0521 (0.0479)
Idea space	—	—	0.0813** (0.0390)	0.0800** (0.0391)
Dependent variable mean	0.1618			
Number of observations	261,279			
Number of firms	29,031			
<i>B. More innovative firms</i>				
Supply shock in	-0.0370*	—	—	-0.0338
Collaboration space	(0.0217)			(0.0217)
Geographic space	—	0.2840* (0.1688)	—	0.2807* (0.1687)
Idea space	—	—	0.1842** (0.0905)	0.1809** (0.0905)
Dependent variable mean	0.3481			
Number of observations	81,837			
Number of firms	9,093			
<i>C. Less innovative firms</i>				
Supply shock in	-0.0019	—	—	-0.0021
Collaboration space	(0.0030)			(0.0030)
Geographic space	—	-0.0254 (0.0212)	—	-0.0252 (0.0212)
Idea space	—	—	-0.0432*** (0.0144)	-0.0433*** (0.0144)
Dependent variable mean	0.0768			
Number of observations	179,442			
Number of firms	19,938			

*Notes:* The sample consists of firms which had at least one patent application prior to the WWI draft and had no patent application relevant for the arms industry such as weapons, ammunition, and explosives. More innovative firms had pre-WWI patents above the median and less innovative firms had pre-WWI patents equal to or below the median. The outcome variable is the number of patent applications per year not relevant for the arms industry. The number of patent applications is winsorized at 10. Standard errors are clustered by firms. State-year fixed effects are included.

Table B.14: SUMMARY STATISTICS, INDIVIDUAL

	Served inventors	Non-served inventors		
		Total	Registered	Not registered
	(1)	(2)	(3)	(4)
<i>Patent applications per year (SD)</i>				
1910-1916	0.3778 (1.0016)	0.1539 (0.5429)	0.1684 (0.5521)	0.1356 (0.5306)
1917-1918	0.2600 (0.9195)	0.0683 (0.4196)	0.0724 (0.4286)	0.0630 (0.4074)
<i>Median age</i>				
	28	40	33	51
<i>Number of inventors</i>				
	1,783	119,244	67,342	51,902

*Notes:* The sample consists of inventors who had at least one patent application prior to the WWI draft. The number of patents is winsorized at 10.

Table B.15: IMPACT OF SUPPLY SHOCK ON INNOVATION RATES, OLS  
COEFFICIENTS, INDIVIDUAL

	Specification			
	(1)	(2)	(3)	(4)
<i>Dependent variable: Number of patent applications per year</i>				
<i>A. All inventors who did not serve</i>				
Supply shock in	-0.0335**	—	—	-0.0337**
Collaboration space	(0.0146)			(0.0145)
Geographic space	—	0.0048 (0.0186)	—	0.0050 (0.0186)
Idea space	—	—	0.0768* (0.0393)	0.0770* (0.0393)
Dependent variable mean	0.1539			
Number of observations	1,055,438			
Number of inventors	119,208			
Number of counties	3,024			
<i>B. Inventors who registered but did not serve</i>				
Supply shock in	-0.0260	—	—	-0.0263
Collaboration space	(0.0205)			(0.0204)
Geographic space	—	0.0039 (0.0267)	—	0.0035 (0.0267)
Idea space	—	—	0.1593*** (0.0568)	0.1594*** (0.0568)
Dependent variable mean	0.1684			
Number of observations	591,054			
Number of inventors	67,342			
Number of counties	2,973			
<i>C. Inventors who neither registered nor serve</i>				
Supply shock in	-0.0420**	—	—	-0.0419**
Collaboration space	(0.0204)			(0.0204)
Geographic space	—	0.0148 (0.0239)	—	0.0146 (0.0239)
Idea space	—	—	-0.0436 (0.0443)	-0.0430 (0.0444)
Dependent variable mean	0.1356			
Number of observations	464,384			
Number of inventors	51,866			
Number of counties	2,918			

*Notes:* The sample consists of inventors who had at least one patent application prior to the WWI draft. The number of patents is winsorized at 10. Standard errors are clustered at the individual level.

Table B.16: FIRST-STAGE REGRESSIONS, INDIVIDUAL

<i>Instrument</i>	Dependent variable					
	Collaborator (1)	Geographic (2)	Idea (3)	Collaborator (4)	Geographic (5)	Idea (6)
<i>Collaborator</i> ( $S_{iC}^*$ )	0.6042*** (0.0059)	—	—	0.6032*** (0.0059)	0.0006 (0.0007)	0.0021*** (0.0006)
<i>Geographic</i> ( $S_{iG}^*$ )	—	0.6223*** (0.0043)	—	0.0001 (0.0007)	0.6222*** (0.0043)	0.0204*** (0.0029)
<i>Idea</i> ( $S_{iF}^*$ )	—	—	0.5545*** (0.0056)	0.0011 (0.0022)	0.0004 (0.0007)	0.5544*** (0.0056)
F-test of excluded instruments	10,530.29	20,626.29	9,913.06	3,555.83	6,876.73	3,329.11

*Notes:* Standard errors are clustered at the individual level.

Table B.17: IMPACT OF SUPPLY SHOCK ON INNOVATION RATES, IV  
COEFFICIENTS, INDIVIDUAL

	Specification			
	(1)	(2)	(3)	(4)
<i>Dependent variable: Number of patent applications per year</i>				
<i>A. All inventors who did not serve</i>				
Supply shock in	-0.0687***	—	—	-0.0688***
Collaboration space	(0.0189)			(0.0189)
Geographic space	—	0.0087 (0.0186)	—	0.0088 (0.0187)
Idea space	—	—	0.0406 (0.0331)	0.0408 (0.0331)
Dependent variable mean	0.1539			
Number of observations	1,055,438			
Number of inventors	119,208			
Number of counties	3,024			
<i>B. Inventors who registered but did not serve</i>				
Supply shock in	-0.0359*	—	—	-0.0361*
Collaboration space	(0.0201)			(0.0201)
Geographic space	—	0.0195 (0.0256)	—	0.0194 (0.0256)
Idea space	—	—	0.1163** (0.0460)	0.1162** (0.0461)
Dependent variable mean	0.1684			
Number of observations	591,054			
Number of inventors	67,342			
Number of counties	2,973			
<i>C. Inventors who neither registered nor served</i>				
Supply shock in	-0.1136***	—	—	-0.1133***
Collaboration space	(0.0320)			(0.0320)
Geographic space	—	-0.0074 (0.0269)	—	-0.0079 (0.0270)
Idea space	—	—	-0.0631 (0.0422)	-0.0625 (0.0423)
Dependent variable mean	0.1356			
Number of observations	464,384			
Number of inventors	51,866			
Number of counties	2,918			

*Notes:* The sample consists of inventors who had at least one patent application prior to the WWI draft. The number of patents is winsorized at 10. Standard errors are clustered at the individual level.

Table B.18: IMPACT OF SUPPLY SHOCK ON INNOVATION RATES, REDUCED FORM, INDIVIDUAL

	Specification			
	(1)	(2)	(3)	(4)
<i>Dependent variable: Number of patent applications per year</i>				
<i>A. All inventors who did not serve</i>				
Supply shock in	-0.0372***	—	—	-0.0373***
Collaboration space	(0.0108)			(0.0108)
Geographic space	—	0.0054 (0.0122)	—	0.0055 (0.0122)
Idea space	—	—	0.0224 (0.0194)	0.0225 (0.0194)
Dependent variable mean	0.1539			
Number of observations	1,055,438			
Number of inventors	119,208			
Number of counties	3,024			
<i>B. Inventors who registered but did not serve</i>				
Supply shock in	-0.0248*	—	—	-0.0248*
Collaboration space	(0.0147)			(0.0147)
Geographic space	—	0.0128 (0.0178)	—	0.0127 (0.0178)
Idea space	—	—	0.0633** (0.0267)	0.0633** (0.0267)
Dependent variable mean	0.1684			
Number of observations	591,054			
Number of inventors	67,342			
Number of counties	2,973			
<i>C. Inventors who neither registered nor serve</i>				
Supply shock in	-0.0507***	—	—	-0.0506***
Collaboration space	(0.0150)			(0.0150)
Geographic space	—	-0.0043 (0.0164)	—	-0.0044 (0.0164)
Idea space	—	—	-0.0355 (0.0251)	-0.0351 (0.0252)
Dependent variable mean	0.1356			
Number of observations	464,384			
Number of inventors	51,866			
Number of counties	2,918			

*Notes:* The sample consists of inventors who had at least one patent application prior to the WWI draft. The number of patents is winsorized at 10. Standard errors are clustered at the individual level.



Table B.19: IMPACT OF SUPPLY SHOCK ON INNOVATION RATES, REDUCED FORM, INTERACTION TERMS FOR PERCENTILE IN PRE-WWI PATENTS

	Specification			
	(1)	(2)	(3)	(4)
<i>Dependent variable: Patent applications per year</i>				
<i>Firms at the bottom percentile in pre-WWI patents</i>				
Supply shock in	0.0334***	—	—	0.0198**
Collaboration space	(0.0090)			(0.0094)
Geographic space	—	0.4314***	—	0.3955***
		(0.0652)		(0.0690)
Idea space	—	—	-0.1090***	-0.1391***
			(0.0347)	(0.0362)
<i>Interacted with the percentile in pre-WWI patents</i>				
Supply shock in	-0.0040***	—	—	-0.0026**
Collaboration space	(0.0011)			(0.0012)
Geographic space	—	-0.0431***	—	-0.0385***
		(0.0084)		(0.0092)
Idea space	—	—	0.0118***	0.0155***
			(0.0038)	(0.0040)
Dependent variable mean	0.1618			
Number of observations	261,279			
Number of firms	29,031			

*Notes:* The sample consists of firms which had at least one patent application prior to the WWI draft and had no patent application relevant for the arms industry such as weapons, ammunition, and explosives. The outcome variable is the number of patent applications per year not relevant for the arms industry. The number of patent applications is winsorized at 10. Standard errors are clustered by firms.

Table B.20: IMPACT OF SUPPLY SHOCK ON ORIGINAL PATENT APPLICATIONS, REDUCED FORM, HIGHLY INNOVATIVE FIRM

	Specification			
	(1)	(2)	(3)	(4)
<i>Dependent variable: Original patent applications per year</i>				
<i>A. Firms in the top 5 percentile of pre-WWI patents</i>				
Supply shock in	-0.1047	–	–	-0.0967
Collaboration space	(0.0797)			(0.0802)
Geographic space	–	1.0874*	–	1.0201*
		(0.5728)		(0.5689)
Idea space	–	–	0.2074**	0.1854**
			(0.0825)	(0.0836)
Dependent variable mean	0.2510			
Number of observations	12,447			
Number of firms	1,383			
<i>B. Firms in the top 10 percentile of pre-WWI patents</i>				
Supply shock in	-0.0481	–	–	-0.0451
Collaboration space	(0.0443)			(0.0444)
Geographic space	–	0.5004*	–	0.4903*
		(0.2707)		(0.2670)
Idea space	–	–	0.1358**	0.1286**
			(0.0580)	(0.0582)
Dependent variable mean	0.1648			
Number of observations	26,397			
Number of firms	2,933			
<i>C. Firms in the top 25 percentile of pre-WWI patents</i>				
Supply shock in	-0.0199	–	–	-0.0176
Collaboration space	(0.0170)			(0.0171)
Geographic space	–	0.1920**	–	0.1830**
		(0.0902)		(0.0897)
Idea space	–	–	0.1153***	0.1126***
			(0.0351)	(0.0352)
Dependent variable mean	0.0818			
Number of observations	73,314			
Number of firms	8,146			

*Notes:* The sample consists of firms which had at least one patent application prior to the WWI draft and had no patent application relevant for the arms industry such as weapons, ammunition, and explosives. The outcome variable is the number of original patent applications per year defined as patents with new one/two/three word phrases in patent title that did not exist in previous patent titles. The number of patent applications is winsorized at 10. Standard errors are clustered by firms.

Table B.21: IMPACT OF SUPPLY SHOCK ON PATENT CITATIONS, REDUCED FORM, HIGHLY INNOVATIVE FIRM

	Specification			
	(1)	(2)	(3)	(4)
<i>Dependent variable: Patent citations per year</i>				
<i>A. Firms in the top 5 percentile of pre-WWI patents</i>				
Supply shock in	-0.9958***	—	—	-0.8994**
Collaboration space	(0.3704)			(0.3703)
Geographic space	—	1.8670 (3.8225)	—	1.0469 (3.7989)
Idea space	—	—	2.3937*** (0.5956)	2.2689*** (0.5942)
Dependent variable mean	2.8476			
Number of observations	12,447			
Number of firms	1,383			
<i>B. Firms in the top 10 percentile of pre-WWI patents</i>				
Supply shock in	-0.6047***	—	—	-0.5485***
Collaboration space	(0.2088)			(0.2082)
Geographic space	—	0.9828 (1.8921)	—	0.8056 (1.8716)
Idea space	—	—	2.0608*** (0.4282)	1.9975*** (0.4275)
Dependent variable mean	1.9534			
Number of observations	26,397			
Number of firms	2,933			
<i>C. Firms in the top 25 percentile of pre-WWI patents</i>				
Supply shock in	-0.2747***	—	—	-0.2461***
Collaboration space	(0.0848)			(0.0847)
Geographic space	—	0.4368 (0.6362)	—	0.3122 (0.6315)
Idea space	—	—	1.5880*** (0.2755)	1.5611*** (0.2749)
Dependent variable mean	1.0267			
Number of observations	73,314			
Number of firms	8,146			

*Notes:* The sample consists of firms which had at least one patent application prior to the WWI draft and had no patent application relevant for the arms industry such as weapons, ammunition, and explosives. The outcome variable is the number of patent citations. The number of patent citations is winsorized at 20. Standard errors are clustered by firms.

Table B.22: QUALITY OF INVENTORS AND IMPACT OF SUPPLY SHOCK ON INNOVATION RATES, REDUCED FORM, MORE INNOVATIVE FIRM

	Specification			
	(1)	(2)	(3)	(4)
<i>Dependent variable: Patent applications per year</i>				
<i>A. Supply shock of very high-quality inventors</i>				
Supply shock in	-0.0895***	—	—	-0.0823**
Collaboration space	(0.0324)			(0.0325)
Geographic space	—	-0.0872***	—	-0.0818**
		(0.0333)		(0.0332)
Idea space	—	—	0.1557*	0.1551*
			(0.0891)	(0.0894)
<i>B. Supply shock of high-quality inventors</i>				
Supply shock in	-0.0799***	—	—	-0.0745***
Collaboration space	(0.0253)			(0.0253)
Geographic space	—	-0.0741**	—	-0.0680**
		(0.0337)		(0.0336)
Idea space	—	—	0.1381*	0.1365*
			(0.0799)	(0.0800)
<i>C. Supply shock of low-quality inventors</i>				
Supply shock in	0.0111	—	—	0.0093
Collaboration space	(0.0459)			(0.0470)
Geographic space	—	0.0617	—	0.0664
		(0.0920)		(0.0942)
Idea space	—	—	0.0938*	0.0944*
			(0.0548)	(0.0548)
Dependent variable mean	0.3481			
Number of observations	81,837			
Number of firms	9,093			

*Notes:* The sample consists of firms which had at least one patent application prior to the WWI draft and had no patent application relevant for the arms industry such as weapons, ammunition, and explosives. More innovative firms had pre-WWI patents above the median. Very high-quality inventors had pre-WWI patents in the top 10 percentile. High-quality inventors had pre-WWI patents above the median and low-quality inventors had pre-WWI patents equal to or below the median. The outcome variable is the number of patent applications per year not relevant for the arms industry. The number of patent applications is winsorized at 10. Standard errors are clustered by firms.

Table B.23: QUALITY OF INVENTORS AND IMPACT OF SUPPLY SHOCK ON INNOVATION RATES, REDUCED FORM, LESS INNOVATIVE FIRM

	Specification			
	(1)	(2)	(3)	(4)
<i>Dependent variable: Patent applications per year</i>				
<i>A. Supply shock of very high-quality inventors</i>				
Supply shock in	-0.0050	—	—	-0.0048
Collaboration space	(0.0043)			(0.0043)
Geographic space	—	-0.0048 (0.0043)	—	-0.0041 (0.0043)
Idea space	—	—	-0.0446*** (0.0135)	-0.0445*** (0.0135)
<i>B. Supply shock of high-quality inventors</i>				
Supply shock in	-0.0069*	—	—	-0.0068*
Collaboration space	(0.0037)			(0.0037)
Geographic space	—	-0.0067 (0.0042)	—	-0.0058 (0.0042)
Idea space	—	—	-0.0387*** (0.0120)	-0.0387*** (0.0120)
<i>C. Supply shock of low-quality inventors</i>				
Supply shock in	0.0013	—	—	-0.0001
Collaboration space	(0.0052)			(0.0052)
Geographic space	—	0.0278** (0.0112)	—	0.0268** (0.0113)
Idea space	—	—	-0.0267*** (0.0082)	-0.0264*** (0.0082)
Dependent variable mean	0.0768			
Number of observations	179,442			
Number of firms	19,938			

*Notes:* The sample consists of firms which had at least one patent application prior to the WWI draft and had no patent application relevant for the arms industry such as weapons, ammunition, and explosives. Less innovative firms had pre-WWI patents equal to or below the median. Very high-quality inventors had pre-WWI patents in the top 10 percentile. High-quality inventors had pre-WWI patents above the median and low-quality inventors had pre-WWI patents equal to or below the median. The outcome variable is the number of patent applications per year not relevant for the arms industry. The number of patent applications is winsorized at 10. Standard errors are clustered by firms.

Table B.24: QUALITY OF INVENTORS AND IMPACT OF SUPPLY SHOCK ON INNOVATION RATES, REDUCED FORM, HIGHLY INNOVATIVE FIRM

	Specification			
	(1)	(2)	(3)	(4)
<i>Dependent variable: Patent applications per year</i>				
<i>A. Supply shock of very high-quality inventors</i>				
Supply shock in	-1.0218***	—	—	-0.9361***
Collaboration space	(0.1486)			(0.1468)
Geographic space	—	-0.3464*	—	-0.3197*
		(0.1925)		(0.1891)
Idea space	—	—	2.6969***	2.6461***
			(0.2887)	(0.2905)
<i>B. Supply shock of high-quality inventors</i>				
Supply shock in	-0.8577***	—	—	-0.7824***
Collaboration space	(0.1304)			(0.1283)
Geographic space	—	-0.2801	—	-0.2840
		(0.2028)		(0.1976)
Idea space	—	—	2.4511***	2.4102***
			(0.2566)	(0.2569)
<i>C. Supply shock of low-quality inventors</i>				
Supply shock in	0.2825	—	—	0.2936
Collaboration space	(0.2510)			(0.2570)
Geographic space	—	0.6749	—	1.2053**
		(0.5901)		(0.5910)
Idea space	—	—	1.7340***	1.7517***
			(0.1758)	(0.1761)
Dependent variable mean	1.2970			
Number of observations	58,660			
Number of firms	2,933			

*Notes:* The sample consists of firms which had at least one patent application prior to the WWI draft and had no patent application relevant for the arms industry such as weapons, ammunition, and explosives. Highly innovative firms had pre-WWI patents in the top 10 percentile. Very high-quality inventors had pre-WWI patents in the top 10 percentile. High-quality inventors had pre-WWI patents above the median and low-quality inventors had pre-WWI patents equal to or below the median. The outcome variable is the number of patent applications per year not relevant for the arms industry. The number of patent applications is winsorized at 10. Standard errors are clustered by firms.