

# Not welcome anymore: the effect of electoral incentives on the reception of refugees\*

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## Abstract

Do electoral incentives affect immigration policies? I study this question in the setting of Italian municipalities making decisions about the reception of refugees. The localized control of the reception policy (SPRAR), combined with the exogenous timing of policy decisions and staggered elections, enables me to study the effect of electoral incentives on the reception of refugees. Although municipalities receive fiscal grants for hosting refugees, electoral incentives reduce the probability of opening a refugee centre by 24 per cent. The effect is driven by voters' misperception of immigrants and by extreme-right political preferences. The results explain why it is difficult to reach an equal redistribution of refugees across and within countries.

**Keywords:** Migration, reception of refugees, electoral incentives, fiscal grants.

**JEL Classification:** R23, J61, D72, C23.

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# 1 Introduction

International migration has become a hotly debated issue in politics and the media. For at least 5 years, there has been an increasing stream of refugees and asylum seekers seeking protection in Europe. In 2015 alone, approximately one million asylum seekers arrived in EU countries (see Figure 1). Thus for the EU, and western countries in general, the reception of refugees is one of the most important current challenges. Many national and local governments do not want to host refugees and asylum seekers, producing asymmetries in terms of “responsibility” or “burden sharing” across and within countries (Fernandez-Huertas Moraga and Rapoport, 2014; Thielemann et al., 2010). This unbalanced reception of refugees (see Figure 2) could be an issue for those countries that receive the largest intakes, given the evidence that high levels of immigration are associated with rising support for populist political parties (Barone et al., 2016; Becker and Fetzer, 2016; Dustmann et al., 2016). Given the high numbers of people fleeing war and political persecution, and uncertainty about how to respond among national and local governments, there is strong motivation for research into the political determinants of immigration policies.

International migration has also become a central topic in the economics literature, showing that immigration affects economic outcomes like labour market conditions (Card, 2001; Dustmann et al., 2012) and public finances (Dustmann and Frattini, 2014; Preston, 2014). Moreover, the most recent political economy literature has demonstrated that immigration influences electoral results (Barone et al., 2016; Becker and Fetzer, 2016; Dustmann et al., 2016), with rising voter support for extreme-right parties and anti-immigration policies. However, while the political economy literature has produced results about the behaviour of voters (i.e. the demand side), there is no much evidence on immigration policies nor on politicians behaviour with respect to immigration issues (i.e. the supply side).

I address this gap in the literature by focusing on the supply side, analysing the potential political determinants of immigration policies. More specifically, I study how electoral incentives affect governments immigration policies, and in particular the reception of refugees and asylum seekers. In fact, as immigration has an impact on electoral outcomes (Barone et al., 2016; Becker and Fetzer, 2016; Dustmann et al., 2016; Vertier and Viskanic, 2018), and given that politicians can anticipate voters reactions, we can expect governments to manipulate immigration policies to gain votes or to avoid losing popularity. Hence, in this paper I address the following question: do electoral incentives affect immigration policy decisions?

I use data from all Italian municipalities for the years 2005-2017, taking advantage of a peculiar refugee allocation policy promoted by the Italian Home Office, called “The Protection System for Asylum Seekers

and Refugees” (SPRAR). Based on this policy, centres for refugees and asylum seekers (SPRAR centres) are allocated at municipal level through tenders issued by the Home Office. Municipalities that open a SPRAR centre receive substantial fiscal grants from higher levels of government. Thus, for a municipal government, opening a reception centre may be an investment, with benefits for the local economy. In fact, there is abundant anecdotal evidence that describes how municipalities that participate in the program benefit from hosting refugees and from the fiscal grants received.<sup>1</sup>

The SPRAR system has two important features, which I exploit in this paper. First, municipalities can choose whether to participate, and thus open a reception centre on their territory. Therefore, refugee policy is locally controlled, which enables me to study governments immigration policies without the drawbacks of cross-countries studies, whose findings are biased by institutional and cultural differences between countries. Besides that, the large number of Italian municipalities allows me to exploit the substantial variation in terms of immigration policy decisions across different areas of Italy. Second, the timing of the tenders is determined by the Home Office and by international events, and is exogenous to local circumstances and the timing of municipal elections. Thus, although municipal governments can decide whether to open a reception centre or not, whether the decision is taken close to or faraway from an election is out of their control.

Combining the exogenous timing of SPRARs tenders and the staggered timing of municipal elections<sup>2</sup> enables me to compare mayors who are in the final year of their term (i.e. just before elections) when the Home Office launches a tender, with mayors in other years of their term. Following the literature (Labonne, 2016), I interpret the parameter estimated through this comparison as the effect of electoral incentives on the probability of opening a reception centre. The main results reveal that the probability of opening a reception centre in a municipality is 24 per cent lower when the Home Office launches a tender in the final year of the term (i.e. just before new elections), compared to municipalities in other years of the term. The main results are robust to different specifications and survive a series of robustness checks.<sup>3</sup>

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<sup>1</sup>See for example Cityscope (05/11/2015): “In Italy, a struggling town looks to refugees for revival”; BBC news (26/09/2016): “Riace: The Italian village abandoned by locals, adopted by migrants”; Linkiesta (05/11/2016; in Italian): “Il welfare buono dei migranti, che al Sud crea ricchezza e lavoro”

<sup>2</sup>Municipal elections are staggered for historical reasons, due to past government crises interrupting electoral mandates across municipalities. As these crises were heterogeneous in their impact, today Italian municipalities do not all vote at the same time. Such interruptions are less frequent today, possibly because of an electoral law introduced in 1993 which mandates new elections if the municipal council wants to dismiss the mayor. For example, in the data studied in this paper, early interruptions account for approximately the 5 per cent of all electoral mandates. In Table A8 in the Appendix, I show that these early interruptions are not a threat to the identification strategy used in this paper. Finally, Coviello and Gagliarducci (2017) and Repetto (2017) discuss the exogeneity of municipal election dates in Italy.

<sup>3</sup>More specifically, the results survive the following robustness checks: first, I run a placebo test in which I show that other time-consuming policies are not negatively affected by the electoral cycle. This test rules out the possibility that the baseline effect of this paper is driven by the fact that mayors are busy with the electoral campaign during the last year of the term. Second, I show that the effect of electoral incentives on the reception of refugees is not driven by the political

I investigate the main factors driving the negative effect of electoral incentives on the reception of refugees. First, I show that the effect is driven by voters' misperception of the presence of immigrants. More specifically, combining survey data about the perceived presence of immigrants (“Transatlantic Trends: immigration 2010”<sup>4</sup>) and the actual share of the foreign population at municipal level, I provide evidence that the main results are driven by those municipalities in which voters overestimate more the presence of immigrants. This evidence is in line with the recent experimental literature, which shows that misperception of immigrants can affect immigration and redistribution policies (Facchini, Margalit and Nakata, 2016; Alesina, Miano and Stantcheva, 2018), and it suggests that providing voters with more accurate information about the actual presence of immigrants can potentially lead to more open immigration policies.

Second, I show that the detrimental effect of electoral incentives on the reception of refugees is even more negative in municipalities where the pre-treatment share of migrants is higher. This result is consistent with the “realistic group conflict” theories (Campbell, 1965; Quillian, 1995; Taylor, 1998; Lahav, 2004; Dustmann et al., 2016), which indicate that natives perceive the arrival of new migrants as a bigger threat to their economic resources and for their cultural dominance in places where the pre-existing fraction of foreigners is higher. The result contradicts “contact theory” (Allport 1954; Pettigrew 1998; Dustmann et al., 2016), which claims that the continuous contact between different groups should lead to more acceptance. This result is also consistent with the political economy literature, which shows that the effect of immigration on the success of extreme-right parties and anti-immigration policies is stronger where the pre-existing fraction of migrants is higher (Dustmann et al., 2016).

Third, consistent with the idea that electoral incentives shape municipal governments decisions about hosting refugees, I provide evidence that the main results are driven by municipalities with a higher share of voters with extreme-right political preferences. Finally, I show that the negative effect of electoral incentives on the reception of refugees is reduced in municipalities where political competition is higher. This result is consistent with the idea that, where political competition is higher, political parties compete for the support of swing voters, who normally care about non-ideological issues such as economic growth (Besley, Persson and Sturm, 2010; Barone et al., 2016), rather than divisive issues like migration. This evidence suggests that introducing institutions and policies that foster political competition may lead to

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orientation of the mayor. Finally, I show that the results are robust to the following checks: 1) the results are unaffected if I control for early interruptions of the electoral mandate; 2) the results are not driven by differences across mayors in terms of previous and perspective careers in the private sector; 3) the results are not driven by municipalities in which the Home Office opens refugee centres through channels alternative to the SPRAR allocation system (see section 2 for more information).

<sup>4</sup>This is a project of the German Marshall Fund of the United States, the Lynde and Harry Bradley Foundation, the Compagnia di San Paolo, and the Barrow Cadbury Trust, with support from Fundacin BBVA. The data are provided by the Inter-university Consortium for Political and Social Research (ICPSR, <https://www.icpsr.umich.edu/icpsrweb/>).

more open immigration policies (Barone et al., 2016).<sup>5</sup>

In addition, distinguishing between the opening of new reception centres and the renewal of existing centres, I provide evidence that voters learn about their misperception from experience. More specifically, I show that, while all the heterogeneity mechanisms described above contribute to the effect of electoral incentives on the opening of new reception centres, the only mechanism driving the effect on the renewal of existing centres is the share of extreme-right voters. This result suggests that voters, going through the SPRAR experience and entering in contact with refugees and asylum seekers, learn about their misperception of the presence of migrants and understand that the arrival of new migrants does not necessarily constitute a threat. Conversely, the result indicates that voters who express anti-immigration preferences do not change their position after hosting refugees.

The results of the paper suggest that municipal governments decline to host refugees in response to electoral incentives. This intuition is reinforced by the evidence that opening a refugee centre in the final year of the term is negatively correlated with the vote share of the incumbent at the next election. By contrast, opening a refugee centre in other years of the term is positively correlated with the vote shares at the following election. This result indicates that there are electoral costs only for mayors who open a reception centre just before elections, and it suggests that the electoral punishment may be driven by voters' misperception of immigrants. More specifically, this result is consistent with the evidence that the negative effect of electoral incentives is driven by voters' misperception of immigrants and by municipalities in which a bigger foreign population induces voters to perceive the arrival of new migrants as a threat. This evidence suggests that voters may change idea about the reception of refugees if they are given enough time to understand what hosting refugees means and is consistent with the results about learning described above.

Finally, I show that the effect of electoral incentives on the reception of refugees can persist beyond the end of the electoral term and that it may have consequences in the medium and long run. More specifically, I provide evidence that municipalities, in which electoral incentives affected the reception of refugees more strongly in the past, host a smaller share of refugees and have a lower probability of opening a refugee centre in the last year available in the data.<sup>6</sup> I also provide suggestive evidence that this medium run persistence may be driven by municipalities in which voters overestimate the presence of migrants and by municipalities with higher shares of migrants and higher shares of extreme-right voters.

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<sup>5</sup>In the Appendix, I report results about other potential heterogeneity mechanisms. Interestingly, other potential mechanisms like labour market concerns (i.e. unemployment) and competition for public services (i.e. schools and hospitals) do not seem to play any role in this context.

<sup>6</sup>As described in more detail in section 5, this evidence is provided following the intuition and the methodology of Labonne (2016).

Conversely, political competition seems to attenuate this medium run persistence of the negative effect. This evidence suggests that the effect of electoral incentives can lead to an unbalance reception of refugees in the medium and long run.

In the second part of the empirical analysis, using a difference-in-differences analysis that controls for unobservable shocks that drive the decision to open a centre (see section 6 for more details), I show that the reception of refugees is associated with an increase in total municipal expenditures, which seems to be funded by grants from higher levels of government, and not by local taxes. I also show that this increase in expenditures is redistributed toward types of expenditures that could benefit the local economy, and in particular firms, cooperatives and professionals that work for the reception centre or provide services to it.<sup>7</sup> This is consistent with the anecdotal evidence reported in the press, which indicates that the money spent to fund the SPRAR centres benefits the local economy.

This result, combined with the evidence that electoral incentives reduce the probability of opening a reception centre, suggests that the fear of losing popular support induces municipal governments to give up resources that could benefit the local economy. This is a counterintuitive result as the mayors, attracting these resources from higher levels of government, could potentially increase their popularity. Besides that, this result is inconsistent with the literature, which shows that politicians normally tend to increase expenditures and attract more fiscal grants just before elections (Akhmedov and Zhuravskaya, 2004; Drazen and Eslava, 2010; Brollo and Nannicini, 2012; Repetto 2017; Bracco et al. 2015; Alesina and Paradisi, 2017; Repetto 2017).

In conclusion, the results of this paper suggest two potential drawbacks of elections in relation to immigration policies: first, the heterogeneity behind the negative effect of electoral incentives on the reception of refugees may explain why is difficult to redistribute refugees in an equal way across and within countries. Second, the results indicate that the fear of losing popular support induces municipal governments to give up resources that could benefit the local economy.

This paper is connected to two strands of literature: the first is the political economy of immigration, which shows that immigration has a positive impact on the support for extreme-right parties and anti-immigration policies (Barone et al., 2016; Becker and Fetzer, 2016; Dustmann et al., 2016; Vertier and Viskanic, 2018). As already anticipated above, while this literature provides evidence about the behaviour of voters (i.e. the demand side), there is no much evidence about the behaviour of politicians dealing

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<sup>7</sup>In addition, in the Appendix section A2, I use the same empirical strategy to show that the reception of refugees seems to have some benefits in terms of population growth. I also show that receiving refugees does not seem to create competition for public services like schools. This evidence seems to rule out the possibility that the negative effect of electoral incentives on the reception of refugees may be due to the fact that hosting refugees may create competition for public services like schools and hospital.

with immigration issues (i.e. the supply side). As far as I know, the only exceptions are the papers of Folke (2014), Facchini and Steinhardt (2011), Casarico, Facchini and Frattini (2018) and Morelli and Negri (2018). More in detail, Folke (2014) shows that party representation has an effect on immigration and environmental policies in Swedish municipalities. My paper differs from Folke (2014) because the focus is on electoral incentives rather than party representation.<sup>8</sup> The papers of Facchini and Steinhardt (2011) and Casarico, Facchini and Frattini (2018) study the determinant of the voting behaviour of U.S. Congressmen in relation to immigration policies, and specifically in relation to the legalization of undocumented migrants. Differently from them, the focus here is on the behaviour of governments and on a different type of immigration policy like the reception of refugees. Morelli and Negri (2018) study from a theoretical point of view which electoral system leads to more open migration policies. My paper investigates a similar topic from an empirical point of view.

The second strand of literature is the political economy of electoral incentives, which has studied how electoral incentives can affect various outcomes, for example corruption (Ferraz and Finan, 2011), employment (Labonne, 2016), conditional welfare programs (Brollo et al., 2017) and environmental policies (List and Sturm, 2006). I contribute to this literature by showing how electoral incentives can affect immigration policies.

Finally, three papers are close to mine: the first is Bracco et al. (2017), who, using data on Italian municipalities and regression discontinuity design, show that the location of migrants at municipal level is influenced by the election of extreme-right mayors (i.e. mayors affiliated to the Lega Nord party). My paper differs from their paper on two dimensions: first, they focus on the behaviour of migrants, while the focus of my paper is on the behaviour of politicians and on one specific immigration policy (i.e. receiving refugees); second, they study the effect of extreme-right parties, while I study the effect of electoral incentives. The second paper is Bratti et al. (2017), who show how receiving SPRAR refugees influenced the vote at the 2016 Italian Constitutional Referendum. My paper differs from their paper because, while they focus on the behaviour of voters, I study the behaviour of politicians dealing with immigration issues. The third paper is Genovese, Belgioioso and Kern (2016), who, using survey data from Italy, study how public opinion is affected by exposure to centres where refugees are received. My analysis is different from their analysis because, while they study the effect of refugee centres on public opinion, I study the behaviour of municipal governments on the question of whether to receive refugees.

The paper proceeds as follows. Section 2 describes the institutional setting. Section 3 describes the data used in the paper. Section 4 lays out the empirical strategy and section 5 reports the result for

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<sup>8</sup>In the Appendix, I also provide evidence that the effect of electoral incentives on the reception of refugees is not driven by the political orientation of the coalition in power (see Table A6 for more details).

the effect of electoral incentives on whether refugees are accepted. Section 6 studies how the reception of refugees affects fiscal outcomes. Section 7 concludes.

## 2 Institutional Setting

### 2.1 Italian municipalities

Today in Italy there are around 8047 municipalities, and most of them have less than 5000 inhabitants. The number was bigger in the past, and it has been recently reduced through municipal merges. Municipalities represent the lower level of government in Italy, where the highest one is the national parliament, the second tier is represented by the regions and then the third one are the provinces.<sup>9</sup> Above all of these levels there is the European parliament. Even if municipalities are the lowest level of government, they are in charge of many important services: housing, environmental services (e.g. garbage collection), public utilities (e.g. water supply), municipal police, infrastructure, transport, welfare.

Municipalities manage approximately 10 per cent of total public expenditures. For a certain fraction of the period studied in this paper (i.e. 2005-2017), municipal expenditures have been largely financed through grants from higher levels of government. More specifically, municipalities can receive grants from the central state, regions and provinces. The fiscal dependence on grants has been historically heterogeneous across different parts of Italy, with the South of Italy being much more dependent on grants from higher level of governments. For example, at the beginning of the years 2000, municipalities in the South were covering approximately 70 per cent of their expenditures with grants from higher level of governments. For municipalities in the North of Italy, the same percentage was approximately 30 per cent. However, it is important to recall that, following the 2008 financial crisis and the 2011 public debt crisis, the importance of grants has diminished, given that the central state has cut many of the funds usually transferred to municipalities.

The remaining part of municipal revenues is represented by taxes and fees on public services. Among these, the most important municipal taxes are: 1) the property tax, which was initially introduced in 1993 with the name of “ICI”, and which has evolved over the years changing name many times (e.g. today is called “IMU”); 2) a surcharge on the national personal income tax, called “Addizionale Irpef”.

In this paper, I study how mayors of Italian municipalities manage a specific immigration policy, which

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<sup>9</sup>In some specifications of the empirical analysis below, I use Labour market areas (LMA) fixed effects. LMA are geographical areas where most of the labour force lives and works, and where firms can find the labour force needed for the offered occupations. Thus, LMA are sub-regional areas constituted by groups of municipalities that share common economic and social characteristics. In this paper, I use the 2001 LMA codification, which means that the LMA considered in this paper are 685. To LMA does not correspond any level of government.



is the reception of refugees and asylum seekers. The focus on mayors is justified by their considerable power at municipal level. In fact, since 1993 (see Law 81 in 1993), mayors are directly elected by the voters. This is due to a decentralization reform implemented in 1993, which replaced the old proportional electoral law with a majoritarian system. The new system gave the voters the right to directly choose the mayor (before 1993 the mayor was selected by the municipal council). This created a direct accountability mechanism between the mayor and the electorate. Besides that, the new electoral law gave to the mayors the power to choose the and dismiss the vice-mayor and the ministers inside the municipal government, while if the municipal council wants to dismiss the mayor, new elections must be held.

Municipalities with less than 15,000 inhabitants elect the mayor using a single round plurality rule, while a run-off system is used above the same threshold. Mayors are elected for five years and for a maximum of two consecutive terms (i.e. they term limited and cannot be re-elected after two consecutive terms).

Finally, across Italian municipalities it is possible to distinguish three broad types of political orientation and party affiliation: 1) centre-left coalition; 2) centre-right coalition; 3) independent mayors, which are mayors supported by “Civic Lists” (i.e. local parties autonomous from national coalitions).

## **2.2 The allocation system for refugees**

In this paper, I study how mayors of Italian municipalities manage a specific immigration policy, which is the reception of refugees and asylum seekers. The system for the reception of refugees and asylum seekers in Italy is organized along two levels of reception. Thus, there are different types of reception centres with different functions. The goal of this section is to give a brief description about the different types of reception centres and to report the features of the SPRAR system studied in this paper.

In the first level of reception we find the three types of reception centres: first, we have the so called “Centri di primo soccorso e accoglienza”, i.e. First aid and hospitality centres (CPSA). CPSA host migrants that have just arrived to Italy. In these centres, migrants receive medical assistance, they are identified and the can apply for asylum. Then, we have a second type of centres called “Centri di accoglienza”, i.e. Hospitality centres (Cda). The function of CDA is to give a first reception to migrants, identify them and certify the regularity of their presence on the Italian territory. Finally, we have the CARA (“Centri di accoglienza per richiedenti asilo”, i.e. Reception centres for asylum seekers) centres, which host migrants coming from CPSA that applied for asylum. In practice CDA and CARA can have very similar functions, and in a certain sense represent already a second level of reception compared to CPSA, which host migrants that have just arrived to Italy. CPSA, CDA and CARA centres are essentially

managed by the central government, and municipalities do not have any power over them.<sup>10</sup>

Since the beginning of the refugee crisis (i.e. since 2014), CPSA, CDA and CARA have been receiving the support of a new type of reception centre called “Centri di accoglienza straordinaria”, i.e. Centres for extraordinary reception (CAS). CAS have been introduced by the central government in 2014, with the goal of limiting the emergency created by the refugees’ crisis. These centres are managed by provincial offices (“Prefetture”) of the Home Office, which allocate refugees and asylum seekers across the provincial territory. CAS are normally managed by private cooperatives and firms, and municipal governments do not have any power over them.<sup>11</sup> Besides CAS, another type of temporary reception centre that can be found in Italian municipalities are the ENA (Emergency North Africa). ENA were introduced in 2011 to deal with the wave of migrants coming from North Africa.<sup>12</sup>

The second level of reception is the one studied in this paper, and it is represented by the SPRAR centres managed by the municipal governments. SPRAR centres are supposed to host refugees coming from the first level of reception (CPSA, CDA, CARA and CAS). The goal for SPRAR centres is to provide integration services to refugees and asylum seekers hosted in the centre. The idea is that SPRAR centres should help refugees and asylum seekers to learn Italian, find a job and integrate in the society.

SPRAR centres represent the only type of refugees’ centre over which mayors have a direct power. In fact, as already explained above, the SPRAR reception system is characterized by the following features that I exploit in the paper: first, when the Home Office wants to allocate a new wave of refugees and asylum seekers within the second level of reception, it issues a tender, which has the goal to create new SPRAR reception centres at municipal level. Second, mayors can decide whether to participate to the tender, and thus open a SPRAR reception centre. Participation is open to all municipalities that are willing to apply in all the tenders studied in this paper, with the exception of tenders 8 and 10, which were restricted only to new municipalities (i.e. municipalities that do not host an active refugee centre in their territory), as indicated in column 8 of Table A1.<sup>13</sup> Third, the timing of the tenders is decided by the Home Office, and it depends on the need to move refugees and asylum seekers from the first to the

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<sup>10</sup>As the list of CPSA, CDA and CARA is made available by the Home Office, in all the regressions below, I control for a dummy variable equal to one for municipality that host any of these centres. See the information reported at this link: <http://www.interno.gov.it/it/temi/immigrazione-e-asilo/sistema-accoglienza-sul-territorio/centri-limmigrazione>. Adding this dummy variable enables to exclude that the main results are driven by the presence of these first level reception centres.

<sup>11</sup>As the location of CAS centres is not publicly available, in the empirical analysis, to make sure that the baseline effect is not driven by these centres, I repeat the baseline analysis dropping all the years starting from 2014 (i.e. the year in which CAS have been introduced). This enables me to rule out that the baseline results are determined by the presence of these reception centres. See Table A11 for the results of this robustness check.

<sup>12</sup>As the list of ENA centres is not publicly available, below I repeat the baseline analysis excluding the year after 2010. This enables to rule out that the baseline effect is driven by these ENA centres. See Table A11 for the results of this robustness check.

<sup>13</sup>Table A12 in the Appendix shows that the results are unchanged if these two tenders are dropped from the analysis.

second level of reception. In addition, there is normally a temporal lag between the timing of the tender and the timing the reception centre is opened. See column 3-6 of Table A1 for more information about this.<sup>14</sup>

In the ten tenders studied in the paper, the type of refugee centres required by the Home Office for most of the tenders studied have been three: 1) ordinary centres, for refugee and asylum seekers with not specific issues; 2) refugee centres for unaccompanied minors; 3) refugee centres for disable refugees and asylum seekers. Municipalities that apply tender are restricted to present only one application, which means that they can open only one refugee centre during a specific tender. For some tenders, an exception is done if a municipality wants to open a refugee centre for unaccompanied minors or a refugee centre for disable refugees in addition to an ordinary refugee centre. The number of places that must be available in a specific centre are mandate by the Home Office through the rules imposed by the tender, and they normally depend on the population of the municipality. For examples, during tender 6 the number of places was going from 15 for municipalities below 5000 inhabitants up to 250 for the big cities like Milan and Rome. Figure 3 reports the aggregate number of places made available across all the SPRAR municipalities by year.

Municipalities that open a SPRAR centre are supposed to receive fiscal grants from the central government. These grants are used to cover the costs of the refugee centre and to pay firms and cooperative that directly or indirectly deal with the refugee centre. This means that the money spent to fund the activity of the SPRAR centres can potentially benefits the local economy, with positive effects in term of employment. For example, the cooperative In Migrazione has estimated that approximately 8 professionals are hired every 20 refugees hosted.<sup>15</sup> As we can see from Table A1, these grants were supposed to cover approximately 80 per cent of the costs for the tender from 1 to 7 studied in this paper. Since tender 8, the percentage has been extended to 95 per cent and the central government is thinking to further extend it, even above 100 per cent of the costs.<sup>16</sup> In addition, Law 225 (1st December 2016) introduced a new benefit of 500 euros per refugee to be used freely by part of the municipal government. This provision means that municipalities that opened a refugee centre starting from tender 10 received this benefit in addition to the grants transferred to cover 95 per cent costs.

The reason for the increase in the percentage of costs covered and for the introduction of this economic

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<sup>14</sup>As we can see from Table A1, for two tenders (i.e. tenders 8 and 10), the starting and ending dates for applications are in two different years. This makes more discretionary the assignment of these two tenders to a specific electoral year. In Table A12 in the Appendix, I show that the results are unchanged if I drop them.

<sup>15</sup>See the report “Accoglienza rifugiati: unordinaria emergenza” (immigrazione.it)

<sup>16</sup>In the analysis below, I demonstrate that the fact that SPRAR municipalities are asked to partially contribute to the costs of the refugee centre does not seem to explain the baseline result of this paper. In fact, I show that, even if on paper municipalities were supposed to receive funds for less than 100 per cent of the costs, municipalities that opened a refugee centre managed to receive an amount of fiscal grants that exceed the initial planned amount.

incentives is that the central government wants to incentivize the participation of municipalities to the SPRAR system, which has been historically low and below the targets. In fact, while official number about the targets planned by the Home Office are not publicly available, the anecdotal evidence in the press suggest that the targets have not been met regularly.<sup>17</sup> The consequence of not meeting the targets is that refugee and asylum seekers remain hosted in the first level reception centres, and specifically in the CAS, whose number has exploded in recent years. For example, accordingly to the number given by the Home Office, on the 31st of December 76,683 (i.e. 73 per cent of the total) migrants were hosted in the CAS centres, and 19,715 (i.e. 19 per cent of the total) in the SPRAR centres. This imbalance is potentially problematic for both the migrants and the hosting municipalities, given that CAS centres tend to be bigger and less able to provide the necessary integration services to the persons hosted. Figure 3 reports the number of refugee and asylum seekers hosted in SPRAR centres over the past years<sup>18</sup>, while Figures 4-5 and Table A2 report the number of municipalities in the SPRAR system.

### 3 Data

The analysis developed in this paper is done using data on all Italian municipalities for the years 2005-2017. The dataset used has been built merging data from different sources. The first set of data contains information on the SPRAR tenders launched by the Home office in the periods 2005-2017. This data has been collected from three different sources: 1) the Home Office webpage<sup>19</sup>. The Home Office has the obligation to publish all the tenders that organizes and it must also publish the list of the winners of the tenders. This is also the case for the SPRAR tenders; 2) The official webpage of SPRAR<sup>20</sup>. I have downloaded from this webpage the official SPRAR reports, which are published every year by the Home Office and the Association of Italian Municipalities (ANCI); 3) the "Briguglio archive"<sup>21</sup>. This is a web archive that contains information about topics relative to immigration. This webpage has been used to double-check the information coming from the Home Office and the SPRAR official webpage.

The second set of data contains information about municipal characteristics. These data are provided by the Italian Statistical Office (ISTAT) and the Home Office. In the data from ISTAT is possible to find the following information<sup>22</sup>: 1) educational level of the municipal population; 2) percentage of

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<sup>17</sup>See for example Linkiesta (in Italian) 28-12-2015: "Il bando per i rifugiati c', ma le amministrazioni locali fanno finta di niente."

<sup>18</sup>The number of persons hosted exceed the number of places because some refugees and asylum seekers may stay in one centre less than one year.

<sup>19</sup><http://www.interno.gov.it/it/amministrazione-trasparente/bandi-gara-e-contratti>.

<sup>20</sup><http://sprar.it/>.

<sup>21</sup><http://briguglio.asgi.it/immigrazione-e-asilo/index.html>.

<sup>22</sup><http://dati.istat.it/>

children and elderly; 3) municipal total population; 4) economic variables like number of firms, income and unemployment rate; 5) geographical coordinates; 6) information about the foreign population legally resident in Italy and registered at municipal level <sup>23</sup>. The Home Office provides data about the municipal balance sheets <sup>24</sup>. In these data, it is possible to find information about all municipal expenditures and revenues.

Data on municipal politicians are provided by the Home Office <sup>25</sup>. These data contain information about the following politicians' characteristics: 1) past professional background; 2) past political experience and entire political career; 3) age; 4) gender; 5) level of education.

All the data from these different sources have been merged together to generate the final dataset. This contains information about 8025 municipalities for the years from 2005 to 2017. Descriptive statistics about municipal and politicians' characteristics are reported in Table 1, in which the municipalities have been divided in two groups: 1) municipalities that opened at least one refugees' centre during the period 2005-2017; 2) municipalities that never opened a refugees' centre in the years 2005-2017. As described in more details below, this distinction is useful for the empirical analysis.

## 4 Empirical Strategy

This paper studies the effect of electoral incentives on the reception of refugees. This is done using data on all Italian municipalities for the period 2005-2017 and exploiting two peculiar characteristics of the SPRAR allocation system (see section 2 for more details): 1) although refugees' reception centres are opened at municipal level through tenders organised by the Home Office, municipal governments can decide whether to participate in the tenders and thus, open a refugees' reception centre on their territory; 2) the Home Office establishes the timing of the tenders, which consequently is exogenous to local circumstances and to the municipal electoral schedule. Thus, even though mayors can freely decide to open a refugees' reception centre or not, whether the decision is taken close or faraway from elections is exogenous to the mayors.

The exogenous timing of SPRAR's tenders can be combined with the the staggered time schedule of municipal elections (see section 2 for more information) <sup>26</sup>. This enables to compare mayors who are differently affected by electoral incentives when the Home Office launches a tender. More specifically, the staggered dates of municipal elections enable to compare mayors who, when a SPRAR's tender is

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<sup>23</sup><http://demo.istat.it/>.

<sup>24</sup><http://finanzalocale.interno.it/>.

<sup>25</sup><http://amministratori.interno.it/>.

<sup>26</sup>Refer to Coviello and Gagliarducci (2017) and Repetto (2017) for a discussion about the exogeneity of municipal election dates in Italy

launched, are in the final year of the electoral mandate (i.e. just before election) with mayors in other years of the electoral term.

Hence, using data at municipality and tender-year level, I estimate the following model:

$$Refugees\_Centre_{it} = \beta_0 + \beta_1 Final_{it} + \beta_2 X_{it} + \lambda_t + \gamma_i + \eta_{it} \quad (1)$$

where the dependent variable  $Refugees\_Centre_{it}$  is equal to one if municipality  $i$  opens a refugees' centre during tender  $t$ . The main variable is  $Final_{it}$ , which is equal to one for mayors who are in the final year of their mandate (i.e. just before election) when tender  $t$  is issued, and equal to zero for mayors in the other years of the term.<sup>27</sup> The parameter of interest is  $\beta_1$ , which is estimated controlling for municipal fixed effects  $\gamma_i$ , for tender fixed effects  $\lambda_t$  and for municipal and mayoral characteristics, which are collected in  $X_{it}$ . The inclusion of municipal and tender FE enables to identify the effect of electoral incentives on the reception of refugees by comparing mayors who during tender  $t$  are in the final year of the electoral term with mayors who during tender  $t$  are not in the final year of the mandate. In all regressions, standard errors are clustered at municipality level.<sup>28 29</sup>

Model 1 is then developed to study the potential heterogeneity behind the baseline effect. This is done adding an interaction term between the main variable  $Final_{it}$  and municipal pre-determined characteristics  $Char_i$ . This leads to the estimation of the following model:

$$Refugees\_Centre_{it} = \beta_0 + \beta_1 Final_{it} + \beta_2 Final_{it}xChar_i + \beta_3 X_{it} + \lambda_t + \gamma_i + \eta_{it} \quad (2)$$

The introduction of the interaction term  $Final_{it}xChar_i$  enables to study how the effect of electoral incentives on the reception of refugees varies along different local dimensions, which potentially captures voters' preferences about immigration and refugees' reception policies. Thus, studying the heterogeneity in the baseline effect enables to understand how politicians driven by electoral incentives react to voters' preferences. This enables also to understand under which conditions electoral incentives have a negative or a positive effect on refugees' reception.

In model 2, the parameter  $\beta_1$  captures the effect of  $Final_{it}$  on  $Refugees\_Centre_{it}$  when  $Char_i$  is

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<sup>27</sup>Figure 7 shows the share of municipalities in the final year of the term by tender.

<sup>28</sup>Table A14 shows that clustering the standard errors at levels above the municipality does not change the results. More specifically, if I cluster the standard errors at provincial or at labour market areas (LMA) levels the results are unchanged.

<sup>29</sup>In Table A15, I show that the results are unchanged if I control for differential linear and quadratic geographical trends. More specifically, in columns 1-2 of Table A15, I control for linear and quadratic labour market areas (LMA) trends. In addition, in columns 3-4 of Table A15, I show that the results do not change if I control for linear and quadratic electoral groups trends. In fact, as described by Table A16, it is possible to divide the municipalities in five different electoral groups, depending on the first date of election found in the data. Controlling for linear and quadratic electoral groups trends leaves the results unchanged.

equal to zero, while  $\beta_1 + \beta_2$  estimates the effect of electoral incentives on refugees' reception when  $Char_i$  is equal to one. Hence,  $\beta_2$  represents the difference between the effect of  $Final_{it}$  when  $Char_i$  is equal to zero and the effect when  $Char_i$  is equal to one.

## 5 The effect of electoral incentives on the reception of refugees

### 5.1 Baseline effect

The main goal of this paper is to study the effect of electoral incentives on the reception of refugees. This is done exploiting the specific characteristics of the SPRAR allocation system described in section 2 and estimating equation 1 using the entire sample of Italian municipalities over the period 2005-2017. As described in sections 2 and 3, during the years 2005-2017 the Italian Home Office has launched ten SPRAR tenders for the opening of refugee centres at municipal level. Given that the empirical analysis is developed excluding years with no SPRAR tenders, and given the presence of missing values in some variables, model 1 is estimated using an unbalanced panel of 78,112 observations.

The baseline results of the paper are reported in Table 2, which is divided in two panels: Panel A describes the results obtained running model 1, while Panel B reports the results of an alternative specification in which the main variable  $Final_{it}$  is replaced by four different dummy variables for the years 2-5 of the electoral term. The specification in Panel A enables to compare the behaviour of mayors who during tender  $t$  are in the final year of the electoral term with mayors who during tender  $t$  are not in the final year of the mandate. The alternative specification in Panel B compares the behaviour of mayors who during tender  $t$  are in one of the years 2-5 of the electoral mandate, with those mayors who have just been elected (i.e. mayors in year one of the electoral mandate).

Both Panel A and B of Table 2 are composed by six columns: in the first 3 columns, I report the results obtained using the entire sample of 8025 Italian municipalities over the period 2005-2017. In columns 4-6, the results are obtained considering only the subsample of municipalities which open at least one refugee centre during the period 2005-2017. The reason for estimating model 1 dropping the sample of municipalities which never open a refugee centre is that these municipalities are quite different from municipalities that open at least one refugee centre. This can be seen from Table 1 and Figure 6: municipalities that open at least one refugee centre differ from the other municipalities both in terms of observable characteristics (see Table 1) and both in terms of number of migrants from other countries (see Figure 6).<sup>30</sup>

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<sup>30</sup>The evidence in Table 1 and Figure 6 suggests also that municipalities that open a refugee centre tend to be bigger than municipalities that never open a refugee centre. In fact, in Table A7, I show that the negative effect of electoral incentives on

The baseline results reported in columns 1-3 of Panel A, Table 2, show that electoral incentives have a negative effect on the reception of refugees. These results are obtained using 3 different specifications, with the most robust one reported in column 3, in which I control for mayoral and municipal time varying covariates and tender and municipal fixed effects. The estimated coefficients are stable across the 3 columns and they indicate that mayors who are in the final year of the term during tender  $t$  have a probability of opening a refugee centre which is around 0.8 percentage points lower, compared to mayors in the other years of the electoral term. The coefficients are all statistically significant at the 1 per cent level of significance and, compared to the mean of the outcome variable, they indicate an effect of electoral incentives on the reception of refugees which is economically significant, given that mayors in the final year of the term have a probability of opening a refugee centre which is approximately 24 per cent lower. A similar picture emerges if we consider only the sub-sample of mayors who open at least one refugee centre during the period 2005-2017: mayors in the final year of the term have a probability of voluntary bringing refugees in their territory which is approximately 24 per cent lower, compared to mayors in year 1-4 of the term.

Finally, the results in column 1-6 of Panel B, which are plotted also in Figure 8, show that the effect of electoral incentives on the reception of refugees is completely concentrated in the final year of the term. In fact, only mayors who are in year 5 of the term when the Home Office issues a tender behave differently from mayors who have just been elected (i.e. mayors in year 1 of the electoral mandate)<sup>31</sup>. This reinforces the idea that electoral incentives can have a detrimental effect on the reception of refugees, as only mayors who are close to the next election exhibit a lower willingness of hosting refugees in their municipalities. As described in section 5.4, this behaviour seems to enable mayors to avoid potential

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the reception of refugees is driven by small and medium sized municipalities, while it is completely absent in big cities. This is consistent with the political economy literature, which indicates that the effect of immigration on extreme-right voting is stronger in small and medium municipalities than in big cities (Dustmann et al., 2016).

<sup>31</sup>Except for the small share of electoral mandates interrupted before the natural deadline, mayors in year 5 of the term are in the final year of their mandate. In the data studied in this paper, less than 5 per cent of the electoral mandates are interrupted before the natural deadline. As reported in Table A8, controlling for early interruptions leave the main results unchanged.



electoral costs associated with the reception of refugees. <sup>32</sup> <sup>33</sup>

## 5.2 Heterogeneity analysis

Subsection 5.1 suggests that electoral incentives have a detrimental effect on the reception of refugees, and that this is both statistically and economically significant. In this subsection, I investigate the potential heterogeneity behind the baseline effect. This is done running model 2 on the full sample of all Italian municipalities for the period 2005-2017. In model 2, the main variable of interest  $Final_{it}$  is interacted with a series of pre-determined municipal characteristics captured by the variable  $Char_i$ . The interaction term  $Final_{it} \times Char_i$  enables to understand which factors drive the negative effect of electoral incentives on the reception of refugees and which factors reduce the negative effect. In this way, it is possible to get policy implications about the reception of refugees.

Specifically, following both the literature and the anecdotal evidence, I study the following four heterogeneity mechanisms: a) voters' misperception of the presence of migrants; b) the pre-existing presence of migrants at municipal level; c) the political preferences of the municipal population; d) the role of electoral competition. The results of this exercise are all reported in Table 3 and Figure 9.<sup>34</sup>

*Misperception of the presence of immigrants.* The first heterogeneity mechanism studied is the role of voters' misperception of the presence of migrants. In fact, as indicated by a recent literature (Citrin

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<sup>32</sup>An alternative interpretation for this baseline result is that mayors in the final year of the term are busy because they are running the electoral campaign. Therefore, mayors in the final year of the term would not have the time to prepare the application to open a refugee centre. To rule out this possibility, in Table A4, I implement a placebo test in which I show that other time-consuming policies are not affected in the same way by the electoral cycle. First, in column 1 of Table A4, I show that the percentage of separate waste collection, a policy that requires a certain coordination between the municipal government and the citizens, is totally unaffected by the electoral cycle. Second, I investigate whether different types of transfers from higher levels of government are affected by dummy variable for final year of the term. In fact, fiscal transfers to Italian municipalities present a certain degree of discretion (Bracco et al., 2015), and municipal governments need to work hard in negotiations to get more transfers. In addition, for some transfers from the European Union (EU), municipal governments need to apply through tenders issued by the EU, similarly to what they must do to open a SPRAR centre. As we can see from columns 2-4 of Table A4, grants from the EU are unaffected by the electoral cycle, while current grants from higher levels of government (i.e. National, Regional and Provincial governments) are positively affected, the opposite of what happens to immigration policies. Finally, in columns 5-6 of Table A4, I show that mayors usually put more effort in implementing policies toward the end of the electoral term, given that they tend to increase both current and investment expenditures. Thus, the evidence in Table A4 suggests that other policies are not negatively affected by the fact that mayors may be busier toward the end of the electoral term. This evidence further reinforces the idea that the negative effect on immigration policies is due to electoral incentives.

<sup>33</sup>Another explanation for the baseline result is that mayors in the final year of the term may be concerned for their career in the private sector. To rule out this possibility, in Tables A9 and A10, I show that the results do not differ between mayors with different political and educational backgrounds, and thus with potentially different career perspectives in the private sector.

<sup>34</sup>In Table A18, I report the interaction terms between  $Final_{it}$  and other potential heterogeneity mechanisms. It is interesting to notice how other potential mechanisms like labour market concerns (see interaction with unemployment) and competition for public services like schools and health (see interaction with shares of elderly and children) do not seem to play any role behind the baseline effect of electoral incentives on the reception of refugees. The result on competition for public services like schools and health is consistent with the evidence provided in the Appendix section A2, in which I show that the reception of refugees is not associated with an increase in the number of students per class.

and Sides, 2008; Blinder, 2015; Grigorieff, Roth and Ubfal, 2018), although migration is a central topic in modern politics, voters remain highly uninformed about it. For example, voters tend to overestimate the actual presence of migrants in their country. In Italy, for instance, the share of the foreign population in 2010 was approximately 7 %, but Italian participants to surveys were on average suggesting that migrants were around 25 % of the total population (Transatlantic Trends: immigration, 2010). Similar figures can be found for other western countries.

As suggested by the literature, this misinformation about immigrants may affect the behaviour of both voters and politicians, potentially leading to less open immigration policies (Facchini, Margalit and Nakata, 2016) and to less support for redistribution (Alesina, Miano and Stantcheva, 2018). This could also be true for a salient policy like the reception of refugees. To investigate whether misinformation about the presence of immigrants is a driver of the negative effect of electoral incentives on the reception of refugees, I have built a variable measuring how much voters in a specific municipality overestimate the presence of migrants. To build this variable, I have collected data from a survey run in 2010 called “Transatlantic Trends: immigration”.<sup>35</sup> In this survey, participants coming from different countries were asked to answer different questions about migration. One specific question was asking to guess the share of the total foreign population living in the country of the respondent.

Average data about the answers of Italian participants are available at regional level. To build a municipal level variable capturing the overestimation of the presence of migrants by part of voters, I have combined the average estimate available at regional level with the actual share of migrants living in a specific municipality in 2010 (i.e. at the time of the survey). More specifically, the variable  $Overestimate_i$  that measures the misinformation of voters about the presence of migrants is equal to the difference between the average estimated share obtained from the survey<sup>36</sup> and the actual share of migrants living in a specific municipality. Thus,  $Overestimate_i$  takes values between 0 and 1, where higher values indicate a greater misperception about the migratory phenomenon by part of voters. The main limitation of  $Overestimate$  is that the average estimate from “Transatlantic Trends: immigration” is measured at regional level, and not at municipal level. However, to give a reality check, Table A3 shows that municipalities with values of  $Overestimate_i$  above the median are those in which the local population tends to be less informed (i.e. lower newspapers circulation) and where the share of migrants over total

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<sup>35</sup>This survey is a project of the German Marshall Fund of the United States, the Lynde and Harry Bradley Foundation, the Compagnia di San Paolo, and the Barrow Cadbury Trust, with additional support from the Fundacin BBVA. The data collected for this paper were taken from the webpage of the Inter-University Consortium for Political and Social Research (ICPSR, <https://www.icpsr.umich.edu/icpsrweb/>).

<sup>36</sup>The estimate used is a weighted average obtained weighting the observations according to age, gender and level of education of the respondents.

municipal population is effectively lower.<sup>37</sup> This evidence suggests that  $Overestimate_i$  seems to capture in a good way the misperception of voters about the presence of migrants.

Thus, I have interacted  $Overestimate_i$  with  $Final_{it}$ . The results obtained can be found in columns 2-3 of Table 3. Given that the survey was implemented between the 27th of August 2010 and the 13th of September 2010, the regressions reported in columns 2-3 have been run using only the tenders issued after the survey (i.e. tenders 5-10), so that in this way  $Overestimate$  can be considered as a pre-determined variable. As we can see from column 2, when the interaction between  $Final_{it}$  and  $Overestimate_i$  is the only one introduced in the model the coefficient of  $Overestimate$  is negative, but not statistically different from zero. However, as shown in column 3, adding to the same regression the variable capturing the pre-existing share of migrants at municipal level (i.e.  $Shareforeign_{it}$ , see next paragraph for a more detailed description) and its interaction with  $Final_{it}$ , the coefficient of the interaction between  $Overestimate$  and  $Final_{it}$  becomes statistically different from zero.<sup>38</sup> This result is robust to the inclusion of the interactions between  $Final_{it}$  and other municipal political and socio-economic characteristics<sup>39</sup> (see column 6 of Table 3).<sup>40</sup>

The result in column 3 and 6 of Table 3 suggest that misperception of the presence of migrants is an important driver of the negative effect of electoral incentives on the reception of refugees. More specifically, the coefficients in these two columns indicate that a 10 per cent increase in  $Overestimate_i$  exacerbates in absolute terms the negative effect of electoral incentives by approximately 0.96 percentage points in column 3 and by approximately 0.47 percentage points in column 6. This represents a reduction in the probability of opening a refugees' centre which is between 10 and 20 per cent of the outcome mean reported in Table 3. Finally, the policy implication of these results is that providing voters with accurate information about the actual presence of migrants can potentially lead to more open immigration policies. This policy implication is consistent with the results found by the existing literature (Facchini, Margalit and Nakata, 2016; Grigorieff, Roth and Ubfal, 2018).

*Pre-existing presence of migrants.* The second heterogeneity mechanism investigated is represented by a factor that, as indicated by the literature, could exacerbate anti-immigration positions: the pre-determined share of migrants living in a specific municipality. The suggestion that a higher pre-determined

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<sup>37</sup>As reported in Table 3, the results relative to the interaction term between  $Overestimate_i$  and  $Final_{it}$  are robust controlling for the interaction terms between  $Final_{it}$  and newspapers circulation, and  $Final_{it}$  with the share of migrants over total municipal population.

<sup>38</sup>The different coefficients between column 2 and column 3 of Table 3, and the high negative correlation between  $Overestimate_i$  and  $Shareforeign_{it}$  (-0.6784) suggest that the results in column 2 of Table 3 are affected by an omitted relevant variable issue.

<sup>39</sup>The notes below Table 3 report the list of the additional interaction terms added in column 6.

<sup>40</sup>The regression in column 6 of Table 3 is run using all tenders, and not only tenders 5-10. As reported by column 6 of Table A17, the results are robust if the same regression is run using only tenders 5-10.

share of migrants could exacerbate anti-immigration positions comes from both the political economy and sociology literature.

First, the political economy literature shows that immigration positively affects the support of anti-immigration policies and extreme-right parties. The evidence provided by this literature indicates that both higher inflows (Becker and Fetzer, 2016) and higher stocks (Barone et al., 2016) of migrants can positively affect extreme-right positions. Moreover, Dustmann et al. (2016) show that in Denmark the effect of refugee allocation on voting for extreme-right parties is amplified by the pre-existing share of immigrants already living in the country.

Second, psychologists, political scientists and sociologists have produced a series of theories which indicate that inter-groups competition for economic resources and social and cultural dominance could lead to the emergence of negative attitudes across groups, such that one group perceives the other as a threat. The entire set of these theories goes under the label of realistic group conflict theories (Campbell, 1965; Dustmann et al., 2016). The most recent versions of these theories indicate that natives tend to perceive a new inflow of migrants as a bigger threat the larger is the pre-existing fraction of migrants already in the country (Quillian, 1995; Lahav, 2004; Dustmann et al., 2016). This also suggests that a new inflow of migrants is more salient for voters in those areas where the exposure to the foreign population is higher (Taylor, 1998; Dustmann et al., 2016). However, it is worth reporting that, at the same time, the psychology literature has produced an opposing theory called "contact theory", which states that the continuous contact between different groups could lead to more understanding and thus to more acceptance (Allport 1954; Pettigrew 1998; Dustmann et al., 2016). Thus, the exercise reported in this subsection represents an empirical test between these two competing theories.

Thus, to test whether the pre-determined share of migrants is a driver of the main results of this paper, I interact  $Final_{it}$  with the pre-existing share of the total foreign population over the total municipal population ( $Share_{foreign_{it}}$ ). This variable is measured at the beginning of every electoral mandate and takes continuous values between 0 and 1.  $Share_{foreign_{it}}$  is meant to capture the pre-determined presence of the total foreign population at municipal level <sup>41</sup>.

The results of this exercise are reported in columns 4 and 6 of Table 3. The interaction term is negative and statistically significant at the standard levels of significance in both columns. Besides that, the estimated coefficient is robust to the introduction of additional interaction terms between  $Final_{it}$  and the other municipal variables in column 6. The coefficient of  $Final_{it} \times Share_{foreign_{it}}$  indicates that a 10 per cent increase in the pre-existing share of migrants exacerbates in absolute terms the negative

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<sup>41</sup>If I repeat this exercise replacing  $Share_{foreign_{it}}$  with the pre-determined share of migrants from refugees' countries only, I get similar estimates. Results available upon request.

effect of electoral incentives by approximately 1.2 percentage points in column 4 and by approximately 1.3 percentage points in column 6. This represents a reduction in the probability of opening a refugees' centre which is between 36 and 39 per cent of the outcome mean reported in Table 3.

These results confirm the idea that the negative effect of electoral incentives on reception of refugees can be stronger in areas with a higher pre-determined share of migrants and go in the direction indicated by the set of theories labelled "realistic group conflict theories", while they contradict the so called "contact theory".

*Political preferences.* The most recent political economy literature shows that immigration has a positive impact on the support for extreme-right parties and anti-immigration policies (Barone et al., 2016; Becker and Fetzer, 2016; Dustmann et al., 2016). However, the literature does not show how this shift toward anti-immigration preferences affects immigration policies implemented by politicians. In practice, the literature provides evidence about the demand side, but not about the supply side. In this subsection, I show that the strategic manipulation of immigration policies by part of politicians driven by electoral incentives is stronger in municipalities with a higher share of voters with extreme-right political preferences.

To measure political preferences at municipal level, I have collected data on the vote shares taken by Italian political parties at municipal level during the European elections held in the years 2004, 2009 and 2014. In fact, the vote shares of political parties at the European elections can be used as a measure of the relative weight of extreme-right preferences inside the political spectrum at municipal level. This is because the electoral system used for the European elections is a pure proportional system, which has the following features that I exploit in this exercise: 1) with proportional electoral systems, voters tend to vote in a sincere way, choosing the political party closer to their preferences; 2) with proportional systems, political parties usually run alone, without forming big coalitions. This enables to get data on the vote share taken by every single political party running at the European elections.

To build the variable that captures the relative weight of extreme-right preferences at municipal level, I have collected and aggregated the data on the vote shares taken by extreme-right political parties at municipal level<sup>42</sup>. In this way, I have built a variable, called *Extreme-right voting<sub>it</sub>*, which in municipality

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<sup>42</sup>Extreme-right political parties has been identified using the position in the political spectrum indicated by Wikipedia. More specifically, the following political positions can be recovered from the description of Italian political parties in Wikipedia: left, centre-left, centre, centre-right, right and extreme-right. Movimento 5 Stelle (Five Stars Movement) represents an exception, as their position in the political spectrum is defined as transversal. I have created the variable *Extreme-right voting<sub>it</sub>* summing up the vote shares of the political parties in the position "right" and "extreme-right". The following political parties are described as "right" parties: Alleanza Nazionale, Fratelli d'Italia, La Destra and Lega Nord. The parties that Wikipedia describes as "extreme-right" are the following ones: Alternativa Sociale, Fiamma Tricolore, Forza Nuova and Movimento Idea Sociale (Rauti). Using alternative ways to locate the political parties in the political spectrum, as for example the Itanes surveys, would lead to similar conclusions and to a similar aggregation of the vote shares.

$i$  and year  $t$  is equal to the total share taken by extreme right parties at the most recent European election. Thus, *Extreme-right voting* <sub>$it$</sub>  takes values from 0 to 1, where a value of 0 indicates that extreme-right parties did not receive any support at the most recent European election, while a value of 1 means that extreme-right parties got 100 per cent of the votes at the last European election. Finally, to implement the analysis, I have interacted *Extreme-right voting* <sub>$it$</sub>  with *Final* <sub>$it$</sub> .

The results from this exercise are reported in columns 5 and 6 of Table 3. The estimated coefficients of the interaction term between *Final* <sub>$it$</sub>  and are negative and statistically significant at the 1 per cent level of significance in both columns 5 and 6. This indicates that the estimated coefficients are robust even after controlling for the interactions terms between *Final* <sub>$it$</sub>  and the other municipal characteristics. Once I control for *Final* <sub>$it$</sub>  $\times$ *Extreme-right voting* <sub>$it$</sub> , the coefficient of *Final* <sub>$it$</sub>  becomes insignificant. This indicates that electoral incentives do not affect refugees' reception in municipalities in which extreme-right parties do not receive any support.

The negative coefficient in front of the interaction term indicates that an increase in the support for extreme-right parties strengthen the negative effect of electoral incentives on refugees' reception. More specifically, given that *Extreme-right voting* <sub>$it$</sub>  takes values from 0 to 1, the estimated coefficients indicate that an increase by 10 per cent in the support for extreme-right parties increases in absolute terms the negative effect of electoral incentives on refugees' reception by approximately 0.4 percentage points. This is approximately a 12 per cent increase compared to the outcome mean reported in Table 3. This suggests that, if we compare two mayors in the final year of the term, the one elected in the municipality where extreme-right preferences are more diffused is less willing to host refugees.<sup>43</sup> Thus, the results of this subsection suggests that the negative effect of electoral incentives is amplified by extreme-right and anti-immigration preferences, and that the interaction between electoral incentives and anti-immigration ideas can be detrimental for immigration policies.

*The role of political competition.* The last heterogeneity mechanism investigated in this paper is the role of political competition. The motivation for this analysis comes from Barone et al. (2016), who, using data from Italian municipalities, show that the positive effect of migration on voting for extreme-right parties is reduced in municipalities characterized by a high level of political competition. The reason for this result is that where political competition is high, political parties need to attract the support

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<sup>43</sup>This result could also reflect the fact that municipalities with more extreme-right preferences may elect a right-wing mayor with a higher probability. However, the magnitude and the significance of the coefficient on *Final* <sub>$it$</sub>  $\times$ *Extreme-right voting* <sub>$it$</sub>  are unchanged if I repeat the same exercise controlling for the interaction terms between *Final* <sub>$it$</sub>  and the political orientation of the mayor (i.e. left, right, independent). Results available upon request. Besides that, as reported in Table A6, when dealing with the reception of refugees, centre-left, centre-right and independent mayors tend to react to electoral incentives in a similar way.

of centrist swing voters, who normally care more about non-ideological issues such as economic growth (Besley, Persson and Sturm, 2010), rather than more divisive issues like migration.

Given the theory and the evidence provided by the literature, in this subsection, I test whether political competition reduces the negative effect of electoral incentives on the reception refugees, leading to more open immigration policies. Following Barone et al. (2016), I have created an index of political competition which is equal to the average margin of victory between the first and the second candidates in all municipal elections observed. Thus, a lower value of this index indicates a higher level of political competition. Then, I have created a dummy variable called *Political competition<sub>i</sub>*, which is equal to 1 for municipalities for which the index of political competition is below the median value (i.e. when political competition is high), and 0 otherwise. Finally, I have interacted the dummy variable *Political competition<sub>i</sub>* with *Final<sub>it</sub>*.

The results of this analysis are reported in columns 7 and 8 of Table 3.<sup>44</sup> The estimated coefficients of the interaction term are positive and statistically significant at the 5 per cent level of significance in both columns 7 and 8. The result of column 8 indicates that the estimated coefficient is robust even after controlling for the interactions terms between *Final<sub>it</sub>* and the other municipal characteristics. The estimated coefficients in columns 7 and 8 suggests that in areas characterized by a high level of political competition the negative effect of electoral incentives on the reception of refugees is reduced in absolute terms by approximately 0.7 percentage points. This represents a reduction in the negative effect which is approximately 21 per cent compared to the outcome mean reported in Table 3.

The results in columns 7 and 8 of Table 3 indicate that political competition can play an important role in reducing the negative effect of electoral incentives on the reception of refugees. The main policy implication is that the adoption of institutions and policies that foster electoral competition may lead to more open immigration policies. This policy implication is consistent with the results and the implications provided by Barone et al. (2016).

### **5.3 Do voters and politicians learn from experience? First opening vs renewal of refugee centres**

In this subsection, I study whether voters and politicians can learn from experience and whether this can be reflected in a change in policies. More specifically, I study whether the baseline effect of electoral incentives on the reception of refugees and the heterogeneity behind it change if I modify the original dependent variable in the following two ways: first, I use as new dependent variable a dummy called

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<sup>44</sup>The lower number of observations in columns 7 and 8 of Table 3 is due to missing values in electoral data. Thus, adding the variable *Political competition<sub>i</sub>* to the regression leads to a reduction in the number of observations.

*Firstopening* which is equal to 1 for municipalities that open a refugee reception centre for the first time during tender  $t$ , and 0 otherwise. Analysing the effect of electoral incentives on *Firstopening* enables to understand how electoral incentives affect decisions about immigration policies taken by municipalities that did not go through the experience of a SPRAR refugee centre.

Second, I use a dependent variable called *Renewal*, which is equal to 1 for municipalities that decide to keep open an existing refugee reception centre during tender  $t$ . In fact, as described by Table A1, SPRAR centres are normally opened for an established period of time that goes from one to three years depending on the tender (see column 5 of Table A1). This means that if a municipality wants to keep open an existing SPRAR centre that it is close to its deadline, it needs to participate to the next available tender and confirms that it wants to keep it open. Studying the effect of electoral incentives on *Renewal* enables to understand whether the behaviour of voters and politicians changes after they went through the SPRAR experience.

The results of this analysis are reported in Table 4 and Figure 10. In columns 1-2 of Table 4, the dependent variable is *Firstopening*, while in columns 3-4 the dependent variable is *Renewal*. Columns 1 and 3 report the results about the baseline effect of electoral incentives on the two dependent variables, while columns 2 and 4 show the results relative to the heterogeneity analysis. If we look at the baseline effect, we can notice that electoral incentives have a negative and statistically significant effect on both *Firstopening* and *Renewal*. This initial evidence seems to suggest that nothing changes in the behaviour of voters and politicians after they went through the experience of a refugee centre.

However, the results in columns 2 and 4 provides a different story. In fact, while the heterogeneity mechanisms studied in section 5.2 are all driving the negative effect of electoral incentives on *Firstopening*, in the case of *Renewal* the only mechanism driving the result is the share of extreme-right voters. In fact, in column 4 the coefficients in front of the interaction terms between  $Final_{it}$  and  $Overestimate_i$ ,  $Shareforeign_{it}$  and  $Political\ competition_i$  are not statistically different from zero.

The results of column 4 in Table 4 suggest that the behaviour of voters and politicians may change after experiencing what hosting refugees means. This evidence seems to suggest that voters and politicians can learn from experience and this can be reflected in a change in policies. These results can be interpreted in the following ways: first, the drop in the magnitude of the coefficient of  $Final_{it} \times Overestimate_i$  may suggest that voters, going through the SPRAR experience and entering in contact with refugees and asylum seekers, receive more information about the migratory phenomenon and thus learn about their previous misperception of the presence of migrants. This seems to reinforce the idea that providing voters with information about migration can potentially lead to more open migration policies, and it is consistent with the results found by the existing literature (Facchini, Margalit and Nakata, 2016; Grigorieff, Roth



and Ubfal, 2018).

Second, in column 4, the coefficient of  $Final_{it} \times Share_{foreign_{it}}$  changes sign and becomes statistically indistinguishable from zero. This result may indicate that, in those municipalities where the pre-existing share of migrants was higher, voters, after hosting new refugees and asylum seekers, learn that the arrival of new migrants does not necessarily constitute a threat, as claimed by the realistic group conflict theories. This result seems to suggest that a potentially positive contact with refugees and asylum seekers, as it may happen in the case of SPRAR centres<sup>45</sup>, may reduce pre-existing fears and lead to more open migration policies. Third, the loss of significance for the coefficient of  $Final_{it} \times Political_{competition_i}$  in column 4 may indicate that after hosting refugees the migration topic loses its relevance in the electoral competition.

Finally, the only coefficient that remains stable between columns 2 and 4 is the one of the interaction term between  $Final_{it}$  and  $Extreme-right_{voting_{it}}$ . This result may suggest that opposition to migration policies does not change after going through the SPRAR experience only in those municipalities with high shares of extreme-right voters. This may indicate that voters who express anti-immigration preferences do not change their position even after going through the experience of hosting refugees.

#### 5.4 Does the reception of refugees have electoral costs?

The results in section 5.1 show that Italian mayors deal with the reception of refugees in a strategic way. More specifically, the results reported in section 5.1 show that Italian mayors exhibit a lower probability of opening a refugees' centre in the final year of the electoral term. This evidence suggests that opening a refugee reception centre may have potential electoral costs for the mayors. In this section, I provide some suggestive evidence about these electoral costs.

Obtaining causal evidence about the electoral consequences of the reception of refugees is not straightforward, especially in absence of any exogenous variation in the decision of opening a refugee centre. However, it is still possible to study whether there is any negative correlation between the vote shares taken by the mayor at the next election and the decision of opening a refugee centre. In fact, an eventual negative correlation would suggest that there are some electoral costs associated with the reception of refugees. To provide this suggestive evidence, I run the following model, which is estimated using data at the municipal and electoral term level:

$$Vote_{it} = \beta_0 + \beta_1 Refugees\_Final_{it} + \beta_2 Refugees\_Term_{it} + \beta_3 X_{it} + \gamma_t + \lambda_{lma} + \eta_{it} \quad (3)$$

where  $Vote_{it}$  is the vote share taken by the mayor or, when the mayor is term limited, by any member of the

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<sup>45</sup>See the anecdotal evidence cited in the introduction.

municipal government (e.g. vice-mayor or minister who re-runs as mayoral candidate in place of the term limited mayor) at the next election. The main variables studied are: 1) *Refugees\_Final<sub>it</sub>*, which is equal to 1 if the mayor opens a refugee centre in the final year of the term, and 0 otherwise; 2) *Refugees\_Term<sub>it</sub>*, which is equal to 1 if a refugee centre is opened in years 1-4 of the electoral mandate, and 0 otherwise. The coefficients of interest are  $\beta_1$  and  $\beta_2$ , which are estimated controlling for labour market areas (LMA) fixed effects  $\lambda_{lma}$ , for term fixed effects  $\gamma_t$  and for municipal and mayoral characteristics collected in  $X_{it}$ .

The results of this exercise are reported in Table 5, in which the first two columns refer to the vote share taken by the mayor at the next election. Columns 3 and 4 refer instead to the cases in which the mayor is term limited (i.e. the mayor cannot re-runs for another term), and thus they report the correlation between the vote share taken by any member of the municipal government who runs at the next election in place of the mayor and the dummy variables for refugee centres opened. The results in Table 5 indicates that there is a negative correlation between the dummy variable for refugee centres opened in the final year of the term and the vote share taken at the next election, and this is true also for term limited mayors.<sup>46</sup> On the opposite, the coefficients that estimate the correlation between the dummy variable for refugee centres opened in years 1-4 of the term and the vote share taken at the next election are positive and statistically different from zero.

Thus, the evidence reported in Table 5 indicates that there are some electoral costs associated with the reception fo refugees. However, this is true only for refugee centres that are opened in the final year of the term (i.e. just before elections), given that opening a refugee centre in the other years of the term seems to benefit the municipal governments from an electoral point of view. This evidence suggests that the electoral punishment inflicted to mayors that open a refugee centre just before elections may be driven by voters' misperception of immigrants. These results are consistent with the evidence, described in section 5.2, that the negative effect of electoral incentives on the reception of refugees is driven by municipalities in which voters are misinformed about the actual presence of migrants and by municipalities in which a bigger pre-existing foreign population induces voters to perceive the arrival of new migrants as a threat. This evidence indicates that giving time to voters to experience what hosting refugees means may persuade them to change idea about the reception of refugees, and it is consistent with the results about learning described in section 5.3. Besides that, this evidence is also consistent with the idea that, as shown in section 6 and in the Appendix (see section A2 of the Appendix), the reception of refugees may be associated with some economic benefits, but that voters may need time to become aware of these benefits.

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<sup>46</sup>The negative correlation between the reception of refugees and vote shares at the next election found for term limited mayors (columns 3 and 4 of Table 5) is consistent with the evidence described by Table A5, which shows that even term limited mayors deal with the timing of the reception of refugees in a strategic way.

## 5.5 Unbalance reception of refugees in the medium run

A possible criticism of the main results of this paper is that those mayors who refuse to open a refugee centre in the final year of the term are just postponing the opening of the centre. In fact, mayors in the final year of the term could just wait for the elections to be over and, in the case they were re-elected, they could open the SPRAR centre in the earlier years of the next term. If this were the case, the main results of the paper should not represent an issue for the reception of refugees in the medium run, given that eventually all municipalities will participate to the SPRAR program. The goal of this subsection is to provide suggestive evidence that the effect of electoral incentives on the reception of refugees can persist beyond the end of the electoral term and that it may have consequences in the medium and long run.

This evidence is provided applying the intuition and the methodology implemented by Labonne (2016), who has studied whether political business cycles are detrimental to development in the Philippines. Thus, this section studies the correlation between the magnitude of the effect of electoral incentives on the reception of refugees in the past, and the reception of refugees in the last year available in the data. The goal is to provide suggestive evidence about whether the inefficiencies generated by electoral incentives in the past can still affect the reception of refugees today.

The procedure used in this section is developed in two steps: first, I get a municipality-specific estimate of the magnitude of the effect of electoral incentives on the reception of refugees for tenders 1-8 (see Table A1), while the last two tenders are excluded. This is done estimating the following equation:

$$No\_refugees\_Centre_{it} = \alpha + \delta_i Final_{it} + \beta_1 X_{it} + \lambda_t + \gamma_i + \eta_{it} \quad (4)$$

where  $No\_refugees\_Centre_{it}$  is equal to one if municipality  $i$  does not open a refugee centre during tender  $t$ , while  $Final_{it}$  is one for mayors in the final year of the term (i.e. just before election) when tender  $t$  is launched, and equal to zero otherwise. The parameter of interest is  $\delta_i$ , which is a municipality-specific estimate of the magnitude of the effect of electoral incentives on the reception of refugees. In practice, the estimated parameter  $\hat{\delta}_i$  measures the magnitude of the effect of electoral incentives on the probability of not opening a refugee centre for municipality  $i$  during tenders 1-8. This estimated parameter has a mean of 0.009 and a standard deviation of 0.12, where positive values refer to municipalities in which electoral incentives had a negative impact on the probability of opening a refugee centre, while negative values indicate that electoral incentives increased the probability of hosting refugees.

Second, I estimate the correlation between  $\hat{\delta}_i$  and two variables that measure the state of the reception of refugees in the last year available in the data: 1) the municipal share of refugees every 1000 inhabitants

measured in 2017<sup>47</sup> (i.e. the last year available).<sup>48</sup> The correlation between  $\hat{\delta}_i$  and the municipal share of refugees in 2017 enables to understand whether a higher magnitude of the effect of electoral incentives on the probability of not opening a SPRAR centre in the past can lead to an unbalance reception of refugees in the last year available in the data; 2) the probability that a mayor opens a SPRAR centre during the last two tenders available in the data (i.e. tenders 9-10).<sup>49</sup> These exercises are implemented running the following regression on the cross-section of all Italian municipalities in 2017:

$$Y_{it} = \alpha + \gamma \hat{\delta}_i + \beta_1 X_i + \lambda_{lma} + \eta_{it} \quad (5)$$

where  $Y_{it}$  is equal to one of the two variables described above,  $X_i$  are municipal and mayoral characteristics and  $\lambda_{lma}$  captures labour market areas (LMA) fixed effects. The parameter of interest in equation 5 is  $\gamma$ , which estimates the correlation between the magnitude of the effect of electoral incentives on the reception of refugees in the past and the reception of refugees in 2017. As  $\delta_i$  gets positive values for municipalities in which electoral incentives had a detrimental effect on the reception of refugees in the past, a negative coefficient in front of  $\gamma$  would indicate that the inefficiencies of the past still negatively affects the reception of refugees today.

The results obtained running equation 5 on the cross-section of all Italian municipalities in 2017 are reported in Table 6. The dependent variable in columns 1-2 is the share of refugees every 1000 inhabitants measured in 2017. In column 3, the dependent variable is the share of refugees every 1000 inhabitants measured in 2004, which is the year before the starting point of the dataset used in this paper. This dependent variable is used to implement a placebo test that enables to rule out pre-existing differences in the share of refugees hosted between municipalities with different values of  $\hat{\delta}_i$ . The dependent variable in columns 4-5 is equal to 1 if a mayor opens a refugee centre in the last two tenders available in the data.

The results in columns 1-2 of Table 6 indicate that the an increase in the magnitude of the effect

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<sup>47</sup>For those municipalities for which the 2017 observation is missing, I have replaced it with the 2016 observation. Dropping these cases does not affect the results described below

<sup>48</sup>As precise data on refugees and asylum seekers are not available at municipal level, I have used data on the municipal foreign population provided by the Italian Statistical Office (ISTAT) as a proxy for the presence of refugees and asylum seekers in a specific municipality. More specifically, in the data provided by ISTAT it is possible to know the number and the nationalities of the migrants that are legally resident in Italian municipalities. Combining the ISTAT data with information about the main nationalities of refugees and asylum seekers hosted in SPRAR centres, and exploiting the fact that refugees and asylum seekers are legal residents, I have built a variable that measure the share of migrants every 1000 inhabitants arrived from those countries like Syria and Nigeria which are countries of origin of refugees and asylum seekers. At the same time, to implement a placebo test, I have built another variable that measures the share of migrants arrived from all the other countries which are not countries of origin of refugees and asylum seekers. Information about the nationalities of the refugees hosted in the SPRAR centres has been taken from the ‘‘Atlante SPRAR’’ report published every year on the webpage of SPRAR (<https://www.sprar.it/>)

<sup>49</sup>Given that tender 10 was restricted only to municipalities that never participated to the SPRAR system in the past, I have kept both tenders 9 and 10 as the last available tenders. This choice enables to keep in this exercise all municipalities

of electoral incentives on the reception of refugees in the past can lead to an unbalance reception of refugees in the last year available in the data. More specifically, the estimates in column 2 suggest that an increase by 10 percentage points in the intensity of the effect of electoral incentives in the past brings to a reduction in the share of refugees by approximately 0.53 individuals every 1000 inhabitants. This is equal to a reduction in the share of refugees which is approximately 1.3 per cent compared to the mean of the outcome variable. The result in column 3 shows that this unbalance reception was not pre-determined as it was not in place in 2004 (i.e. before the starting point of the dataset used in the paper).<sup>50</sup>

The results in columns 4-5 of Table 6 show that there is a negative correlation between the magnitude of the effect of electoral incentives on the reception of refugees in the past and the probability of opening a refugee centre in the last two tenders. More specifically, looking at the estimates in column 3, an increase by 10 percentage points in the intensity of the effect of electoral incentives in the past decreases the probability of opening a refugee centre during the last two tenders by 1.6 percentage points. This result can be explained by the fact that participation to the SPRAR system during the last two available tenders is positively correlated with participation in the past tenders, as shown by Table A23. This is consistent with the fact that exits from the SPRAR system are not frequent (see Table A2 and Figures 4 and 5), and thus municipalities tend to remain in the system once they have entered it. Consequently, those municipalities that did not open a SPRAR centre in the past are also less likely to open a reception centre today.

In conclusion, the evidence reported in this section suggests that the effect of electoral incentives on the reception of refugees can persist beyond the end of the electoral term, given that municipalities in which electoral incentives affected the reception of refugees more strongly in the past host a smaller share of refugees and have a lower probability of opening a refugee centre in the last two tenders available in the data. Interestingly, the heterogeneity in  $\hat{\delta}_i$  seems to be explained by the same heterogeneity dimensions behind the effect of electoral incentives studied in section 5.2. In fact, as shown in Table A22, the variables *Overestimate<sub>i</sub>*, *Shareforeign<sub>it</sub>* and *Extreme-right voting<sub>it</sub>* are positively correlated with the the magnitude of the effect of electoral incentives on the reception of refugees, while the variable *Political competition<sub>i</sub>* is negatively correlated with it.<sup>51</sup> This evidence suggests that *Overestimate<sub>i</sub>*,

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<sup>50</sup>In Table A19, I have implemented a placebo test in which I have repeated the same analysis using as dependent variable the share of migrants from all the other countries which are not countries of origin of refugees and asylum seekers. As we can see, I do not find any correlation between the magnitude of the effect of electoral incentives on the reception of refugees and this dependent variable.

<sup>51</sup>The variable *Overestimate<sub>i</sub>* is positively correlated with the magnitude of the effect of electoral incentives on the reception of refugees, but the coefficient is not statistically different from zero (see column 1 of Table A22). However, this can be explained by the fact that *Overestimate<sub>i</sub>* is measured in 2010, while the magnitude of electoral incentives is measured over the years starting from 2005. In fact, if I calculate the magnitude of the effect of electoral incentives on the reception of refugees over the years starting from 2010, I find that the coefficient on *Overestimate<sub>i</sub>* becomes statistically different from zero. Tables A20 and A21 show that the results are similar if this medium run exercise is run using as independent variable

$Shareforeign_{it}$  and  $Extreme-right\ voting_{it}$  contributes to generate an unbalance reception of refugees even in the medium run, while  $Political\ competition_i$  seems to reduce the imbalance.

## 6 The effect of the reception of refugees on fiscal policies

### 6.1 Empirical strategy

In section 6, I study the effect of the reception of refugees on fiscal policies. More specifically, I show that the reception of refugees is associated with an increase in total municipal expenditures which could benefit both the local economy and the municipal government from an electoral point of view. I also show that this increase in expenditures is completely funded by an increase in grants from higher levels of government, and not by an increase in local taxes.

There are three reasons to provide this evidence: first, the fact that the reception of refugees is associated with an increase in total municipal expenditures may explain why a fraction of mayors voluntarily decide to host of refugees. In fact, there is abundant anecdotal evidence that describes how municipalities that participate to the SPRAR program can benefit from an economic point of view.<sup>52</sup> This increase in expenditures may be beneficial especially for firms, cooperatives and professionals that work for the reception centre, and it may have a positive effect on employment.<sup>53</sup> The existence of economic benefits associated to the reception of refugees can also explain why mayors that open a refugee centre far away from elections seems to benefit from an electoral point of view (see section 5.4 and Table 5).<sup>54</sup>

Second, studying the effect of the reception of refugees on fiscal policies enables to provide indirect evidence that, by refusing to host refugees, municipal governments may impose an economic cost on the local community. This cost is represented by the missed opportunity to attract fiscal grants from higher levels of government and to give up an increase in total municipal expenditures that may benefit the local economy. The intuition here is that mayors in the final year of the term seems to weight the electoral costs associated with the reception of refugees more than the potential electoral benefits associated with an increase in expenditures.<sup>55</sup>

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the magnitude of the effect of electoral incentives on the reception of refugees estimated keeping only the years starting from 2010.

<sup>52</sup>As already said above, these are examples of this anecdotal evidence: Cityscope (05/11/2015): “In Italy, a struggling town looks to refugees for revival”; BBC news (26/09/2016): “Riace: The Italian village abandoned by locals, adopted by migrants”; Linkiesta (05/11/2016; in Italian): “Il welfare buono dei migranti, che al Sud crea ricchezza e lavoro”

<sup>53</sup>For example, the social cooperative In Migrazione has calculated that for every 20 refugees approximately 8 professionals are hired. See the report “Accoglienza rifugiati: unordinaria emergenza” that can be downloaded from their webpage [immigrazione.it](http://immigrazione.it).

<sup>54</sup>In addition, in the Appendix section A2, I show that the reception of refugees seems to have some benefits in terms of population growth. I also show that receiving refugees does not seem to create competition for public services like schools.

<sup>55</sup>In fact, Table 5 shows that total municipal expenditures are positively correlated with the share votes taken by the

Third, analysing in detail the change in fiscal policies that follows the opening of a refugee centre enables to exclude the possibility that the main results of this paper are determined by a fiscal loss determined by the opening of the reception centre. In fact, as explained in section 2.2, the specific SPRAR grants transferred from the central government to the municipal governments during the tenders studied were supposed to cover between 80 and 95 per cent of the costs associated with the reception of refugees. However, in this section, I can show that municipalities that open a refugee centre are able to attract from higher levels of government an amount of grants which is bigger than the initial planned amount. Consequently, the increase in expenditures found in the data is also bigger than the initial planned amount of SPRAR grants transferred from higher levels of government. This evidence suggests that municipalities that opens a refugee centre are not incurring in a fiscal loss.<sup>56</sup>

The effect of the reception of refugees on fiscal policies is estimated using the following difference-in-differences model, which is run using data at municipality and year level for the period 2005-2015:

$$Y_{it} = \beta_0 + \beta_1 Centre\_open_{it} + \delta_1 X_{it} + \lambda_t + \gamma_i + \eta_{it} \quad (6)$$

where the dependent variable  $Y_{it}$  measures fiscal outcomes. The dummy variable  $Centre\_open_{it}$  is equal to 1 in the years in which a refugees' centre is operative in municipality  $i$ ,  $\gamma_i$  and  $\lambda_t$  are municipal and year fixed effects, and  $X_{it}$  collects municipal and mayoral time varying characteristics.

The main parameter of interest estimated in equation 6 is  $\beta_1$ , which captures the effect of having a refugees' centre in municipality  $i$  and year  $t$ . The main threat to equation 6 is that the decision of opening a refugee centre is taken by the mayor. Thus, the variable  $Centre\_open_{it}$  is endogenous in this model. For example, a mayor who opens a refugee centre may have been elected in a municipality in which the voters are more open minded. Or, the decision of opening a refugee centre may be driven by some shocks that happen in the year in which the decision is taken. As this type of preferences and shocks are normally unobservable, estimate  $\beta_1$  by OLS may lead biased estimates.

To deal with this threat, following the intuition developed by Gadenne (2017), I run this modified version of model 6:

$$Y_{it} = \beta_0 + \beta_1 Centre\_open_{it} + \beta_2 Application\_centre_{it-1} + \delta_1 X_{it} + \lambda_t^s + \gamma_i + \eta_{it} \quad (7)$$

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incumbent at the next election.

<sup>56</sup>To further reinforce this idea, in Table A13, I show that the main results of this paper are robust by repeating the main analysis keeping only the last tender available in the data (i.e. tender 10). In fact, Law 225 (1st December 2016) introduced a benefit of 500 euros per refugee hosted to be spent freely by part of the municipal government. This provision means that municipalities that opened a refugee centre in tender 10 received this benefit in addition to the SPRAR grants transferred to cover 95 per cent of the reception costs. This means that municipalities that opened a SPRAR centre in tender 10 received an amount of money that exceeded the initial planned costs.

where  $Application\_centre_{it-1}$  is equal to 1 in the year in which a municipality participates to a SPRAR tender and thus decides to open a refugee centre for the first time (i.e.  $Application\_centre_{it-1}$  is the same as the variable  $Refugees\_Centre_{it}$  in equation 1, but only for the first time a municipality opens a refugee centre), and zero otherwise <sup>57</sup>.

In practice, to deal with the endogeneity of  $Centre\_open_{it}$ , I exploit a peculiar characteristic of the SPRAR allocation system, already described in both section 2 and Table A1: the timing of the decision of opening a refugee reception centre does not coincide with the timing the refugee centre is actually opened. In fact, as we can see from Table A1, refugee centres are usually opened at the beginning of the year after the mayor has taken the decision (i.e. if the mayor takes the decision of opening a refugee centre during a tender launched in year  $t - 1$ , the refugees' centre is opened at the beginning of year  $t$ ).

Thus, there is a lag between the decision taken by the mayor and the effective opening of the refugee centre. Following the intuition developed by Gadenne (2016), I argue that this lag enables to estimate the effect of the refugee centre on the dependent variables, while ruling out any influence determined by unobservable time-varying preferences and shocks behind the decision of opening the centre. In this context, the variable  $Application\_centre_{it-1}$  has two important purposes: First, given that  $Application\_centre_{it-1}$  is measured one year before the opening of a refugee centre and given that it is equal to 1 only for municipalities that open a centre for the first time,  $Application\_centre_{it-1}$  enables to test for parallel trends before the opening of the refugee centre. Second, given that  $Application\_centre_{it-1}$  is equal to 1 only for municipalities that open a centre for the first time,  $Application\_centre_{it-1}$  enables to test whether unobservable time-varying preferences and shocks behind the decision of opening the centre affect also the dependent variables, and whether this effect materializes before the actual opening of centre. In fact, if the unobservable time-varying preferences and shocks that determine the self-selection into the SPRAR program affect also the dependent variables, this effect should materialize at the time when the mayor decides to open the centre, even if the centre has not been opened yet.

Finally, the empirical strategy described by the equation 7 is further reinforced by controlling for differential trends between municipalities that open at least one refugee centre and municipalities that never open a refugee centre. In fact, in equation 7 municipalities treated in year  $t$  are compared to two types of control groups: 1) municipalities that do not open a refugee centre at time  $t$ , but that open at least one refugee centre in the other years observed in the data; 2) municipalities that never open a refugee centre. As described by Table 1 and Figure 6, municipalities that open at least one refugee centre are quite different from municipalities that never open a refugee centre. This is true both in terms of

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<sup>57</sup>N.B. I am running equation 7 using all the years between 2005 and 2015 (i.e. I am not dropping the years in which there are no tenders). The variable  $Application\_centre_{it-1}$  can be equal to 1 only in years in which the Home Office launches a tender and if a municipality participates to a tender for the first time.



observable municipal and mayoral characteristics (see Table 1) and both in terms of number of migrants arriving from other countries (see Figure 6). For this reason, I add to equation 7 group specific time dummy variables  $\lambda_t^s$ , which enable to control for differential unobservable trends between municipalities that open at least one refugee centre and municipalities that never open a refugee centre.

In practice, controlling for  $\lambda_t^s$ , it is equivalent to running equation 7 only on the subsample of municipalities that open at least one refugee centre during the period studied. As shown in subsection 6.2, controlling for  $\lambda_t^s$  seems important for the reliability of the estimates found. In fact, as shown in subsection 6.2, once the group specific time dummy variables  $\lambda_t^s$  are added to model 7, the estimated effect on fiscal policies is reduced. This suggests that part of the effect was driven by differential trends between municipalities that open at least a refugee centres and those that never open a refugee centre, which may not constitute an adequate control group in this context. On the opposite, municipalities that do not open a refugee centre at time  $t$ , but that open at least one refugee centre in the other years, seem to represent a more reliable control group for municipalities treated at time  $t$ .

Finally, given the structure of regression 7, and given some constraints in the data, this exercise is implemented using the period 2005-2015 only (i.e. years 2016 and 2017 are excluded). More specifically, as described in Table A1, tender number 8 is the only tender for which the year during which the decision of opening a refugee centre is taken coincides with the year during which the refugee centre is opened. This would not enable to separately estimate the effect of  $Centre\_open_{it}$  and  $Application\_centre_{it-1}$  for this tender. For this reason, year 2016 is excluded from this exercise. On the other hand, data about fiscal policies are not available for 2017.

## 6.2 The effect of the reception of refugees on fiscal policies

In this subsection, I describe the results about the effect of the reception of refugees on fiscal outcomes. The main results are reported in Table 7, which is divided in two Panels: Panel A reports the results about expenditures, while Panel B describes the results about revenues. All the regressions in the Table are run using model 7, which controls for the differential trends between municipalities that open at least one refugee centre and municipalities that never open a refugee centre. All the dependent variables are measured in per capita terms and in 2010 prices.<sup>58</sup>

As we can see from column 1 of Panel A, the opening of a refugee centre is associated with an increase in total municipal expenditures which is around 74 euros per capita. This increase is approximately 4

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<sup>58</sup>Tables A24 and A26 reports the results on total expenditures and total revenues using different specifications of the model, including a regression run only on the sub-sample of municipalities that open at least a refugee centre in the years studied.

per cent compared to the mean of total expenditures. The coefficient in front of  $Application\_centre_{it-1}$  suggests that this difference in expenditures was not in place before the activation of the centre and at the time when the mayors took the decision of opening the centre. For what concerns the revenues, the estimates reported in Panel B of Table 7 indicate that most of the revenues come from transfers from higher levels of government<sup>59</sup>, while taxes are not statistically different between treatment and control municipalities at the time when the refugee centre is activated.<sup>60</sup>

Columns 2 and 3 of Panel A in Table 7 indicate that this increase in expenditures is redistributed between current and investment expenditures. Table A28<sup>61</sup> in the Appendix shows that this change in current and investment expenditures are redistributed mainly in social and administrative expenditures (although the coefficient on administrative expenditures is not statistically different from zero).<sup>62</sup> In addition, Table A29 shows that the increase in social expenditures (i.e. the main fiscal outcome affected by the opening of a refugee centre) is mainly driven by an increase in current social expenditures that could have a positive effect on the local economy (i.e. transfers to firms, personnel expenditures and expenditures for the purchase of services), while administrative current social expenditures (i.e. expenditures for interest payments, for taxes, administrative expenditures) are not affected.

The evidence described in this section shows that opening a refugee centre is associated with a substantial increase in total municipal expenditures, and that a consistent part of this increase is redistributed toward types of expenditures that could benefit the local economy, and in particular firms, cooperatives and professionals that work for the reception centre or provide services to it. This suggests that opening a refugee centre could benefit both the local economy and the municipal government from an electoral point of view, and it may explain why a fraction of mayors voluntarily decide to host of refugees.

In addition, the evidence provided in this section shows that those municipal governments who refuse to host refugees impose an economic cost on the local community, given that they are giving up an increase in total expenditures funded by resources transferred by higher levels of government. This suggests that mayors in the final year of the term seems to weight the electoral costs associated with the reception of refugees more than the potential electoral benefits associated with an increase in expenditures. This idea

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<sup>59</sup>In this Table, total transfers are equal to current transfers plus capital transfers. I consider transfers from all levels of government, including the national, the regional and the provincial governments.

<sup>60</sup>In column 2 of Panel B, Table 7, the coefficient in front of  $Application\_centre_{it-1}$  is positive and statistically different from zero. This evidence may raise the concern that the higher taxes before the opening of the centre drive the negative effect of electoral incentives on the reception of refugees. I have repeated the heterogeneity analysis controlling for the interaction term between *Final* and taxes per capita. Adding this interaction term does not change the result, and the coefficient of this interaction term is not statistically different from zero. In addition, in Table 5, the negative correlation between opening a refugee centre in the final year of the term and vote shares at the next election is robust controlling for taxes per capita, which are included in the regression. All these results can be made available upon request.

<sup>61</sup>In Table A28, I consider current and capital expenditures together.

<sup>62</sup>The coefficient for school expenditures is also positive and statistically different from zero, even though schools expenditures were different between treatment and control groups even before the opening of a refugee centre.

is further reinforced by the results reported in Table A25, which show that the increase in expenditures happens immediately during the first year of opening of a refugee centre. The result of Table A25, combined with the fact that refugee centres normally open in January (see Table A1) and that municipal elections are usually run in April/May, suggests that mayors in the final year of the term, for the fear of losing popular support, are giving up an increase in total expenditures that could benefit the municipal government from an electoral point of view.

Finally, the evidence provided in this section enables to exclude the possibility that the main results of this paper are driven by a fiscal loss determined by the opening of the reception centre. In fact, the analysis presented in this section shows that the increase in expenditures that follows the opening of a refugee centre is mainly funded by transfers from higher levels of government, and not by local taxes. This suggests that mayors who opened refugee centres in the past years have been able to attract an amount of resources which was bigger than the initial planned SPRAR grants that they were supposed to receive to cover between 80 and 95 per cent of the costs associated with the reception of refugees.<sup>63</sup> The motivation of why this happened is not investigated here and it goes beyond the scope of this paper.

## 7 Conclusion

I study how electoral incentives affect the reception of refugees and asylum seekers. I use data on all Italian municipalities for the years 2005-2017 and take advantage of a refugee allocation policy promoted by the Italian Home Office, called “The Protection System for Asylum Seekers and Refugees” (SPRAR).

The main results show that the probability of opening a refugee reception centre is 24 per cent lower in municipalities that are in the final year of the term when the Home Office issues a tender (i.e. just before new elections), compared to municipalities in other years of the term. This suggests that municipal governments refuse to host refugees in response to electoral incentives.

I analyse four mechanisms that drive the main results. First, I show that the effect is driven by municipalities in which voters overestimate the presence of migrants. Second, I demonstrate that the detrimental effect of electoral incentives on receiving refugees is even more negative in municipalities where the pre-treatment share of migrants is higher. Third, consistent with the idea that municipal governments refuse to host refugees in response to electoral incentives, I show that the main results are driven by municipalities with a higher share of voters with extreme-right political preferences. Finally, I show that political competition reduces the negative effect of electoral incentives on the reception of

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<sup>63</sup>Table A27 shows the results of the regressions run using as dependent variable the SPRAR grants initially planned and reported on the official SPRAR documents published by the Italian Home Office. As we can see, the amount per capita initially assigned is lower than both the increase in total expenditures and total transfers found in the data.

refugees.

In addition, distinguishing between the opening of new reception centres and the renewal of existing centres, I show that voters can learn from experience. More in detail, I demonstrate that, going through the SPRAR experience, voters can learn about their misperception of immigrants and they can understand that the arrival of new migrants may not be a threat. On the opposite, extreme-right voters do not change their position after hosting refugees.

Besides that, consistent with the idea that the baseline effect found in the paper is driven by electoral incentives, I show that opening a refugee centre in the final year of the electoral term is negatively correlated with votes at the next elections.

Finally, I also show that the effect of electoral incentives on the reception of refugees can persist beyond the end of the electoral term, leading to an unbalanced reception of refugees in the medium and long run.

In the second part of the empirical analysis, I show that, by refusing to host refugees, Italian mayors give up fiscal resources that could benefit firms, cooperatives and professionals that work for the reception centre or provide services to it.

In conclusion, the results suggest two potential drawbacks of elections: first, the heterogeneity behind the negative effect of electoral incentives on the reception of refugees may explain why is difficult to redistribute refugees in an equal way across and within countries. Second, the results indicate that the fear of losing popular support induces municipal governments to forego resources that could benefit the local economy.

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Table 1: Descriptive statistics:  
Open at least one centre vs. never open a centre

	(1)	(2)	(3)	(4)	(5)
	Open at least one centre	obs	Never open a centre	obs	p-value
<i>Politicians characteristics</i>					
Graduate mayor	0.506	1334	0.416	6691	0.001
Political experience	7.096	1334	6.838	6691	0.058
Unemployed	0.087	1334	0.105	6691	0.006
Age	51.47	1334	51.350	6691	0.567
Female	0.106	1334	0.118	6691	0.090
Independent	0.574	1334	0.705	6691	0.000
Left	0.241	1334	0.114	6691	0.000
Right	0.108	1334	0.084	6691	0.000
Early interruption mandate	0.048	1334	0.035	6691	0.000
Term limit	0.252	1334	0.243	6691	0.168
<i>Municipal characteristics</i>					
Area	56.626	1334	33.479	6691	0.000
Longitude	12.326	1334	11.355	6691	0.000
Latitude	42.563	1334	43.532	6691	0.000
Altitude	307.498	1334	365.246	6691	0.000
Islands	0.106	1334	0.093	6691	0.139
South	0.306	1334	0.205	6691	0.000
Centre	0.164	1334	0.113	6691	0.000
North-East	0.079	1334	0.202	6691	0.000
North-West	0.342	1334	0.385	6691	0.003
Population	20721	1334	4416	6691	0.000
Population density	409.470	1334	252.671	6691	0.000
No-profit associations	0.004	1334	0.005	6691	0.000
Number of firms per capita	0.073	1334	0.078	6691	0.000
Unemployment	0.124	1334	0.096	6691	0.000
Income	13267	1334	13571	6691	0.001
% children	0.044	1334	0.043	6691	0.000
% elderly	0.203	1334	0.214	6691	0.000
% graduate	0.053	1334	0.045	6691	0.000

Notes. All Italian municipalities, years 2005-2017. *Open at least one centre* = 1 for municipalities that open at least one refugees' centre in the period studied. *Never open a centre* = 1 for municipalities that never open a centre in the period studied. Columns (1) and (3) report the mean values for the two samples; *obs* is the number of observations; *p-value* is the p-value of the difference between the means of the two samples.



Table 2: Effect of electoral incentives on the reception of refugees

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor opens a refugee centre						
<i>Panel A: treatment is final year of electoral term</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.008*** (0.001)	-0.009*** (0.002)	-0.008*** (0.002)	-0.046*** (0.007)	-0.050*** (0.008)	-0.049*** (0.008)
Mean outcome	0.033	0.033	0.033	0.204	0.204	0.204
R-squared	0.175	0.328	0.328	0.186	0.304	0.334
Observations	78,112	78,112	78,112	12,988	12,988	12,988
# municipalities	8025	8025	8025	1334	1334	1334
<i>Panel B: treatment years 2-5 electoral term</i>						
Sample	All municipalities			Open at least one refugee centre		
Year 2 term	0.001 (0.002)	-0.003 (0.002)	-0.002 (0.002)	-0.005 (0.012)	-0.004 (0.012)	-0.003 (0.012)
Year 3 term	0.004** (0.002)	-0.000 (0.002)	0.001 (0.002)	0.004 (0.011)	-0.004 (0.010)	0.007 (0.011)
Year 4 term	-0.002 (0.002)	-0.004* (0.002)	-0.003 (0.002)	-0.003 (0.013)	-0.007 (0.013)	0.009 (0.013)
Year 5 term	-0.006*** (0.002)	-0.011*** (0.002)	-0.009*** (0.002)	-0.047*** (0.013)	-0.057*** (0.013)	-0.046*** (0.013)
Mean outcome	0.035	0.035	0.035	0.231	0.231	0.231
R-squared	0.175	0.328	0.328	0.186	0.304	0.335
Observations	78,112	78,112	78,112	12,988	12,988	12,988
# municipalities	8025	8025	8025	1334	1334	1334
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	No	Yes	Yes	No	Yes	Yes
Controls	Yes	No	Yes	Yes	No	Yes

Notes. All Italian municipalities, years 2005-2017. Treatment variables: the treatment variable *Final* in Panel A is equal to 1 for mayors in the final year of the term, and 0 otherwise. The treatment variables in Panel B are: Year term 2 =1 for mayors in the second year of the term; Year term 3 =1 for mayors in third year of the term; Year term 4 =1 for mayors in fourth year of the term; Year term 5 =1 for mayors in the fifth year of the term. The outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender  $t$ . Controls: share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table 3: Heterogeneity analysis

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Outcome =1 mayor opens a refugee centre								
Final	-0.008*** (0.002)	-0.009 (0.006)	0.019 (0.012)	-0.003 (0.002)	-0.002 (0.003)	0.046 (0.091)	-0.012*** (0.002)	0.035 (0.092)
Final X Overestimate		-0.011 (0.029)	-0.096** (0.043)			-0.047* (0.026)		-0.050* (0.027)
Final X Share foreign			-0.235*** (0.083)	-0.121*** (0.038)		-0.129** (0.051)		-0.131** (0.051)
Final X Extreme-right voting					-0.039*** (0.014)	-0.046*** (0.014)		-0.048*** (0.015)
Final X Political competition							0.007** (0.003)	0.007** (0.003)
Mean outcome	0.033	0.046	0.046	0.033	0.033	0.033	0.034	0.034
R-squared	0.328	0.372	0.372	0.328	0.329	0.330	0.322	0.324
Observations	78,112	46,722	46,722	78,112	78,112	78,112	71,220	71,220
# municipalities	8025	8025	8025	8025	8025	8025	7296	7296
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Additional interactions	No	No	No	No	No	Yes	No	Yes

Notes. All Italian municipalities. Years 2005-2017 in columns 1, 4, 5, 6, 7 and 8, years 2010-2017 (i.e. tenders 5-10) in columns 2 and 3. Treatment variables: the treatment variable *Final* is equal to 1 for mayors in the final year of the term, and 0 otherwise. The outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender *t*. Controls: population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Variables interacted with *Final*: 1) Overestimate is the difference between the share of migrants estimated by survey participants (Transatlantic Trends: immigration, 2010) and the actual share of migrants in the municipality. Both shares are measured in 2010; 2) Share foreign = pre-existing municipal share of migrants, measured at the beginning of the electoral term; 3) Extreme-right voting = vote share taken by extreme-right parties at the most recent European election; 4) Political competition is a dummy variable equal to 1 if the average municipal margin of victory is below the median. Additional interaction terms with *Final* included in columns 6 and 8 but not reported here: 1) Daily newspapers = number of non-sport daily newspapers sold every 1,000 people, measured in 2001 (see Cartocci, 2007); 2) Share rich = share of individuals above the median income; 3) Trust = share of individuals who answered yes at question "would you say that most people can be trusted?" in the World Value Survey (see Tabellini, 2010); 4) Unemployment = unemployment rate measured in 2001; 5) dummy variable for past participation to SPRAR; 6) # Firms per capita = number of firms per capita, measured in 2005; 7) Emigration rate = total number of emigrants minus total number of immigrants every 1000 inhabitants, average from previous electoral term; 8) share of individuals with college degree, measured in 2001; 9) past foreign population growth rate, average from previous electoral term; 10) past income growth rate; 11) # no profit organizations = number of no-profit organizations, measured in 2005; 12) log of income per capita, measured in 2005; 13) share of elderly (i.e. age>65), measured in 2001; 14) share of children (i.e. age<5), measured in 2001; 15) population density, measured in 2001; 16) dummy for the presence of first level refugee reception centre in the municipality. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table 4: First opening vs. Renewal

	(1)	(2)	(3)	(4)
Outcome	First opening		Renewal	
Final	-0.005*** (0.001)	-0.041 (0.080)	-0.003*** (0.001)	0.076 (0.053)
Final X Overestimate		-0.059*** (0.023)		0.009 (0.016)
Final X Share foreign		-0.167*** (0.045)		0.037 (0.032)
Final X Extreme-right voting		-0.026* (0.014)		-0.022*** (0.007)
Final X Political competition		0.006** (0.002)		0.001 (0.002)
Mean outcome	0.015	0.016	0.018	0.019
R-squared	0.183	0.185	0.452	0.448
Observations	78,112	71,220	78,112	71,220
# municipalities	8025	7296	8025	7296
Tender FE	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes
Additional interactions	No	Yes	No	Yes

Notes. All Italian municipalities, years 2005-2017. Treatment variables: the treatment variable *Final* is equal to 1 for mayors in the final year of the term, and 0 otherwise. The outcome variables: 1) in columns 1-2, First opening = 1 for municipalities that open a refugees' reception centre for the first time during tender  $t$ ; 2) in columns 3-4, Renewal = 1 for municipalities that decide to keep open an existing refugees' reception centre during tender  $t$ . Controls: population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Variables interacted with *Final*: 1) Overestimate is the difference between the share of migrants estimated by survey participants (Transatlantic Trends: immigration, 2010) and the actual share of migrants in the municipality. Both shares are measured in 2010; 2) Share foreign = pre-existing municipal share of migrants, measured at the beginning of the electoral term; 3) Extreme-right voting = vote share taken by extreme-right parties at the most recent European election; 4) Political competition is a dummy variable equal to 1 if the average municipal margin of victory is below the median. Additional interaction terms with *Final* included in columns 2 and 4 but not reported here: 1) Daily newspapers = number of non-sport daily newspapers sold every 1,000 people, measured in 2001 (see Cartocci, 2007); 2) Share rich = share of individuals above the median income; 3) Trust = share of individuals who answered yes at question "would you say that most people can be trusted?" in the World Value Survey (see Tabellini, 2010); 4) Unemployment = unemployment rate measured in 2001; 5) dummy variable for past participation to SPRAR; 6) # Firms per capita = number of firms per capita, measured in 2005; 7) Emigration rate = total number of emigrants minus total number of immigrants every 1000 inhabitants, average from previous electoral term; 8) share of individuals with college degree, measured in 2001; 9) past foreign population growth rate, average from previous electoral term; 10) past income growth rate; 11) # no profit organizations = number of no-profit organizations, measured in 2005; 12) log of income per capita, measured in 2005; 13) share of elderly (i.e. age>65), measured in 2001; 14) share of children (i.e. age<5), measured in 2001; 15) population density, measured in 2001; 16) dummy for the presence of first level refugee reception centre in the municipality. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table 5: Correlation refugee centre and votes at next election

	(1)	(2)	(3)	(4)
Sample	Term limit = 0		Term limit = 1	
Outcome	% Votes next election mayor		% Votes next election vice-mayor/minister	
Refugee centre final year of the term	-2.717** (1.362)	-2.827* (1.496)	-7.709** (3.164)	-8.622*** (3.203)
Refugee centre during the term		3.470** (1.498)		6.408* (3.880)
Log expenditures final year of the term		2.204*** (0.775)		3.705** (1.870)
Log expenditures during the term		2.230*** (0.818)		1.893 (1.699)
Mean outcome	60.43	60.43	47.55	47.55
R-squared	0.228	0.334	0.304	0.379
Observations	6,347	6,347	2,038	2,038
Year of election FE	Yes	Yes	Yes	Yes
LMA FE	Yes	Yes	Yes	Yes
Controls	No	Yes	No	Yes

Notes. All Italian municipalities, electoral years 2005-2017. The outcome variable is equal to the vote share taken by the incumbent coalition at the next election. In column 1-2 (i.e. mayor is not term limited), this is equal to the vote share taken by the mayor, while in column 3-4 (i.e. mayors is term limited) is equal to the vote share taken by the vice-mayor or by a minister, depending on who decides to run as mayoral candidate in place of the incumbent mayor, who is term limited after two consecutive terms. Treatment variables: 1) Refugee centre final year of the term = 1 for municipalities that open a refugee centre in the final year of the term; 2) Refugee centre during the term = 1 for municipalities that open a refugee centre in years 1-4 of the term; 3) Log expenditures final year of the term = log of total municipal per capita expenditures measured in the final year of the term, 2010 constant prices; 4) Log expenditures during the term = log of total municipal per capita expenditures measured as the average in years 1-4 of the term, 2010 constant prices. Controls: log of municipal per capita taxes measured in the final year of the term (2010 constant prices), log of municipal per capita taxes measured in the years 1-4 of the term (2010 constant prices), log of municipal per capita current transfers measured in the final year of the term (2010 constant prices), log of municipal per capita current transfers measured in years 1-4 of the term (2010 constant prices), share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Local market areas (LMA) FE included in all columns. Robust standard errors clustered at LMA level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table 6: Correlation magnitude electoral incentive and the reception of refugees in 2017

	(1)	(2)	(3)	(4)	(5)
Outcome	Share refugees in 2017		Share refugees in 2004	Open SPRAR centre last tender	
Magnitude electoral incentives	-6.225** (2.923)	-5.295** (2.670)	1.562 (1.920)	-0.201* (0.103)	-0.164*** (0.063)
Share refugees in 2004	0.943*** (0.039)	0.895*** (0.038)			
Mean outcome	39.42	39.42	25.45	0.095	0.095
R-squared	0.692	0.718	0.604	0.407	0.601
Observations	6756	6756	6756	7059	7059
LMA FE	Yes	Yes	Yes	Yes	Yes
Controls	No	Yes	Yes	No	Yes

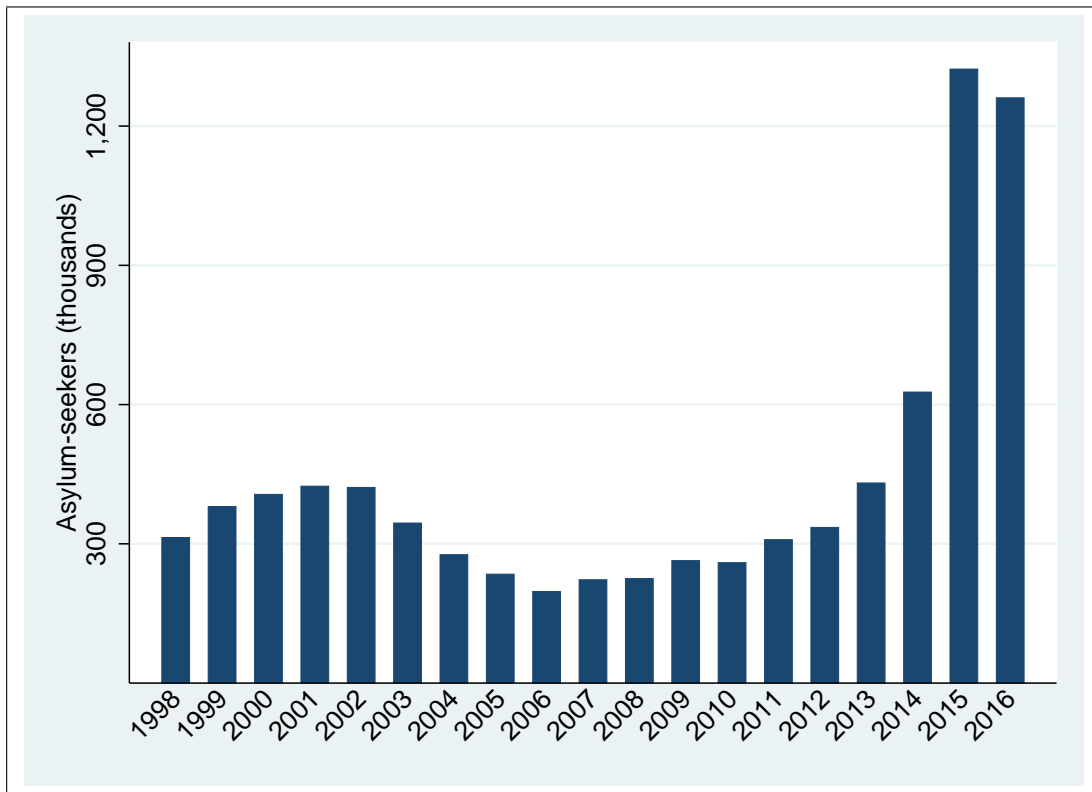
Notes. All Italian municipalities, year 2017. Treatment variables: Magnitude electoral incentives = magnitude of the effect of electoral incentives on the probability of no opening a refugee centre during the tenders in years 2005-2016. Outcome variables: 1) in columns 1-2, Share refugees in 2017 = migrants from countries of origin of refugees every 1000 inhabitants that live in a specific municipality in 2017; 2) in column 3, Share refugees in 2004 = migrants from countries of origin of refugees every 1000 inhabitants that live in a specific municipality in 2004; 3) in columns 4-5, Open SPRAR centre last tender = 1 if municipality  $i$  opens a refugee centre during the last tender available in the data. Controls: share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Local market areas (LMA) FE included in all columns. Robust standard errors clustered at LMA level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table 7: Effect reception of refugees on fiscal policies

	(1)	(2)	(3)	(4)	(5)	(6)
<i>Panel A: expenditures</i>						
Outcome	Total	Current	Investment	Services	Interests	Deficit
Expenditures	Expenditures	Expenditures	Expenditures	Expenditures		
Refugee centre open	74.364** (36.909)	39.816*** (10.189)	43.916* (26.357)	0.712 (8.965)	-10.027 (13.726)	3.781 (6.799)
Application refugee centre	6.221 (39.883)	10.318 (13.267)	18.872 (38.393)	-6.607 (5.698)	-21.384 (16.525)	-2.178 (5.880)
Mean outcome	1706	870.9	560.5	140.3	132.4	8.268
R-squared	0.636	0.897	0.403	0.389	0.548	0.105
Observations	82,091	82,091	82,091	82,091	82,091	82,091
# municipalities	7791	7791	7791	7791	7791	7791
<i>Panel B: revenues</i>						
Outcome	Total	Taxes	Total	Fees	Loans	Assets
	Revenues		Transfers			Sale
Refugee centre open	70.583* (36.595)	1.412 (7.956)	74.495** (30.926)	7.429 (4.749)	-18.128 (14.940)	4.160* (2.272)
Application refugee centre	8.399 (39.251)	17.723** (8.666)	-5.882 (26.881)	-3.152 (5.267)	-23.921 (18.307)	5.236 (4.136)
Mean outcome	1698	448.0	695.6	225.9	140.2	31.71
R-squared	0.640	0.825	0.496	0.889	0.393	0.208
Observations	82,091	82,091	82,091	82,091	82,091	82,091
# municipalities	7791	7791	7791	7791	7791	7791
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Differential trends	Yes	Yes	Yes	Yes	Yes	Yes

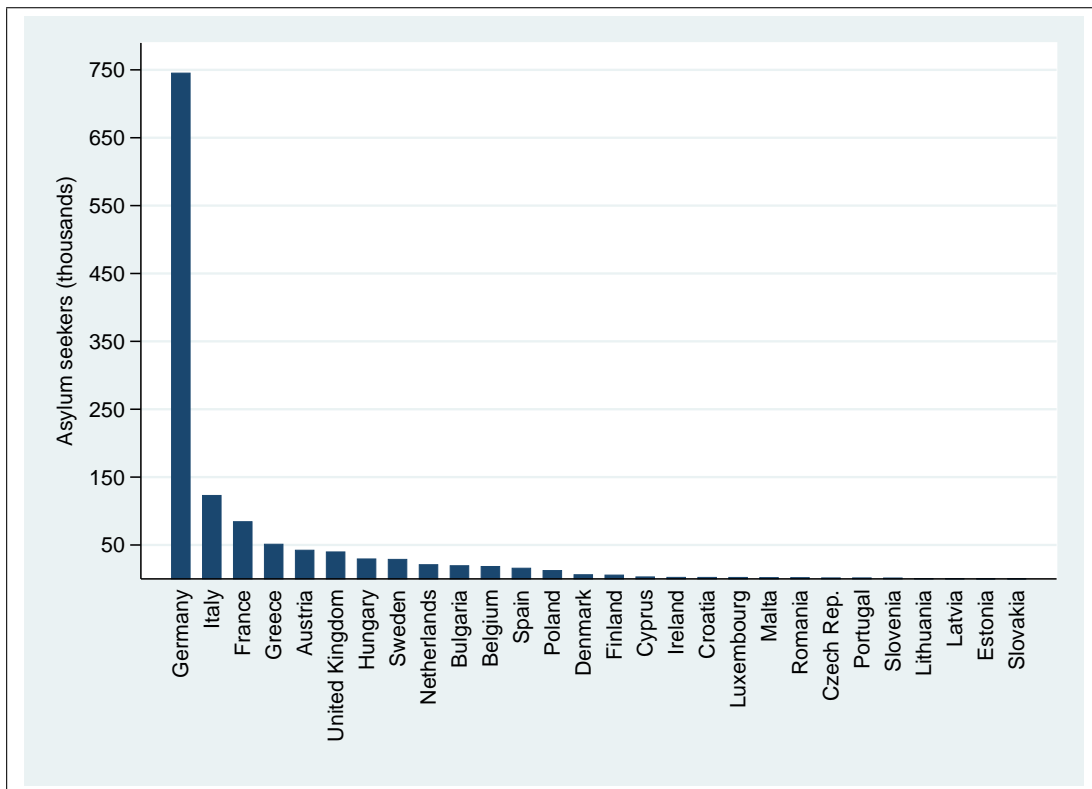
Notes. All Italian municipalities, years 2005-2015. Treatment variables: Refugee centre open = 1 if in municipality  $i$  and year  $t$  there is an active refugee reception centre. Application refugee centre = 1 if the mayor of municipality  $i$  decides to open for the first time a refugee reception centre in year  $t - 1$ . The outcome variables are all measured in per capita terms and in 2010 prices. Outcome variables in panel A: 1) Column 1: Total expenditures = total municipal per capita expenditures; 2) Column 2: Current expenditures: current municipal per capita expenditures; 3) Column 3: Investment expenditures = municipal per capita expenditures for investments; 4) Column 4: Services expenditures = municipal per capita expenditures for buying services from third parts; 5) Column 5: Interests = per capita expenditures for interests payments; 6) Column 6: Deficit = difference between total expenditures per capita and total revenues per capita. Outcome variables in panel B: 1) Column 1: Total revenues = total municipal per capita revenues; 2) Column 2: Taxes = municipal per capita revenues from taxes; 3) Column 3: Total transfers = municipal per capita revenues from transfers from higher levels of government. It is equal to total current transfers plus total capital transfers; 4) Column 4: Fees = municipal per capita revenues from fees on municipal services; 5) Column 5: Loans = municipal per capita revenues from loans; 6) Column 6: Assets sale = municipal per capita revenues from the sale of municipal assets. Controls: population, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Figure 1: Number asylum seekers in EU Countries



Notes. Asylum-seekers in EU Countries (thousands). Source: Eurostat.

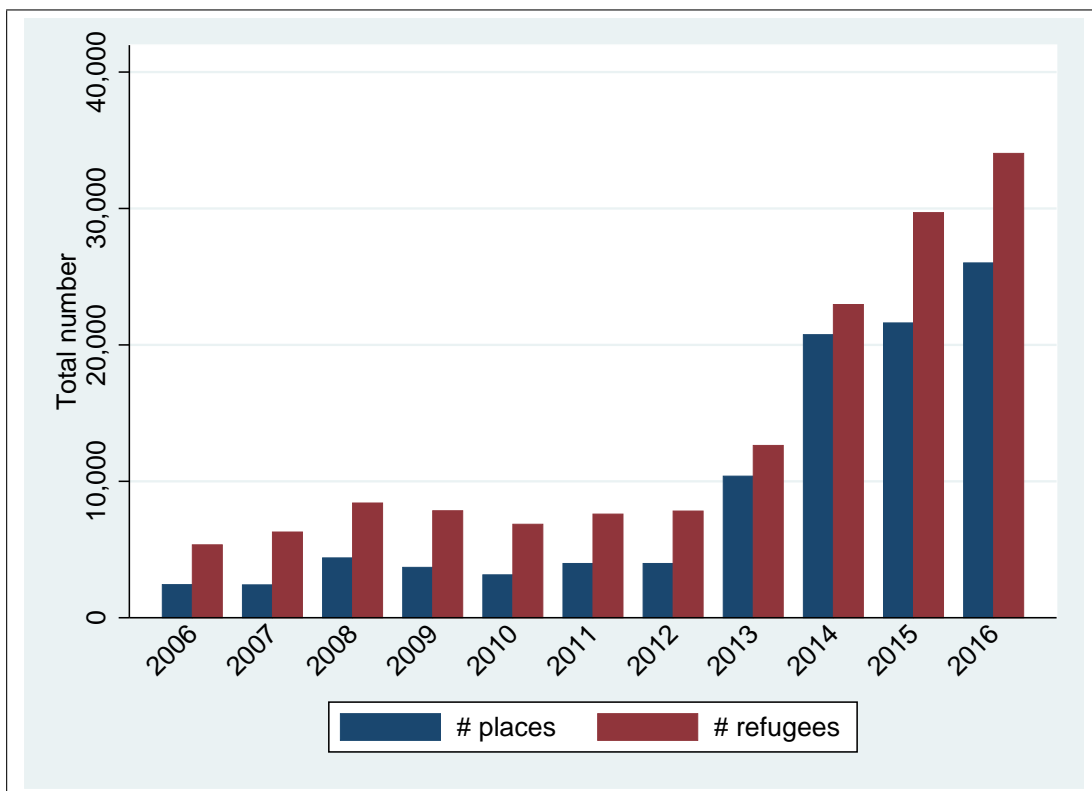
Figure 2: Number asylum seekers in 2016 by Countries



Notes. Asylum-seekers in EU Countries (thousands). Source: Eurostat.

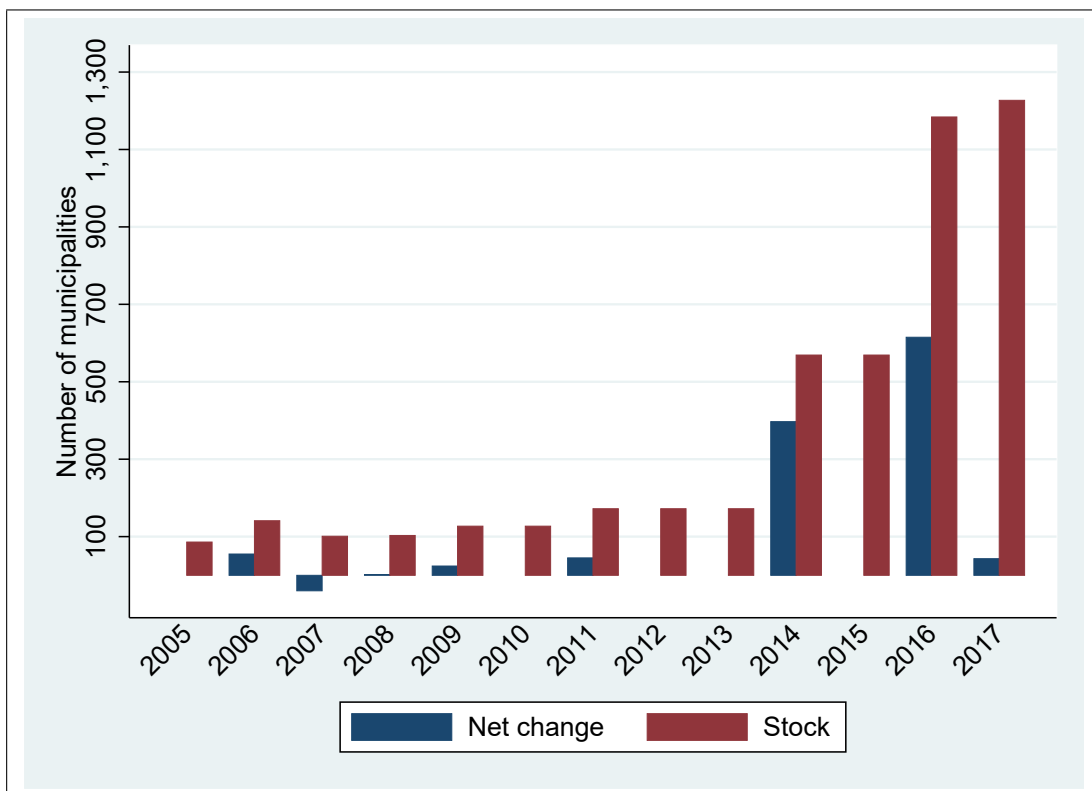


Figure 3: Number of places and refugees in SPRAR centres



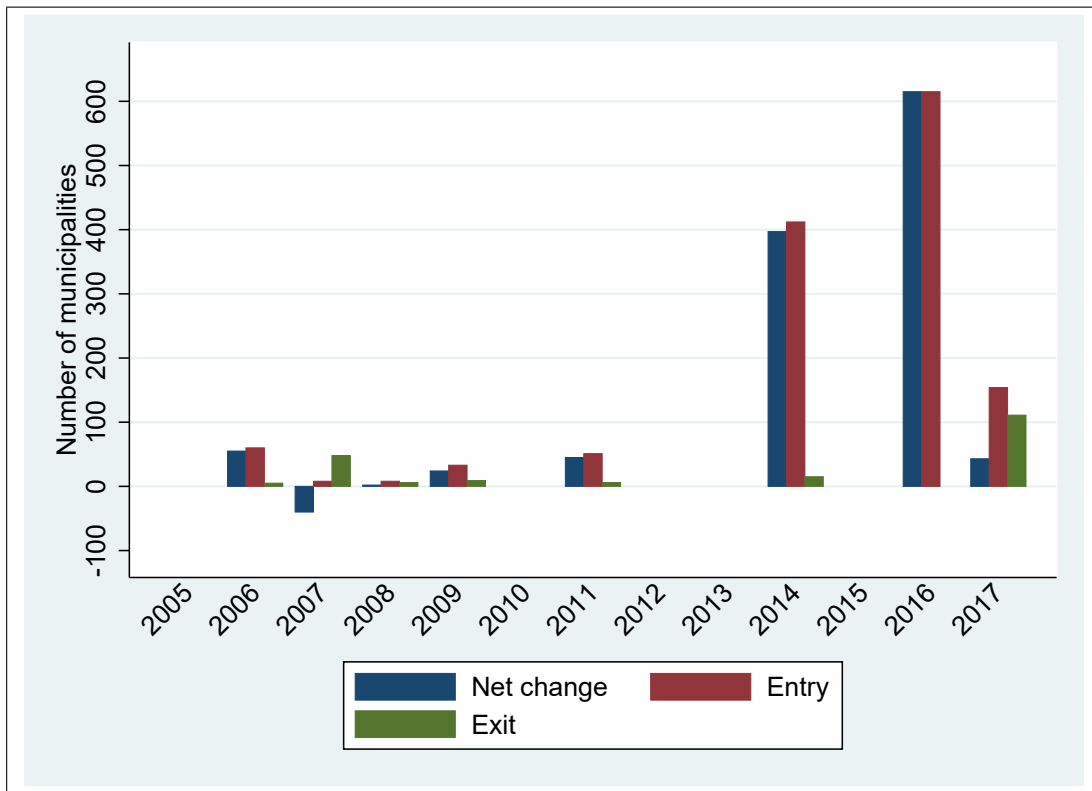
Notes. Sources: SPRAR report "Atlante Sprar", published on the SPRAR webpage sprar.it. The graph reports the number of places made available and the number of refugees and asylum seekers hosted every year from 2006 up to 2016.

Figure 4: Number of SPRAR municipalities



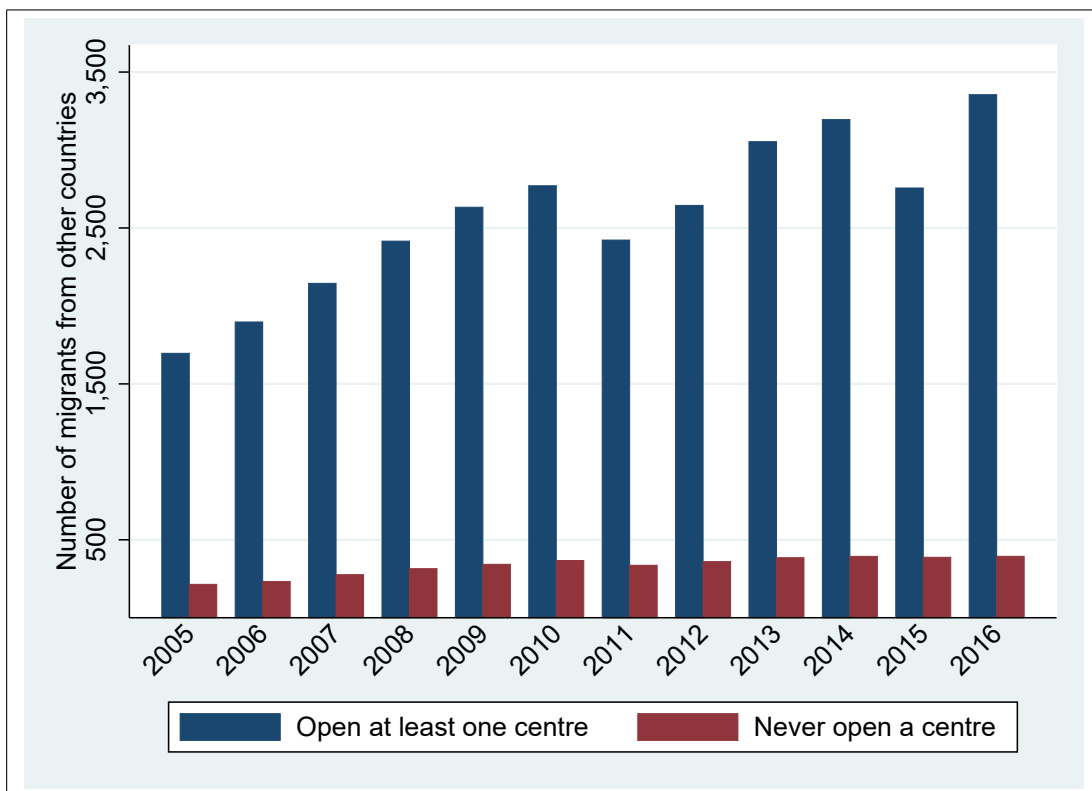
Notes. Sources: Home Office and SPRAR. Net change is equal to the net inflow of municipalities that enter the SPRAR program in a specific year (i.e. net change = entry - exit). Stock indicates the total number of municipalities that in a specific year have an active refugees' centre in their territory. See also Table A2.

Figure 5: Net change number of SPRAR municipalities



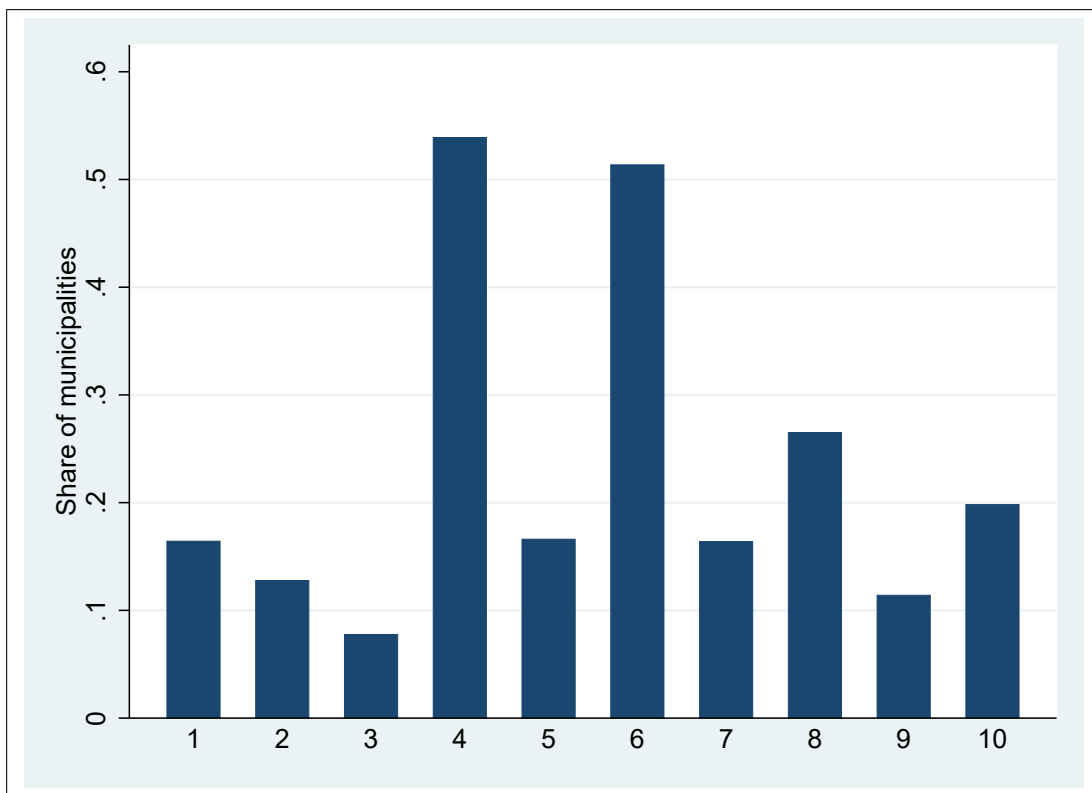
Notes. Sources: Home Office and SPRAR. Net change is equal to the net inflow of municipalities that enter the SPRAR program in a specific year (i.e. net change = entry - exit). Entry is the number of municipalities that enter the SPRAR program in a specific year (i.e. municipalities that open a refugees' centre), while exit indicates the number of municipalities that leave the SPRAR program in a specific year (i.e. municipalities that close refugees' centre). See also Table A2.

Figure 6: Open at least one centre vs. never open a centre



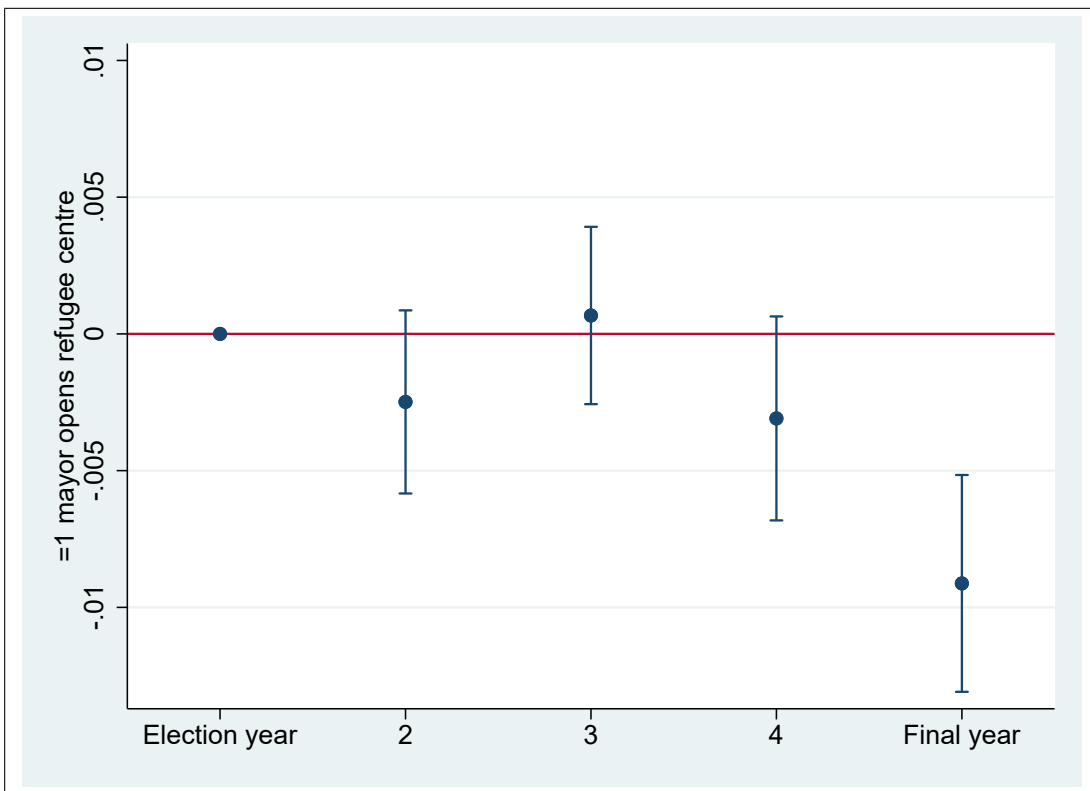
Notes. Sources: Istat. The graph reports the average foreign population in the following two groups of municipalities: 1) municipalities that opened at least a refugees' centre in the period studied; 2) municipalities that never opened a refugees' centre in the period studied.

Figure 7: Share municipalities in the final year of the term by tender



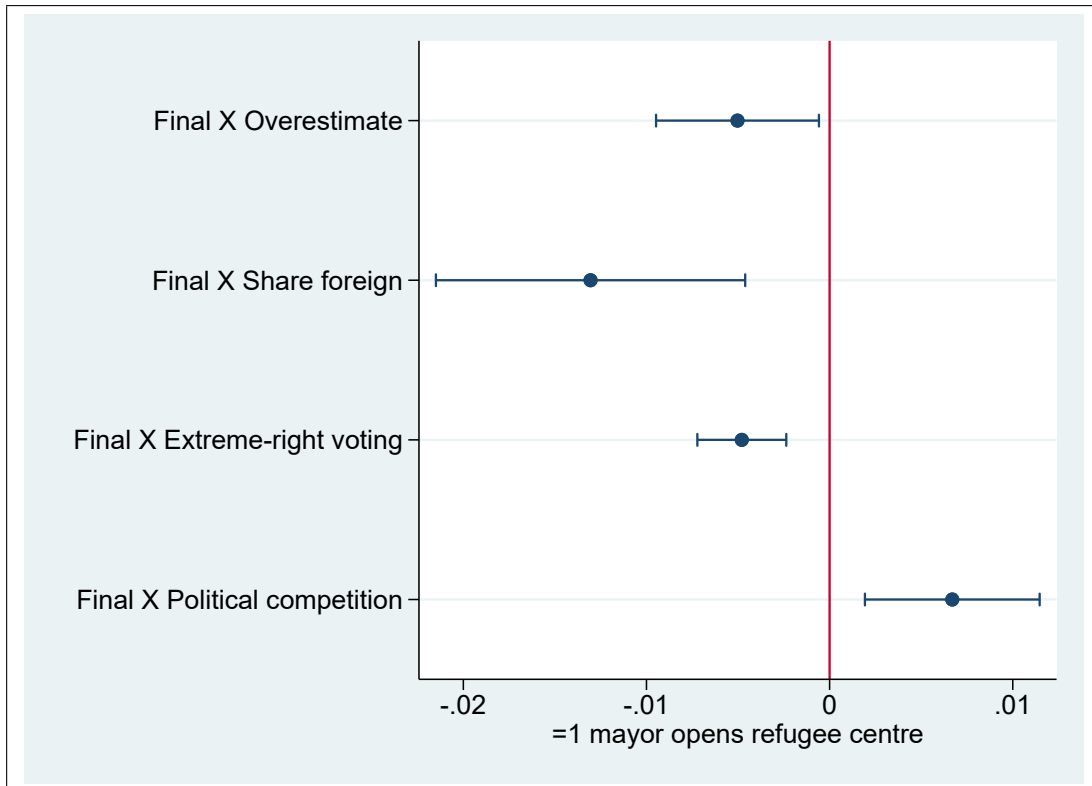
Notes. Sources: Home Office. The figure plots the share of municipalities in the final year of the term by tender.

Figure 8: The effect of electoral incentive on the reception of refugees



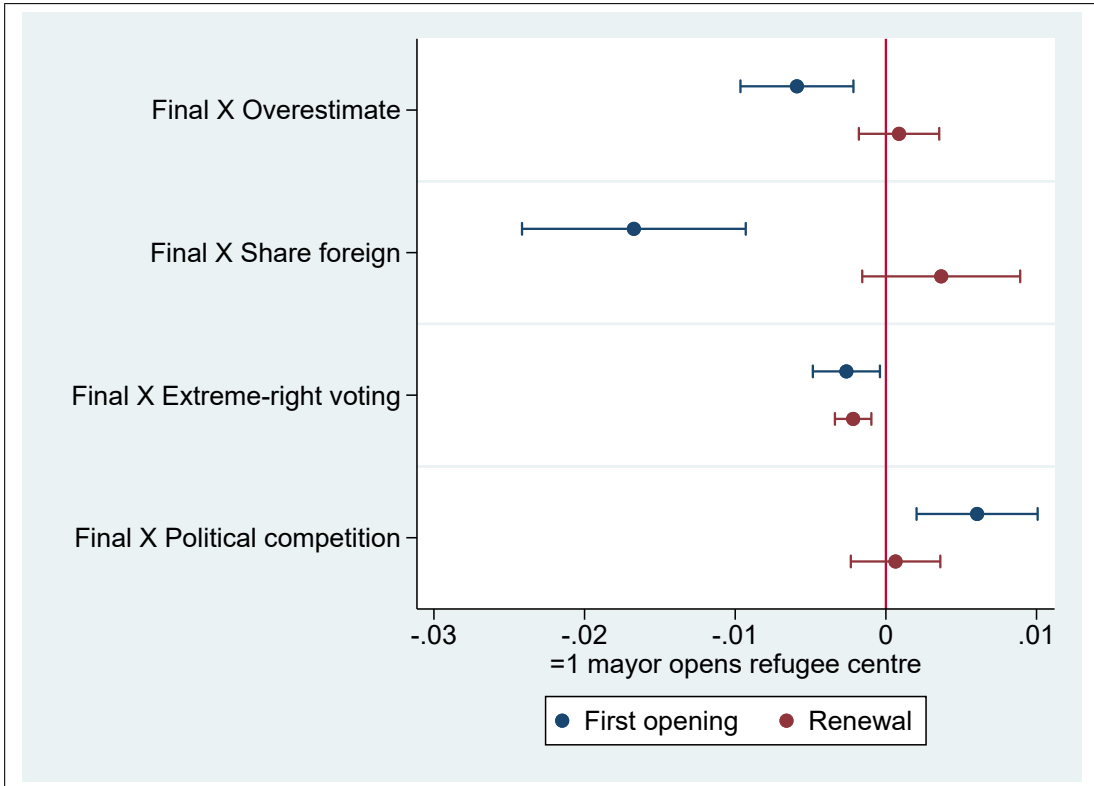
The figure plots the baseline effect of electoral incentives on the reception of refugees.

Figure 9: Heterogeneity mechanism



The figure plots the heterogeneity behind the baseline effect of electoral incentives on the reception of refugees. Variables interacted with *Final*: 1) Overestimate is the difference between the share of migrants estimated by survey participants (Transatlantic Trends: immigration, 2010) and the actual share of migrants in the municipality. Both shares are measured in 2010; 2) Share foreign = pre-existing municipal share of migrants, measured at the beginning of the electoral term; 3) Extreme-right voting = vote share taken by extreme-right parties at the most recent European election; 4) Political competition is a dummy variable equal to 1 if the average municipal margin of victory is below the median. For reasons of scale, the variables Overestimate, Share foreign and Extreme-right voting have been multiplied by 10 in this graph. Thus, the magnitude of the coefficients needs to be interpreted as an effect that follows a 10 per cent increase in the independent variables.

Figure 10: First opening vs Renewal



The figure plots the heterogeneity behind the baseline effect of electoral incentives on the reception of refugees, comparing first opening with renewals. Variables interacted with *Final*: 1) Overestimate is the difference between the share of migrants estimated by survey participants (Transatlantic Trends: immigration, 2010) and the actual share of migrants in the municipality. Both shares are measured in 2010; 2) Share foreign = pre-existing municipal share of migrants, measured at the beginning of the electoral term; 3) Extreme-right voting = vote share taken by extreme-right parties at the most recent European election; 4) Political competition is a dummy variable equal to 1 if the average municipal margin of victory is below the median. For reasons of scale, the variables Overestimate, Share foreign and Extreme-right voting have been multiplied by 10 in this graph. Thus, the magnitude of the coefficients needs to be interpreted as an effect that follows a 10 per cent increase in the independent variables.



## A1 Online Appendix

This Appendix provides additional results and robustness checks, which are also discussed in the paper.

Table A1: The timing of SPRAR tenders

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Tender	Year	Date starts	Date ends	Date opens	Years active	Share grants	Participation
1	2005	05/12/2005	20/12/2005	28/01/2006	2006	80 %	No limits
2	2006	01/07/2006	31/07/2006	01/01/2007	2007	80 %	No limits
3	2007	01/07/2007	31/07/2007	01/01/2008	2008	80 %	No limits
4	2008	06/08/2008	05/09/2008	01/01/2009	2009-2010	80 %	No limits
5	2010	30/09/2010	30/10/2010	21/01/2011	2011-2013	80 %	No limits
6	2013	04/09/2013	19/10/2013	29/01/2014	2014-2016	80 %	No limits
7	2015	23/05/2015	22/07/2015	04/12/2015	2016	80 %	No limits
8	2015-2016	14/10/2015	14/02/2016	31/05/2016	2016-2017	95 %	Only new projects
9	2016	27/08/2016	30/10/2016	19/01/2017	2017-2019	95 %	No limits
10	2016-2017	31/10/2016	31/03/2017	01/07/2017	2017-2020	95 %	Only new projects

Notes. Sources: Home Office and SPRAR. Description columns: 1) In column 1, Tender is the number of the tender assigned for this paper; 2) In column 2, Year is the year in which the tender is issued by the Home Office; 3) The starting date of the tender is indicated in column 3 (Date starts); 4) The deadline for application to the tender is indicated in column 4 (Date ends); 5) The date of opening of the refugee centre is indicated in column 5 (Date opens); 6) If municipality  $i$  participates to the tender, then the refugee centre remains active for the years indicated in column 5 (Years active); 7) In column 7, Share grants = it is the share of the planned costs supposed to be covered by SPRAR specific grants from the central government; 8) In column 8, Participation = limits to participation imposed by the tender. More specifically, "no limits" means that all municipalities can participate, while "only new projects" means that only new municipalities (i.e. municipalities without an active SPRAR centre on their territory) can apply.

Table A2: Number of SPRAR municipalities

(1)	(2)	(3)	(4)	(5)
Year	Stock	Net change	Entry	Exit
2005	86	0	0	0
2006	141	55	60	5
2007	101	-40	8	48
2008	103	2	8	6
2009	127	24	33	9
2010	127	0	0	0
2011	172	45	51	6
2012	172	0	0	0
2013	172	0	0	0
2014	569	397	412	15
2015	569	0	0	0
2016	1184	615	615	0
2017	1227	43	154	111

Notes. Sources: Home Office and SPRAR. Year=calendar year. Stock (column 2) indicates the total number of municipalities that in a specific year have an active refugees' centre in their territory. Net change (column 3) is equal to the net inflow of municipalities that enter the SPRAR program in a specific year (i.e. net change=entry-exit). Entry (column 4) is the number of municipalities that enter the SPRAR program in a specific year (i.e. municipalities that open a refugees' centre), while exit (column 5) indicates the number of municipalities that leave the SPRAR program in a specific year (i.e. municipalities that close refugees' centre). See also Figures 4 and 5.

Table A3: Descriptive statistics Overestimate:  
Above median vs. below median

	(1) Overestimate above median	(2) obs	(3) Overestimate below median	(4) obs	(5) p-value
Newspapers circulation	0.668	4026	0.934	3999	0.000
Share migrants	0.029	4026	0.069	3999	0.000

Notes. All Italian municipalities, years 2005-2017. *Overestimate above median* = 1 for municipalities for which the variable *Overestimate* is above the median value (0.174). These are the municipalities that overestimate more the presence of migrants. *Overestimate below median* = 1 for municipalities for which the variable *Overestimate* is below the median value (0.174). These are the municipalities that overestimate less the presence of migrants. *Newspapers circulation* = # of non-sport daily newspapers sold every 10 inhabitants (2001). *Share migrants* = share of migrants over total municipal population. Columns (1) and (3) report the mean values for the two samples; *obs* is the number of observations; *p-value* is the p-value of the difference between the means of the two samples.

Table A4: Effect of electoral incentives on other policies  
Placebo test

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome	Separate Waste	EU Grants	Current Grants	Capital Grants	Current Expenditures	Investment Expenditures
Final	0.070 (0.172)	-0.005 (0.064)	9.628*** (1.918)	8.888 (8.778)	7.486*** (1.601)	33.994*** (10.272)
Mean outcome	43.28	0.402	314.3	412.6	887.7	569.5
R-squared	0.907	0.192	0.810	0.388	0.909	0.420
Observations	31,262	83,495	84,755	83,489	83,494	83,494
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes	Yes	Yes

Notes. All Italian municipalities, years 2005-2017. Treatment variables: the treatment variable *Final* is equal to 1 for mayors in the final year of the term, and 0 otherwise. Outcome variables: 1) column 1: Separate waste = % of separate waste collection; 2) column 2: EU grants = municipal per capita fiscal grants from the European Union; 3) column 3: Current grants = per capita current fiscal grants from higher levels of government; 4) column 4: Capital grants = per capita capital fiscal grants from higher levels of government; 5) column 5: Current expenditures = municipal per capita current expenditures; 6) column 6: Investment expenditures = municipal per capita expenditures for investments. Controls: population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A5: Effect of electoral incentives on the reception fo refugees  
Term-limited vs no term-limited

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor opens a refugee centre						
<i>Panel A: no term limit</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.008*** (0.002)	-0.008*** (0.002)	-0.007*** (0.002)	-0.043*** (0.008)	-0.045*** (0.010)	-0.043*** (0.010)
Mean outcome	0.034	0.034	0.034	0.208	0.208	0.208
R-squared	0.164	0.343	0.345	0.187	0.322	0.367
Observations	58,911	58,911	58,911	9695	9695	9695
# municipalities	8025	8025	8025	1334	1334	1334
<i>Panel B: term limit</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.007** (0.003)	-0.010** (0.004)	-0.008** (0.004)	-0.046*** (0.015)	-0.051*** (0.020)	-0.042** (0.020)
Mean outcome	0.032	0.032	0.032	0.190	0.190	0.190
R-squared	0.218	0.533	0.543	0.215	0.508	0.553
Observations	19,201	19,201	19,201	3293	3293	3293
# municipalities	4763	4763	4763	851	851	851
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	No	Yes	Yes	No	Yes	Yes
Controls	Yes	No	Yes	Yes	No	Yes

Notes. All Italian municipalities, years 2005-2017. Treatment variables: the treatment variable *Final* is equal to 1 for mayors in the final year of the term, and 0 otherwise. The outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender *t*. Controls: share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A6: The role of political orientation

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor opens a refugee centre						
Sample	All municipalities			Open at least one refugee centre		
Political orientation	Centre-left	Centre-right	Independent	Centre-left	Centre-right	Independent
Final	-0.016** (0.006)	-0.012** (0.005)	-0.005** (0.002)	-0.041** (0.019)	-0.047** (0.019)	-0.044*** (0.012)
Mean outcome	0.070	0.037	0.025	0.242	0.179	0.182
R-squared	0.500	0.661	0.292	0.447	0.682	0.368
Observations	10,501	6,846	53,482	3096	1380	7520
# municipalities	2122	1866	7039	545	382	1006
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes	Yes	Yes

Notes. All Italian municipalities, years 2005-2017. Treatment variables: the treatment variable *Final* is equal to 1 for mayors in the final year of the term, and 0 otherwise. The outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender *t*. Controls: population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A7: Small vs big municipalities

	(1)	(2)	(3)	(4)
Outcome =1 mayor opens a refugee centre				
Sample	All municipalities		Open at least one refugee centre	
Municipality size	Small	Big	Small	Big
Final	-0.007*** (0.002)	0.005 (0.030)	-0.047*** (0.008)	0.012 (0.033)
Mean outcome	0.029	0.440	0.188	0.503
R-squared	0.287	0.570	0.332	0.551
Observations	77,328	784	12,304	684
# municipalities	7945	85	1265	74
Tender FE	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes

Notes. All Italian municipalities, years 2005-2017. Treatment variables: the treatment variable *Final* is equal to 1 for mayors in the final year of the term, and 0 otherwise. The outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender *t*. Samples: small cities are those below the 99th percentile of the population distribution (i.e. 67,892 inhabitants), while big cities are those above. Controls: population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A8: Effect of electoral incentives on the reception fo refugees  
Control for early interruptions electoral mandate

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor opens a refugee centre						
<i>Panel A: fake treatment without interruptions</i>						
Sample	All municipalities			Open at least one refugee centre		
Final fake	-0.008*** (0.002)	-0.008*** (0.002)	-0.007*** (0.002)	-0.049*** (0.007)	-0.050*** (0.008)	-0.051*** (0.009)
Mean outcome	0.033	0.033	0.033	0.203	0.203	0.203
R-squared	0.175	0.327	0.328	0.186	0.304	0.334
Observations	78,112	78,112	78,112	12,988	12,988	12,988
# municipalities	8025	8025	8025	1334	1334	1334
<i>Panel B: drop electoral mandates interrupted before natural deadline</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.007*** (0.002)	-0.008*** (0.002)	-0.007*** (0.002)	-0.045*** (0.008)	-0.051*** (0.009)	-0.047*** (0.009)
Mean outcome	0.033	0.033	0.033	0.203	0.203	0.203
R-squared	0.167	0.323	0.323	0.181	0.295	0.332
Observations	75,498	75,498	75,498	12,416	12,416	12,416
# municipalities	8018	8018	8018	1333	1333	1333
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	No	Yes	Yes	No	Yes	Yes
Controls	Yes	No	Yes	Yes	No	Yes

Notes. All Italian municipalities, years 2005-2017. Treatment variables: 1) the treatment variable in Panel A is *Finalfake*, which is has been generated after reconstructing the hypothetical electoral cycle that municipalities would have followed without early interruptions of the electoral mandate. *Finalfake* is equal to 1 for mayors in the final year of the term along this reconstructed electoral cycle; 2) the treatmnet in Panel B is *Final*, which is equal to 1 for mayors in the final year of the term, and 0 otherwise. The outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender  $t$ . Controls: share of graduate, share elderly ( $>65$ ), share children ( $<5$ ), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.



Table A9: Effect of electoral incentives on the reception fo refugees  
Alternative story: political experience vs no political experience

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor opens a refugee centre						
<i>Panel A: political experience &gt; median</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.007*** (0.002)	-0.008*** (0.003)	-0.007*** (0.003)	-0.044*** (0.011)	-0.044*** (0.013)	-0.048*** (0.013)
Mean outcome	0.033	0.033	0.033	0.194	0.194	0.194
R-squared	0.188	0.419	0.426	0.196	0.395	0.433
Observations	36,114	36,114	36,114	6360	6360	6360
# municipalities	6062	6062	6062	1043	1043	1043
<i>Panel B: political experience &lt; median</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.009*** (0.002)	-0.008*** (0.002)	-0.008*** (0.002)	-0.049*** (0.010)	-0.050*** (0.013)	-0.049*** (0.013)
Mean outcome	0.033	0.033	0.033	0.213	0.213	0.213
R-squared	0.167	0.367	0.370	0.195	0.340	0.390
Observations	41,998	41,998	41,998	6628	6628	6628
# municipalities	6674	6674	6674	1097	1097	1097
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	No	Yes	Yes	No	Yes	Yes
Controls	Yes	No	Yes	Yes	No	Yes

Notes. All Italian municipalities, years 2005-2017. Treatment variables: the treatment variable *Final* is equal to 1 for mayors in the final year of the term, and 0 otherwise. The outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender *t*. Controls: share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A10: Effect of electoral incentives on the reception fo refugees  
Alternative story: postgraduate vs no-postgraduate

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor opens a refugee centre						
<i>Panel A: graduate mayor</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.012*** (0.002)	-0.011*** (0.003)	-0.011*** (0.003)	-0.057*** (0.010)	-0.049*** (0.012)	-0.047*** (0.012)
Mean outcome	0.043	0.043	0.043	0.226	0.226	0.226
R-squared	0.195	0.391	0.395	0.187	0.342	0.374
Observations	33,540	33,540	33,540	6535	6535	6535
# municipalities	5470	5470	5470	1016	1016	1016
<i>Panel B: non-graduate mayor</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.003 (0.002)	-0.005** (0.002)	-0.004** (0.002)	-0.029*** (0.011)	-0.043*** (0.013)	-0.042*** (0.012)
Mean outcome	0.026	0.026	0.026	0.182	0.182	0.182
R-squared	0.152	0.372	0.376	0.196	0.370	0.438
Observations	44,572	44,572	44,572	6453	6453	6453
# municipalities	6532	6532	6532	1018	1018	1018
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	No	Yes	Yes	No	Yes	Yes
Controls	Yes	No	Yes	Yes	No	Yes

Notes. All Italian municipalities, years 2005-2017. Treatment variables: the treatment variable *Final* is equal to 1 for mayors in the final year of the term, and 0 otherwise. The outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender *t*. Controls: share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A11: Effect of electoral incentives on the reception fo refugees  
Control for CAS and North-Africa emergency

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor opens a refugee centre						
<i>Panel A: control for CAS (year &lt; 2014)</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.004** (0.002)	-0.007*** (0.002)	-0.004*** (0.002)	-0.029*** (0.008)	-0.038*** (0.008)	-0.032*** (0.008)
Mean outcome	0.023	0.023	0.023	0.143	0.143	0.143
R-squared	0.386	0.587	0.598	0.436	0.626	0.632
Observations	47,086	47,086	47,086	7759	7759	7759
# municipalities	8025	8025	8025	1334	1334	1334
<i>Panel B: control for North-Africa emergency (year &lt; 2011)</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.002 (0.001)	-0.002*** (0.001)	-0.003*** (0.001)	-0.010* (0.006)	-0.013*** (0.005)	-0.014*** (0.005)
Mean outcome	0.016	0.016	0.016	0.097	0.097	0.097
R-squared	0.521	0.782	0.786	0.518	0.767	0.772
Observations	39,243	39,243	39,243	6463	6463	6463
# municipalities	8025	8025	8025	1334	1334	1334
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	No	Yes	Yes	No	Yes	Yes
Controls	Yes	No	Yes	Yes	No	Yes

Notes. All Italian municipalities, years 2005-2017. Treatment variables: the treatment variable *Final* is equal to 1 for mayors in the final year of the term, and 0 otherwise. The outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender *t*. Controls: share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A12: Drop tenders with no clear assignment and restricted only to new municipalities

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor opens a refugee centre						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.005*** (0.001)	-0.007*** (0.001)	-0.006*** (0.001)	-0.035*** (0.007)	-0.042*** (0.007)	-0.037*** (0.007)
Mean outcome	0.030	0.030	0.030	0.184	0.184	0.184
R-squared	0.304	0.481	0.501	0.305	0.504	0.511
Observations	62,655	62,655	62,655	10,378	10,378	10,378
# municipalities	8025	8025	8025	1334	1334	1334
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	No	Yes	Yes	No	Yes	Yes
Controls	Yes	No	Yes	Yes	No	Yes

Notes. All Italian municipalities, years 2005-2017. Tenders 8 and 10 are excluded (see Table A1). Treatment variables: the treatment variable *Final* is equal to 1 for mayors in the final year of the term, and 0 otherwise. The outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender  $t$ . Controls: share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A13: Effect of electoral incentives on the reception fo refugees  
Keep last tender only

	(1)	(2)	(3)
Outcome =1 mayor opens a refugee centre			
Final	-0.007 (0.005)	-0.007 (0.004)	-0.008* (0.005)
Mean outcome	0.022	0.022	0.022
R-squared	0.028	0.268	0.270
Observations	7,810	7,810	7,810
Tender FE	Yes	Yes	Yes
LMA FE	No	Yes	Yes
Controls	Yes	No	Yes

Notes. All Italian municipalities, years 2017. Treatment variables: the treatment variable *Final* is equal to 1 for mayors in the final year of the term, and 0 otherwise. The outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender *t*. Controls: share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Labour market areas (LMA) FE included in columns 2-3. Robust standard errors clustered at LMA level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A14: Effect of electoral incentives on the reception fo refugees  
 Different standard errors

	(1)	(2)	(3)
Outcome =1 mayor opens a refugee centre			
Final	-0.008*** (0.002)	-0.008*** (0.002)	-0.008*** (0.002)
Mean outcome	0.033	0.033	0.0333
R-squared	0.328	0.328	0.328
Observations	78,112	78,112	78,112
# municipalities	8025	8025	8025
Tender FE	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes
Controls	Yes	Yes	Yes
Clustered st. errors	Municipality	Province	LMA

Notes. All Italian municipalities, years 2005-2017. Treatment variables: the treatment variable *Final* is equal to 1 for mayors in the final year of the term, and 0 otherwise. The outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender *t*. Controls: population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at municipal level in column 1, at provincial level in column 2 and at LMA level in column 3. Standard errors are reported in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A15: Geographical and groups trends

	(1)	(2)	(3)	(4)
Outcome =1 mayor opens a refugee centre				
Trend	LMA trends		Groups trends	
Final	-0.009*** (0.002)	-0.006*** (0.002)	-0.008*** (0.002)	-0.005*** (0.002)
Mean outcome	0.033	0.033	0.033	0.033
R-squared	0.368	0.380	0.329	0.329
Observations	78,112	78,112	78,112	78,112
# municipalities	8025	8025	8025	8025
Tender FE	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes
Trend	Linear	Quadratic	Linear	Quadratic

Notes. All Italian municipalities, years 2005-2017. Treatment variables: the treatment variable *Final* is equal to 1 for mayors in the final year of the term, and 0 otherwise. The outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender  $t$ . Trends: 1) in column 1 and 2, regressions run controlling for linear (column 1) and quadratic (column 2) labour market areas (LMA) trends; 2) in column 3 and 4, regressions run controlling for linear (column 3) and quadratic (column 4) electoral groups trends. Controls: population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A16: Descriptive statistics by electoral groups

	(1)	(2)	(3)	(4)	(5)
	<i>Groups by first year of election</i>				
	2001	2002	2003	2004	2005
<i>Politicians characteristics</i>					
Graduate mayor	0.473	0.546	0.551	0.389	0.404
Political experience	5.799	6.592	6.733	7.580	5.500
Unemployed	0.071	0.067	0.067	0.129	0.072
Age	51.828	51.851	50.662	51.694	49.229
Female	0.095	0.094	0.088	0.136	0.092
Independent	0.664	0.487	0.581	0.754	0.621
Left	0.152	0.148	0.142	0.121	0.160
Right	0.117	0.151	0.142	0.067	0.066
Early interruption mandate	0.046	0.059	0.056	0.025	0.052
Term limit	0.258	0.244	0.228	0.247	0.226
<i>Municipal characteristics</i>					
Area	41.331	50.101	42.551	30.633	48.122
Longitude	12.110	12.750	13.067	10.967	11.335
Latitude	42.664	41.907	41.188	44.159	43.157
Altitude	345.633	334.323	322.168	337.333	487.228
Islands	0.110	0.219	0.349	0.009	0.231
South	0.348	0.349	0.287	0.161	0.191
Centre	0.127	0.092	0.102	0.146	0.041
North-East	0.110	0.128	0.094	0.184	0.358
North-West	0.305	0.212	0.168	0.500	0.179
Population	12231	10462	9349	4780	6823
Population density	305.400	397.635	435.913	239.068	237.659
No-profit associations	0.005	0.005	0.004	0.006	0.008
Number of firms per capita	0.074	0.072	0.068	0.079	0.082
Unemployment	0.128	0.148	0.171	0.073	0.117
Income	12835	12845	12256	14002	13445
% children	0.043	0.044	0.046	0.042	0.048
% elderly	0.211	0.204	0.198	0.222	0.193
% graduate	0.048	0.050	0.049	0.046	0.044
Observations	1296	877	481	4396	975

Notes. All Italian municipalities, years 2005-2017. The table reports the mean of the variables by electoral group. Electoral groups are created depending on the first year of election found in the data: 1) in column 1: group of municipalities that voted for the first time in the data in 2001; 2) in column 2: group of municipalities that voted for the first time in the data in 2002; 3) in column 3: group of municipalities that voted for the first time in the data in 2003; 4) in column 4: group of municipalities that voted for the first time in the data in 2004; 5) in column 5: group of municipalities that voted for the first time in the data in 2005.



Table A17: Heterogeneity analysis

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Outcome =1 mayor opens a refugee centre								
Final	-0.008*** (0.002)	-0.009 (0.006)	0.019 (0.012)	-0.003 (0.002)	-0.002 (0.003)	0.157 (0.160)	-0.012*** (0.002)	0.169 (0.163)
Final X Overestimate		-0.011 (0.029)	-0.096** (0.043)			-0.099* (0.052)		-0.108** (0.054)
Final X Share foreign			-0.235*** (0.083)	-0.121*** (0.038)		-0.148* (0.085)		-0.155* (0.087)
Final X Extreme-right voting					-0.039*** (0.014)	-0.050** (0.024)		-0.051** (0.025)
Final X Political competition							0.007** (0.003)	0.011** (0.005)
Mean outcome	0.033	0.046	0.046	0.033	0.033	0.046	0.034	0.048
R-squared	0.328	0.372	0.372	0.328	0.329	0.374	0.322	0.369
Observations	78,112	46,722	46,722	78,112	78,112	46,722	71,220	42,659
# municipalities	8025	8025	8025	8025	8025	8025	7296	7296
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Additional interactions	No	No	No	No	No	Yes	No	Yes

Notes. All Italian municipalities. Years 2005-2017 in columns 1, 4, 5 and 7, years 2010-2017 (i.e. tenders 5-10) in columns 2, 3, 6 and 8. Treatment variables: the treatment variable *Final* is equal to 1 for mayors in the final year of the term, and 0 otherwise. The outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender *t*. Controls: population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Variables interacted with *Final*: 1) Overestimate is the difference between the share of migrants estimated by survey participants (Transatlantic Trends: immigration, 2010) and the actual share of migrants in the municipality. Both shares are measured in 2010; 2) Share foreign = pre-existing municipal share of migrants, measured at the beginning of the electoral term; 3) Extreme-right voting = vote share taken by extreme-right parties at the most recent European election; 4) Political competition is a dummy variable equal to 1 if the average municipal margin of victory is below the median. Additional interaction terms with *Final* included in columns 6 and 8 but not reported here: 1) Daily newspapers = number of non-sport daily newspapers sold every 1,000 people, measured in 2001 (see Cartocci, 2007); 2) Share rich = share of individuals above the median income; 3) Trust = share of individuals who answered yes at question "would you say that most people can be trusted?" in the World Value Survey (see Tabellini, 2010); 4) Unemployment = unemployment rate measured in 2001; 5) dummy variable for past participation to SPRAR; 6) # Firms per capita = number of firms per capita, measured in 2005; 7) Emigration rate = total number of emigrants minus total number of immigrants every 1000 inhabitants, average from previous electoral term; 8) share of individuals with college degree, measured in 2001; 9) past foreign population growth rate, average from previous electoral term; 10) past income growth rate; 11) # no profit organizations = number of no-profit organizations, measured in 2005; 12) log of income per capita, measured in 2005; 13) share of elderly (i.e. age>65), measured in 2001; 14) share of children (i.e. age<5), measured in 2001; 15) population density, measured in 2001; 16) dummy for the presence of first level refugee reception centre in the municipality. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A18: Heterogeneity analysis, other interaction terms

	(1)	(2)
Outcome =1 mayor opens a refugee centre		
Final	0.035 (0.092)	0.169 (0.163)
Final X Overestimate	-0.050* (0.027)	-0.108** (0.054)
Final X Share foreign	-0.131** (0.051)	-0.155* (0.087)
Final X Extreme-right voting	-0.048*** (0.015)	-0.051** (0.025)
Final X Political competition	0.007** (0.003)	0.011** (0.005)
Final X Daily newspapers	-0.002 (0.005)	-0.009 (0.009)
Final X Unemployment	-0.037 (0.026)	-0.053 (0.050)
Final X # Firms per capita	0.143** (0.066)	0.274** (0.115)
Final X Emigration rate	0.003** (0.001)	0.003 (0.002)
Final X % graduate	0.094 (0.075)	0.044 (0.129)
Final X % elderly	-0.035 (0.036)	0.017 (0.064)
Final X % children	-0.052 (0.172)	-0.389 (0.303)
Mean outcome	0.034	0.048
R-squared	0.324	0.369
Observations	71,220	42,659
# municipalities	7296	7296
Tender FE	Yes	Yes
Municipal FE	Yes	Yes
Controls	Yes	Yes
Additional interactions	Yes	Yes

Notes. All Italian municipalities. Years 2005-2017 in column 1, years 2010-2017 in column 2. The treatment variable *Final* is equal to 1 for mayors in the final year of the term, and 0 otherwise. Outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender *t*. Controls: population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Variables interacted with *Final*: 1) Overestimate = difference between the share of migrants estimated by survey participants (Transatlantic Trends: immigration, 2010) and the actual share of migrants in the municipality. Both shares are measured in 2010; 2) Share foreign = pre-existing municipal share of migrants, measured at the beginning of the electoral term; 3) Extreme-right voting = vote share taken by extreme-right parties at the most recent European election; 4) Political competition is a dummy variable equal to 1 if the average municipal margin of victory is below the median; 5) Daily newspapers = number of non-sport daily newspapers sold every 1,000 people, measured in 2001 (see Cartocci, 2007); 6) Unemployment = unemployment rate measured in 2001; 7) # Firms per capita = number of firms per capita, measured in 2005; 8) Emigration rate = total number of emigrants minus total number of immigrants every 1000 inhabitants, average from previous electoral term; 9) % graduate = share of individuals with college degree, measured in 2001; 10) % elderly = share of elderly (i.e. age>65), measured in 2001; 11) share of children (i.e. age<5), measured in 2001. Additional interaction terms included but not reported: 1) Share rich = share of individuals above the median income; 2) Trust = share of individuals who answered yes at question "would you say that most people can be trusted?" in the World Value Survey (see Tabellini, 2010); 3) dummy variable for past participation to SPRAR; 4) past foreign population growth rate, average from previous electoral term; 5) past income growth rate; 6) # no profit organizations = number of no-profit organizations, measured in 2005; 7) log of income per capita, measured in 2005; 8) population density, measured in 2001; 9) dummy for the presence of first level refugee reception centre in the municipality. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A19: Correlation magnitude electoral incentives and migrants from other countries in 2017

	(1)	(2)	(3)
Outcome	Share other migrants in 2017	Share other migrants in 2017	Share other migrants in 2004
Magnitude electoral incentives	0.885 (1.598)	1.101 (1.574)	0.739 (0.678)
Share other migrants in 2004	0.994*** (0.061)	0.976*** (0.063)	
Mean outcome	30.01	30.01	11.61
R-squared	0.633	0.646	0.466
Observations	6756	6756	6756
LMA FE	Yes	Yes	Yes
Controls	No	Yes	Yes

Notes. All Italian municipalities, year 2017. Treatment variables: Magnitude electoral incentives = magnitude of the effect of electoral incentives on the probability of no opening a refugee centre during the tenders in years 2005-2016. Outcome variables: 1) in columns 1-2, Share other migrants in 2017 = migrants every from countries which are not countries of origin of refugees and asylum seekers. The variable is the number every 1000 inhabitants that live in a specific municipality in 2017; 2) in column 3, Share refugees in 2004 = migrants every from countries which are not countries of origin of refugees and asylum seekers. The variable is the number every 1000 inhabitants that live in a specific municipality in 2004. Controls: share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Local market areas (LMA) FE included in all columns. Robust standard errors clustered at LMA level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A20: Correlation magnitude electoral incentives and reception of refugees in 2017. Magnitude electoral incentives estimated in years 2010-2016

	(1)	(2)	(3)	(4)	(5)
Outcome	Share refugees in 2017	Share refugees in 2017	Share refugees in 2004	Open SPRAR centre last tender	Open SPRAR centre last tender
Magnitude electoral incentives	-2.792* (1.540)	-2.257* (1.315)	1.023 (0.978)	-0.092 (0.061)	-0.071* (0.038)
Share refugees in 2004	0.914*** (0.038)	0.866*** (0.037)			
Mean outcome	40.09	40.09	26.27	0.092	0.092
R-squared	0.691	0.718	0.603	0.431	0.610
Observations	5867	5867	5867	6124	6124
LMA FE	Yes	Yes	Yes	Yes	Yes
Controls	No	Yes	Yes	No	Yes

Notes. All Italian municipalities, year 2017. Treatment variables: Magnitude electoral incentives = magnitude of the effect of electoral incentives on the probability of no opening a refugee centre during the tenders in years 2010-2016. Outcome variables: 1) in columns 1-2, Share refugees in 2017 = migrants from countries of origin of refugees and asylum seekers. It is the number every 1000 inhabitants that live in a specific municipality in 2017; 2) in column 3, Share refugees in 2004 = migrants from countries of origin of refugees and asylum seekers. It is the number every 1000 inhabitants that live in a specific municipality in 2004; 3) in columns 4-5, Open SPRAR centre last tender = 1 if municipality  $i$  opens a refugee centre during the last tender available in the data. Controls: share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Local market areas (LMA) FE included in all columns. Robust standard errors clustered at LMA level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A21: Correlation magnitude electoral incentives and migrants from other countries in 2017.  
 Magnitude electoral incentives estimated in years 2010-2016

	(1)	(2)	(3)
Outcome	Share other migrants in 2017	Share other migrants in 2017	Share other migrants in 2004
Magnitude electoral incentives	0.738 (0.971)	0.842 (0.925)	0.690 (0.445)
Share other migrants in 2004	1.006*** (0.065)	0.988*** (0.067)	
Mean outcome	30.37	30.37	11.93
R-squared	0.640	0.654	0.459
Observations	5,867	5,867	5,867
LMA FE	Yes	Yes	Yes
Controls	No	Yes	Yes

Notes. All Italian municipalities, year 2017. Treatment variables: Magnitude electoral incentives = magnitude of the effect of electoral incentives on the probability of no opening a refugee centre during the tenders in years 2010-2016. Outcome variables: 1) in columns 1-2, Share other migrants in 2017 = migrants every from countries which are not countries of origin of refugees and asylum seekers. The variable is the number every 1000 inhabitants that live in a specific municipality in 2017; 2) in column 3, Share refugees in 2004 = migrants every from countries which are not countries of origin of refugees and asylum seekers. The variable is the number every 1000 inhabitants that live in a specific municipality in 2004. Controls: share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Local market areas (LMA) FE included in all columns. Robust standard errors clustered at LMA level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A22: Correlation magnitude electoral incentives and heterogeneity dimensions

	(1)	(2)
Outcome	Magnitude electoral incentives 2005-2016	Magnitude electoral incentives 2010-2016
Overestimate	0.024 (0.026)	0.122** (0.054)
Share foreign	0.186*** (0.064)	0.411*** (0.104)
Extreme-right voting	0.038** (0.017)	0.104*** (0.027)
Political competition	-0.008*** (0.003)	-0.014** (0.006)
Mean outcome	0.009	0.019
R-squared	0.004	0.007
Observations	6,715	5,836

Notes. All Italian municipalities. Years 2005-2016. Outcome variables: 1) in columns 1, Magnitude electoral incentives = magnitude of the effect of electoral incentives on the probability of no opening a refugee centre during the tenders in years 2005-2016; 2) in column 2, Magnitude electoral incentives = magnitude of the effect of electoral incentives on the probability of no opening a refugee centre during the tenders in years 2010-2016. Variables correlated with Magnitude electoral incentives: 1) Overestimate = difference between the share of migrants estimated by survey participants (Transatlantic Trends: immigration, 2010) and the actual share of migrants in the municipality. Both shares are measured in 2010; 2) Share foreign = pre-existing municipal share of migrants, measured at the beginning of the electoral term. In column 1, it is measured as the average over the period 2005-2016; in column 2, it is measured as the average over the period 2010-2016. 3) Extreme-right voting = vote share taken by extreme-right parties at the most recent European election. In column 1, it is measured as the average over the period 2005-2016; in column 2, it is measured as the average over the period 2010-2016.; 4) Political competition is a dummy variable equal to 1 if the average municipal margin of victory is below the median. Robust standard errors are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A23: Correlation past and present participation to SPRAR

	(1)	(2)
Outcome =1 municipality opens SPRAR centre last tender		
Past participation	0.476*** (0.015)	0.450*** (0.015)
Mean outcome	0.095	0.095
R-squared	0.365	0.388
Observations	7,077	7,077

Notes. All Italian municipalities, year 2017. Treatment variables: Past participation = 1 if municipality  $i$  opened a SPRAR refugee centre in the past. The outcome variable is = 1 if municipality  $i$  opens a refugee centre during the last two tenders available in the data. Controls: share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A24: Effect of the reception of refugees on total expenditures

	(1)	(2)	(3)	(4)
Outcome = total expenditures				
Sample	All municipalities			Open at least one refugees' centre
Refugee centre open	112.036*** (39.427)	114.825*** (41.998)	74.364** (36.909)	77.691** (38.137)
Application refugee centre		16.405 (32.346)	6.221 (39.883)	1.902 (39.510)
Mean outcome	1706	1706	1706	1492
R-squared	0.636	0.636	0.636	0.603
Observations	82,091	82,091	82,091	6677
# municipalities	7791	7791	7791	637
Year FE	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes
Differential trends	No	No	Yes	No

Notes. All Italian municipalities, years 2005-2015. Treatment variables: Refugee centre open = 1 if in municipality  $i$  and year  $t$  there is a functioning refugee reception centre. Application refugee centre = 1 if the mayor of municipality  $i$  decides to open for the first time a refugee reception centre in year  $t - 1$ . The outcome variable is measured in per capita terms and 2010 prices. The outcome variable is total municipal per capita expenditures. Controls: population, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.



Table A25: Effect of the reception of refugees on total expenditures.  
First opening vs. Renewal

	(1)	(2)
	Outcome = total expenditures	
Refugee centre open	74.364** (36.909)	
First opening		72.022* (41.942)
Renewal		75.735* (45.316)
Application refugee centre	6.221 (39.883)	6.683 (37.453)
Mean outcome	1706	1706
R-squared	0.636	0.636
Observations	82,091	82,091
# municipalities	7791	7791
Year FE	Yes	Yes
Municipal FE	Yes	Yes
Controls	Yes	Yes
Differential trends	Yes	Yes

Notes. All Italian municipalities, years 2005-2015. Treatment variables: Refugee centre open = 1 if in municipality  $i$  and year  $t$  there is an active refugee reception centre. First opening = 1 for municipalities that activate a refugee reception centre for the first time in year  $t$ . Renewal = 1 for municipalities that keep open an existing refugee reception centre in year  $t$ . Application refugee centre = 1 if the mayor of municipality  $i$  decides to open for the first time a refugee reception centre in year  $t - 1$ . The outcome variable is measured in per capita terms and 2010 prices. The outcome variable is total municipal per capita expenditures. Controls: population, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A26: Effect of the reception of refugees on total revenues

	(1)	(2)	(3)	(4)
Outcome = total revenues				
Sample	All municipalities			Open at least one refugees' centre
Refugee centre open	109.518*** (37.499)	113.417*** (39.950)	70.583* (36.595)	74.299** (37.710)
Application refugee centre		22.936 (31.672)	8.399 (39.251)	4.485 (38.847)
Mean outcome	1698	1698	1698	1489
R-squared	0.640	0.640	0.640	0.607
Observations	82,091	82,091	82,091	6677
# municipalities	7791	7791	7791	637
Year FE	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes
Differential trends	No	No	Yes	No

Notes. All Italian municipalities, years 2005-2015. Treatment variables: Refugee centre open = 1 if in municipality  $i$  and year  $t$  there is a functioning refugee reception centre. Application refugee centre = 1 if the mayor of municipality  $i$  decides to open for the first time a refugee reception centre in year  $t - 1$ . The outcome variable is measured in per capita terms and 2010 prices. The outcome variable is total municipal per capita revenues. Controls: population, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A27: Sprar fiscal grants

	(1)	(2)	(3)	(4)
Outcome = Sprar fiscal grants				
Sample	All municipalities			Open at least one refugees' centre
Refugee centre open	34.177*** (3.282)	34.234*** (3.320)	22.469*** (3.071)	22.551*** (3.136)
Application refugee centre		0.334 (0.866)	-0.665 (1.890)	-0.427 (1.872)
Mean outcome	0	0	0	0
R-squared	0.637	0.637	0.646	0.636
Observations	82,091	82,091	82,091	6,677
# municipalities	7791	7791	7791	637
Year FE	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes
Differential trends	No	No	Yes	No

Notes. All Italian municipalities, years 2005-2015. Treatment variables: Refugee centre open = 1 if in municipality  $i$  and year  $t$  there is a functioning refugee reception centre. Application refugee centre = 1 if the mayor of municipality  $i$  decides to open for the first time a refugee reception centre in year  $t - 1$ . The outcome variable is measured in per capita terms and 2010 prices. The outcome variable is equal to SPRAR specific grants per capita receive from the central government. Controls: population, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A28: Effect of the reception of refugees on the composition of total expenditures

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sample	Open at least one refugees' centre							
Outcome	Social	Admin	Justice	Police	Econ. Development	Transports	School	Environment
Refugee centre open	30.116*** (6.859)	24.865 (17.203)	0.717* (0.420)	0.394 (0.794)	3.758 (5.191)	-0.418 (5.997)	8.981*** (3.112)	13.155 (14.239)
Application refugee centre	11.515 (7.619)	11.529 (29.307)	0.453 (1.069)	0.003 (1.063)	-1.480 (5.012)	-9.527 (8.983)	10.314* (5.954)	0.766 (16.034)
Mean outcome	118.2	440.8	1.002	35.81	19.40	218.9	112.5	353.8
R-squared	0.231	0.512	0.351	0.799	0.277	0.427	0.280	0.348
Observations	82,091	82,091	82,091	82,091	82,091	82,091	82,091	82,091
# municipalities	7791	7791	7791	7791	7791	7791	7791	7791
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Differential trends	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes. All Italian municipalities, years 2005-2015. Treatment variables: Refugee centre open = 1 if in municipality  $i$  and year  $t$  there is a active refugee reception centre. Application refugee centre = 1 if the mayor of municipality  $i$  decides to open for the first time a refugees' reception centre in year  $t - 1$ . The outcome variables are all measured in per capita terms and in 2010 prices. Outcome variables: 1) Column 1: Social = municipal per capita social expenditures; 2) Column 2: Admin = municipal per capita administrative expenditures; 3) Column 3: Justice = municipal per capita expenditures for the functioning of judicial offices located in the municipality; 4) Column 4: Police = municipal per capita expenditures for police services; 5) Column 5: Econ. development = municipal per capita expenditures for economic development; 6) Column 6: Transports = municipal per capita expenditures for transports; 7) Column 7: School = municipal per capita expenditures for schools; 8) Column 8: Enviroment: municipal per capita expenditures for parks, waste collection, water services. Controls: population, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A29: Effect of the reception of refugees on the composition of social expenditures

Sample	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Open at least one refugees' centre							
Outcome	Capital Expenditures	Current Expenditures	Interests Expenditures	Taxes Expenditures	Admin Expenditures	Transfers Firms	Personell Expenditures	Services
Refugee centre open	5.575 (3.996)	24.542*** (5.258)	0.032 (0.151)	0.042 (0.040)	0.360 (0.399)	10.981*** (2.799)	1.269* (0.712)	10.711*** (4.139)
Application refugee centre	3.102 (4.510)	8.413 (6.155)	-0.009 (0.142)	0.050 (0.052)	0.382 (0.376)	0.935 (3.095)	1.034 (0.712)	6.165 (5.203)
Mean outcome	27.90	90.31	2.769	0.607	0.342	33.04	12.94	36.83
R-squared	0.188	0.224	0.806	0.757	0.311	0.637	0.874	0.814
Observations	82,091	82,091	82,091	82,091	82,091	82,091	82,091	82,091
# municipalities	7791	7791	7791	7791	7791	7791	7791	7791
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Differential trends	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes. All Italian municipalities, years 2005-2015. Treatment variables: Refugee centre open = 1 if in municipality  $i$  and year  $t$  there is a functioning refugee reception centre. Application refugee centre = 1 if the mayor of municipality  $i$  decides to open for the first time a refugees' reception centre in year  $t - 1$ . The outcome variables are all measured in per capita terms. The outcome variables are equal to: 1) Column 1: Capital expenditures = capital social per capita expenditures; 2) Column 2: Current expenditures = current social per capita expenditures; 3) Column 3: Interest expenditures = part of current social expenditures for interests payment; 4) Column 4: Taxes expenditures = part of current social expenditures for payment of taxes; 5) Column 5: Admin expenditures = part of current social expenditures for administrative expenditures; 6) Column 6: Transfers firms = part of current social expenditures paid to firms; 7) Column 7: Personell expenditures = part of current social expenditures paid to personell; 8) Column 8: Services expenditures = part of current social expenditures for buying services. Controls: population, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

## A2 The effect of the reception of refugees on schools and population growth

One potential explanation for the negative effect of electoral incentives on the reception of refugees is that hosting refugees may create competition for public services like schools and hospital. In this section, I use model 7 described in section 6 to provide evidence that seems to rule out this possibility. This evidence is produced studying the effect of the reception of refugees on schools, and specifically on the number of students per class measured at municipal and year level. In addition, I also show how hosting refugees can create some benefits in terms of population growth, given that opening a refugee centre can be used to counterbalance the population decline.

The first evidence about the relationship between the reception of refugees and the number of students per class is reported in Table A30. The number of students per classes is provided by the Italian Statistical Office. Regressions in columns 1-3 of Table A30 are run using the entire sample of Italian municipalities, while results in column 4 have been obtained using only the subsample of municipalities that open at least a refugee centre. Column 3 controls for differential time trends between municipalities that open at least a refugee centre and municipalities that never open a refugee centre. The results of Table A30 seems to rule out the possibility that hosting refugees create competition for public services, given that opening a refugee centre is associated with a decline in the number of students per class rather than with an overcrowding. In addition, the sign and the magnitude of the coefficient in front of  $Application\_centre_{it-1}$  may suggest that the municipalities that decide to open a refugee centre are those that are experiencing a decline in the number of students, even though the coefficient is not statistically different from zero.

The idea that the municipalities that open a refugee centre are those that are experiencing a decrease in the number of students is consistent with the evidence provided in column 5 of Table A31, which shows that the municipalities that open a refugee centre are those that are experiencing a decline in the total native population (i.e. Italians only). This evidence is produced using as dependent variable the yearly change in the native population (i.e. Italians only) every 1000 inhabitants. The other columns of Table A31 provide the following evidence: column 1 shows that the opening of a refugee centre has a positive impact on net foreign migration inflow. More specifically, refugee reception increases net migration from other countries by 1.9 persons every 1000 inhabitants. Columns 2 and 3 show that this effect is driven by migrants coming from the countries of origin of refugees and asylum seekers.<sup>64</sup> <sup>65</sup> Finally, column 4 studies

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<sup>64</sup> As explained above, precise data on refugees and asylum seekers are not available at municipal level. For this reason, in the paper I have used data on the municipal foreign population provided by the Italian Statistical Office (ISTAT) as a proxy for the presence of refugees and asylum seekers.

<sup>65</sup> Tables A32, A33 and A34 report the results on the change in total foreign population, in number of migrants from the

the effect of refugee reception on the change in total municipal population. In column 4, the coefficient of  $Application\_centre_{it-1}$  is negative and different from zero, which suggests that the municipalities that open a refugee centre are those that are experiencing a decrease in the total municipal population. On the other hand, the coefficient of  $Centre\_open_{it}$  is indistinguishable from zero, which suggests that the decline in total municipal population, and thus in the native population, is counterbalanced by the increase in migration inflow that follows the opening of a refugee centre.

In conclusion, the results of this section seem to suggest the following: first, there is a specific self-selection pattern in the reception of refugees, given that refugee centres are opened by mayors of municipalities which are experiencing a decline in the number of students, in the total municipal population and in the total native population. Second, refugee reception can be used to counterbalance this decline. Finally, the evidence provided in this section seems to exclude the possibility that SPRAR refugee centres exacerbate the competition for public services.

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countries of origin of refugees and in the number of migrants from other countries using different specifications, including the regression run on the sub-sample of municipalities that open at least a refugee centre.

Table A30: Effect of the reception of refugees on number of students

	(1)	(2)	(3)	(4)
Outcome = number of students per class				
Sample	All municipalities			Open at least one refugees' centre
Refugee centre open	-0.278 (0.188)	-0.366*	-0.380*	-0.386*
Application refugee centre		-0.292 (0.220)	-0.331 (0.226)	-0.334 (0.225)
Mean outcome	25.86	25.86	25.86	27.09
R-squared	0.903	0.903	0.903	0.899
Observations	56,555	56,555	56,555	4,630
# municipalities	7320	7320	73201	604
Year FE	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes
Differential trends	No	No	Yes	No

Notes. All Italian municipalities, years 2005-2015. Treatment variables: Refugee centre open = 1 if in municipality  $i$  and year  $t$  there is a functioning refugee reception centre. Application refugee centre = 1 if the mayor of municipality  $i$  decides to open for the first time a refugee reception centre in year  $t - 1$ . The outcome variable is number of students per class. Controls: population, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.



Table A31: Contribution of the reception of refugees to population growth

	(1)	(2)	(3)		
Outcome	Change total foreign population	Change migrants refugees' countries	Change migrants non-refugees' countries	Change total population	Change natives population
Refugee centre open	1.943*** (0.392)	1.661*** (0.321)	0.282 (0.205)	0.266 (0.691)	-1.677*** (0.577)
Application refugee centre	0.107 (0.502)	-0.031 (0.414)	0.138 (0.313)	-1.745* (0.974)	-1.851** (0.737)
Mean outcome	2.763	1.176	1.587	0.133	-2.630
R-squared	0.271	0.186	0.218	0.407	0.387
Observations	84,493	84,493	84,493	84,493	84,493
# municipalities	8018	8018	8018	8018	8018
Year FE	Yes	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes	Yes
Differential trends	Yes	Yes	Yes	Yes	Yes

Notes. All Italian municipalities, years 2005-2015. Treatment variables: Refugee centre open = 1 if in municipality  $i$  and year  $t$  there is a active refugee reception centre. Application refugee centre = 1 if the mayor of municipality  $i$  decides to open for the first time a refugee reception centre in year  $t - 1$ . Outcome variables: 1) in column 1, it is equal to the yearly change in the total foreign population every 1000 inhabitants; 2) in column 2, it is equal to the yearly change in the number of migrants from refugees' countries every 1000 inhabitants; 3) in column 3, it is equal to the yearly change in the number of migrants from non-refugees' countries every 1000 inhabitants; 4) in column 4, it is equal to the yearly change in the total municipal population every 1000 inhabitants; 5) in column 5, it is equal to the yearly change in the native population (i.e.Italians only) every 1000 inhabitants. Controls: population, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A32: Effect of the reception of refugees on total foreign population

	(1)	(2)	(3)	(4)
Outcome = Change total foreign population every 1,000 inhabitants				
Sample	All municipalities			Open at least one refugees' centre
Refugee centre open	2.647*** (0.348)	2.929*** (0.350)	1.943*** (0.392)	1.990*** (0.389)
Application refugee centre		1.641*** (0.306)	0.107 (0.502)	0.035 (0.502)
Mean outcome	2.763	2.763	2.763	3.128
R-squared	0.270	0.270	0.271	0.262
Observations	84,493	84,493	84,493	6,691
# municipalities	8018	8018	8018	639
Year FE	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes
Differential trends	No	No	Yes	No

Notes. All Italian municipalities, years 2005-2015. Treatment variables: Refugee centre open = 1 if in municipality  $i$  and year  $t$  there is a functioning refugee reception centre. Application refugee centre = 1 if the mayor of municipality  $i$  decides to open for the first time a refugee reception centre in year  $t - 1$ . The outcome variable is equal to the yearly change in the total foreign population every 1,000 inhabitants. Controls: population, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A33: Effect of the reception of refugees on migration from countries of origin of refugee

	(1)	(2)	(3)	(4)
Outcome = Change refugees every 1,000 inhabitants				
Sample	All municipalities			Open at least one refugees' centre
Refugee centre open	2.524*** (0.300)	2.757*** (0.300)	1.661*** (0.321)	1.688*** (0.322)
Application refugee centre		1.357*** (0.232)	-0.031 (0.414)	-0.112 (0.415)
Mean outcome	1.176	1.176	1.176	1.257
R-squared	0.185	0.185	0.186	0.161
Observations	84,493	84,493	84,493	6,691
# municipalities	8018	8018	8018	639
Year FE	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes
Differential trends	No	No	Yes	No

Notes. All Italian municipalities, years 2005-2015. Treatment variables: Refugee centre open = 1 if in municipality  $i$  and year  $t$  there is a functioning refugee reception centre. Application refugee centre = 1 if the mayor of municipality  $i$  decides to open for the first time a refugee reception centre in year  $t - 1$ . The outcome variable is equal to the yearly change in the number of migrants arriving from countries of origin of refugees every 1,000 inhabitants. Controls: population, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.

Table A34: Effect of the reception of refugees on migration from other countries

	(1)	(2)	(3)	(4)
Outcome = Change migrants from other countries every 1,000 inhabitants				
Sample	All municipalities		Open at least one refugees' centre	
Refugee centre open	0.123 (0.139)	0.172 (0.144)	0.282 (0.205)	0.302 (0.205)
Application refugee centre		0.284 (0.196)	0.138 (0.313)	0.147 (0.311)
Mean outcome	1.587	1.587	1.587	1.871
R-squared	0.218	0.218	0.218	0.265
Observations	84,493	84,493	84,493	6,691
# municipalities	8018	8018	8018	639
Year FE	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes
Differential trends	No	No	Yes	No

Notes. All Italian municipalities, years 2005-2015. Treatment variables: Refugee centre open = 1 if in municipality  $i$  and year  $t$  there is a functioning refugee reception centre. Application refugee centre = 1 if the mayor of municipality  $i$  decides to open for the first time a refugee reception centre in year  $t - 1$ . The outcome variable is equal to the yearly change in the number of migrants arriving from countries which are not countries of origin of refugees and asylum seekers. It is the number every 1,000 inhabitants. Controls: population, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by \*, at the 5% level by \*\*, and at the 1% level by \*\*\*.