

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

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Abstract

Do electoral incentives affect immigration policies? Exploiting the Italian system for refugees' reception and data from Italian municipalities, we show that proximity to elections reduces the probability that a municipality applies to host a refugee center by 26%, despite the economic benefits arising from these centers. Low electoral competition and high shares of extreme-right voters drive the effect. Our results are rationalized by a theoretical model and can explain the unequal distribution 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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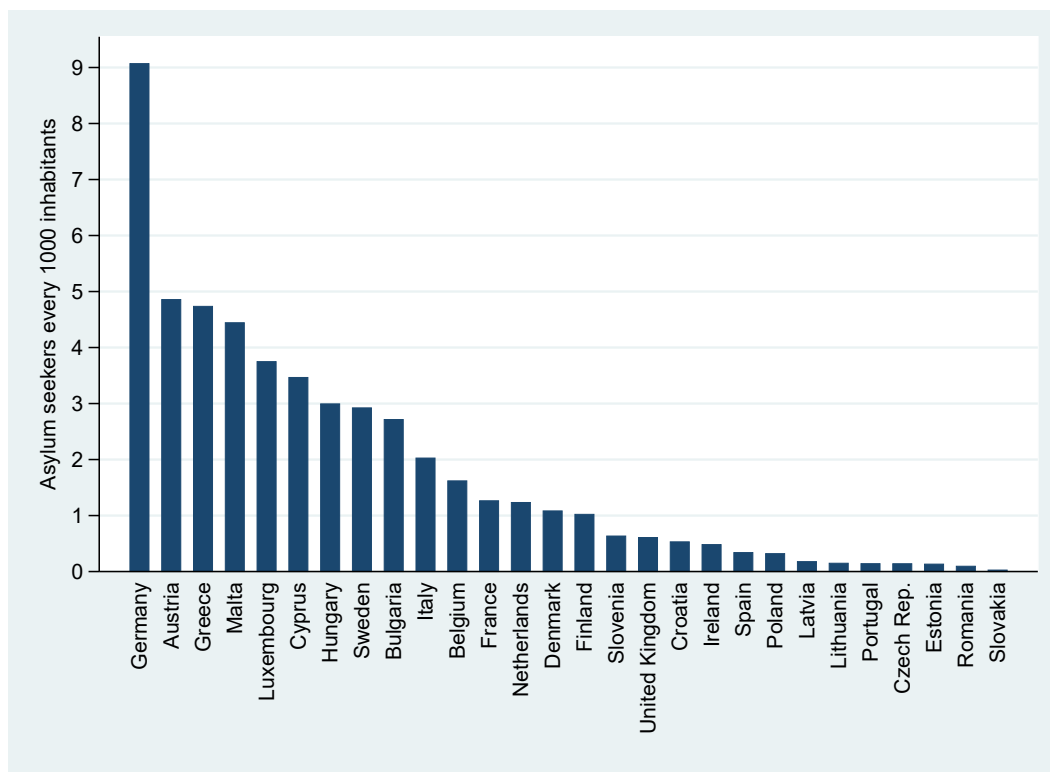
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1 Introduction

Recently, international migration has become a hotly debated issue. It has been one of the central topics in the electoral campaign of Donald Trump and the Brexit referendum. Moreover, following the increased flow of people seeking protection in western countries, the reception of refugees has become a critical challenge. Many national and local governments refuse 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 and 2015; Thielemann et al., 2010; Dustmann et al., 2017). As shown in Figure 1, the unbalance in the reception of asylum seekers across countries was stark in 2016. Given the high numbers of people fleeing war and political persecution and uncertainty about how to respond among national and local governments, it is important to understand the political determinants of immigration policies (Fisher Williamson, 2018).

Figure 1: Unbalanced reception EU Countries in 2016



Notes. Source: Eurostat.

As described in Section 2, recent literature in economics and political science has demonstrated that immigration influences electoral results, with rising support for extreme-right parties and anti-immigration policies (Barone et al., 2016; Dinas et al., 2018; Hangartner et al., 2018; Dustmann et al., 2019; Tabellini, 2020). However, while the literature has produced results about the behavior of voters (i.e., the demand side), there has been limited attention to immigration policies and the behavior of politicians dealing with immigration issues (i.e., the supply side).

This paper contributes to filling this gap. We study how electoral incentives affect governments' immigration policies, specifically the reception of refugees and asylum seekers. As immigration affects electoral outcomes (Barone et al., 2016; Dinas et al., 2018; Hangartner et al., 2018; Dustmann et al., 2019; Vertier et al., 2022; Tabellini, 2020), and given that politicians can anticipate voters' reactions, we can expect governments to manipulate immigration policies to gain votes or avoid losing popularity. In addition, if voters do not observe politicians' preferences (Drazen and Eslava, 2010), we can expect politicians to manipulate immigration policies before elections to signal that their preferences are close to those of voters.

We investigate this question using data from Italian municipalities from 2005-2017 (see Section 3 for a description of the dataset and Appendix A for descriptive statistics). We take advantage of a peculiar refugee allocation policy promoted by the Italian Home Office, called "The Protection System for Asylum Seekers and Refugees" (SPRAR). SPRAR centers are the second level of reception (as opposed to the first level, which receives migrants who just entered Italy and allows them to apply for asylum), and their goal is to promote the integration of refugees and asylum seekers. SPRAR centers are allocated to municipalities through tenders issued by the Home Office. Municipalities that open a SPRAR center receive fiscal grants from the central government. To give an idea of the significant economic magnitude of SPRAR grants, we calculate that the average per capita SPRAR grant was equal to 26% of the total per capita grants and 8% of the total per capita municipal budget. Thus, opening a reception center may be an investment for a municipality, benefiting the local economy. There is, in fact, anecdotal evidence that describes how municipalities in the program benefit from hosting refugees and the fiscal grants received.¹ Besides, Gamalerio et al. (2021) show how SPRAR centers positively affect local "compositional amenities" and population growth, suggesting that the economic benefits of SPRARs may go beyond the fiscal grants received.

¹For 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"

Appendix B describes the Italian institutional setting, including its refugee reception system.

As Section 4 describes, for the empirical analysis, we exploit two features of the SPRAR system. First, municipalities can choose whether to participate in the tender issued by the Home Office and bid to open a reception center on their territory (i.e., refugee policy is locally controlled). This setup enables us to analyze governments' immigration policies avoiding the limitations of cross-Country studies, whose findings are biased by cross-Country institutional and cultural differences. In addition, the large number of Italian municipalities allows us to exploit the substantial variation in immigration policy decisions across different areas of Italy. Second, the timing of the tenders is determined by the Home Office and international events and is exogenous to local circumstances and the timing of municipal elections. Thus, although municipal governments can decide whether or not to open a reception center, the timing of decisions vis a vis the timing of elections is out of their control. Combining the exogenous timing of SPRAR's tenders and the staggered timing of municipal elections² allows comparing mayors 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), we interpret the parameter estimated through this comparison as the effect of electoral incentives on the probability of opening a reception center.

As described in Section 5, our analysis shows that the probability of bidding for opening a reception center is 26 percent lower for municipalities in the final year of the term (i.e., just before new elections) when the Home Office issues a tender, compared to municipalities in other years of the term. The findings are robust to different specifications and survive a series of robustness checks, which we report in Appendix D. We further implement two heterogeneity analyses. First, we show that the negative effect of electoral incentives on refugees' reception is reduced in municipalities where political competition, measured by the mayors' margin of victory, is high. As discussed in Section 2, the result challenges previous conclusions on the effect of political competition on politicians' behavior (List and Sturm, 2006) and represents one of the main contributions of the paper. Next, we show that municipalities with higher shares of voters with extreme-right political preferences drive the main results. These are typically individuals who feel strongly against immigration and whose vote can be highly conditioned by the decision to open a refugee center in their municipality.

Our results highlight the effect of electoral incentives on a municipality's decision to host

²Municipal elections are staggered for historical reasons, due to past government crises interrupting electoral mandates before the natural deadline. Interruptions are less frequent today (only 5 percent in the data studied). Coviello and Gagliarducci (2017) and Repetto (2017) discuss the exogeneity of municipal election dates in Italy.

refugees. In Appendix F, we provide a model that rationalizes these results. When elections are far in time, incumbents follow their preferences and bid to open the refugee center only if they believe this is the right thing to do. As elections approach, the decision becomes conditioned by the need to attract votes.³ This can push a pro-immigration incumbent to refuse to host refugees in an attempt to attract the votes of individuals that feel strongly against immigration. The larger this group, the stronger the incentives to do so. At the same time, however, not opening the refugee center implies foregoing the economic benefits generated by it, possibly losing the vote of the other part of the population. The more the voting decision of this group can be swung by the mayor's choice (i.e., the more competitive elections are), the lower the incentives to please anti-immigration voters at the end of the term.

In Appendix C, we provide further evidence supporting our intuition. Using a survey of Italian mayors implemented by the association Italian National Election Studies (Itanes), we produce descriptive statistics about the opinions of politicians about immigration. Although the survey asks questions about migration in general and not specifically on refugees' reception, the answers of the mayors may still help understand their motivations. The descriptive statistics show that most mayors interviewed think immigrants are good for the economy. However, the statistics also show that most mayors think most voters would not favor receiving more immigrants. This evidence suggests that mayors might not open refugee centers just before elections because they fear being punished by voters and not because they think receiving refugees may be detrimental to the economy. The intuition is reinforced by the suggestive evidence produced using electoral data, which shows that opening a refugee center in the final year of the term negatively correlates with the incumbent's vote share at the next election.

Finally, Section 6 and Appendix E discuss how the effect of electoral incentives on refugees' reception can persist beyond the end of the electoral term, eventually leading to an unbalanced reception of refugees across municipalities in the medium and long run. Moreover, we provide suggestive evidence on these potential medium and long-run consequences. We show that municipalities where 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 center in the last year available in the data. We also provide evidence that political competition seems to attenuate this medium-run persistence of the negative effect. Conversely,

³We assume that decisions taken at the beginning of the term do not affect voters' decision to re-elect the mayor. This myopic behavior by voters is consistent with empirical and anecdotal evidence, as discussed in Appendix F.

higher shares of extreme-right voters seem to drive this medium-run persistence. This evidence suggests that electoral incentives can lead to an unbalanced reception of refugees in the medium and long run. Section 7 concludes by describing the potential policy implications of our results and proposes potential future lines of investigation.

2 Related literature

This paper contributes to different strands of the literature. First, it contributes to the literature on the distortive effect of electoral incentives on incumbents' policy-making decisions (see, among others, Canes-Wrone et al., 2001; Maskin and Tirole, 2004; Acemoglu et al., 2013; Ash et al., 2017). This literature has shown how these incentives generate electoral cycles in public expenditures (Akhmedov and Zhuravskaya, 2004; Alt and Dreyer Lassen, 2006; Drazen and Eslava, 2010; Repetto, 2017), taxes (Alesina and Paradisi, 2017), fiscal grants (Brollo and Nannicini, 2012; Bracco et al., 2015) and employment levels (Labonne, 2016). In these papers, politicians provide voters with economic benefits in terms of higher (lower) public expenditures (taxes) or employment opportunities to gain popular support. Our paper shows that politicians might instead decide to forgo significant economic benefits if this helps them gain the electoral support of a strategically important part of the population.

In this respect, our paper is close to the literature on single-minded voters and secondary policy decisions (List and Sturm, 2006; Bouton et al., 2021). These papers show how, when deciding on issues like the environment, gun control, or abortion rights, politicians might ignore their personal preferences and pander to the interests of a group whose vote crucially depends on these issues. Contrary to our findings, List and Sturm (2006) show that higher electoral competition increases the likelihood of an equilibrium where a politician against "green" policies decides to pass them. The main difference between their setting and ours is that, at least at the time when the paper was written, environmental policies did not have any impact on fiscal policy or, more generally, on economic well-being. Indeed, in their model, decisions on environmental aspects do not affect the vote of the individuals who place low salience on the issue. Because of the positive economic benefits generated by immigration, this is not the case in our setting, and the decision to open a refugee center also affects voters who do not care about immigration through an indirect economic channel. Most importantly, our results show that when this indirect effect is present, the conclusions on the effect of electoral competition are completely reversed.

The paper also contributes to the literature on the impact of immigration on the support

for extreme-right parties and anti-immigration policies (Barone et al., 2016; Dinas et al., 2018; Hangartner et al., 2018; Dustmann et al., 2019; Tabellini, 2020). While this literature provides evidence about voters’ behavior (i.e., the demand side), there is little evidence about politicians dealing with immigration issues (i.e., the supply side). As far as we know, the only exceptions are Folke (2014), Facchini and Steinhardt (2011), Casarico, Facchini and Frattini (2018), and Gamalerio, Morelli, and Negri (2021).⁴ These papers look at different aspects of the same question and are complementary to our analysis. Folke (2014) focuses on how party representation affects immigration and environmental policies in Swedish municipalities. Facchini and Steinhardt (2011) and Casarico et al. (2018) study the determinants of the voting behavior of U.S. Congressmen concerning the legalization of undocumented migrants. Finally, Gamalerio et al. (2021) focus on the effect of electoral systems in shaping migration policies.

The central intuitions of the paper apply to other policies that, similarly to immigration (Dustmann et al., 2012, Dustmann and Frattini, 2014), may produce broad benefits but present concentrated costs or meet local opposition for ideological, cultural, or economic reasons (Ferwerda et al., 2017). Examples of these policies are housing and urban development policies (Ahlfeldt, 2011; Ortalo-Magne and Prat, 2014), environmental policies (Stokes, 2015), big infrastructure projects (Ahlfeldt and Maennig; 2015), and all those policies that meet the opposition of “Not In My Back Yard” (NIMBY) movements (Fischel, 2001).

Other papers study the problem of immigration in the Italian context. Barone et al. (2016) studied the impact of immigration on the vote shares of extreme-right parties. Bratti et al. (2020), Gamalerio et al. (2021), and Campo et al. (2021) study the electoral impact of the reception of refugees. Bracco et al. (2018) and Romarri (2020) show that the election of extreme-right mayors influences the location of migrants and hate crimes against them. Finally, Genovese et al. (2017) use survey data to study how public opinion is affected by exposure to refugee centers. Our paper contributes to these works by looking at the role played by local governments and how they respond to electoral incentives.

3 Data

We use data on Italian municipalities for the years 2005-2017. First, we use data on the SPRAR tenders issued from 2005-2017. This data comes from three different sources: the

⁴In addition, Farris and Holman (2017), Thompson (2019), and Magazinnik (2018) provide evidence that political factors drive the enforcement of local immigration laws by part of U.S. sheriffs.

Home Office webpage, the webpage of SPRAR, and the “Briguglio archive”, an online archive with material about migration. We have used the “Briguglio archive” for double-checking the information from the official sources. The dataset on SPRARs contains information on the municipalities that bid for opening a SPRAR, those that won the bid, and the amount of SPRAR grants received. We use this information to build the dependent variable used in the analysis below.

We then use data on municipalities’ characteristics. From the Italian Statistical Office (ISTAT), we collect data on the following characteristics measured during the 2001 Census: the share of university graduates, the share of children (less than five years old) and elderly (more than 65 years old), population density, the area of the municipality (in squared kilometers), altitude, latitude, longitude, unemployment rate, and the number of non-profit organizations per capita. From the Italian Home Office, we get information on income after taxes per capita and the number of firms per capita measured in 2005. We also get information on the presence of first-level reception centres (see Appendix B.2). From Cartocci (2007), we get the number of non-sport daily newspapers sold every 1,000 people, measured in 2001. From ISTAT, we collect information on the municipal population and the share of migrants legally residents, which we measure as time-variant variables at the beginning of each electoral term. Data on politicians comes from the Home Office and contains personal characteristics such as gender, age, employment status, past political experience, education, political affiliation, term-limited status, and whether the electoral mandate was interrupted earlier than the natural deadline. We use this information to build our control variables.

To conduct our heterogeneity analysis, we collect data on municipal and European election results from the Italian Home Office. We include in the final sample all observations with non-missing data on SPRAR tenders, the treatment variable (i.e., mayors in the final year of their term), and the two main heterogeneity dimensions (i.e., the level of electoral competition and the share of anti-immigrant voters).⁵ The final dataset is an unbalanced panel dataset composed of 71,162 observations, containing information on 7290 municipalities for the period 2005-2017.⁶ We report the descriptive statistics of this dataset in Table A1.

⁵To maximize the sample size, we keep the observations with missing values in the municipal characteristics, replacing the missing observations with the sample mean and including a dummy variable for these observations. Similarly, we replace the observations with missing values in the personal characteristics of the mayor with a 0 and include a dummy variable equal to 1 for these observations. This procedure allows us to increase the sample size and obtain more precise estimates. The results are robust to the exclusion of these observations.

⁶This sample constitutes around 90 percent of the total number of Italian municipalities, which, on the occasion of the 2011 Census, were 8092. We used a bigger sample based on 8025 municipalities in a previous version of the paper. The results obtained with this sample were quantitatively and qualitatively the same.

4 Empirical strategy

We run 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 $Refugees_Centre_{it}$ is equal to 1 if municipality i bids for opening a SPRAR center during tender t . The treatment $Final_{it}$ is 1 for mayors in the final year of the term when tender t is issued and 0 for mayors in other years of the term. To assign SPRAR tenders to the correct electoral term and thus build $Final_{it}$ appropriately, we exploit the fact that we know the starting and ending dates of the period during which a municipal government can bid for opening a SPRAR center. These dates are reported in columns 3-4 of Table B1. Combining these dates with the date of the elections, we can correctly assign SPRAR tenders to electoral terms. In a few cases where the election date lies between the starting and ending dates of a SPRAR tender, we assign the tender to the electoral term that covers the biggest share of the bidding window.

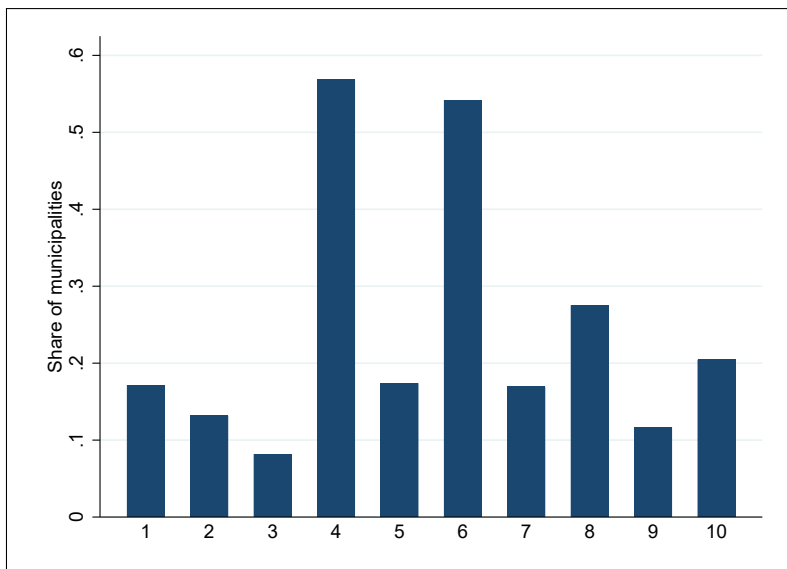
Municipal fixed effects γ_i control for the dependent variable's unobserved time-invariant municipal determinants. Municipal and mayoral characteristics are collected in X_{it} .⁷ Given the structure of the data, standard errors are likely to be serially correlated within municipalities. Therefore, we cluster standard errors at the municipality level.⁸ The parameter of interest β_1 estimates the effect of electoral incentives on the reception of refugees. Identifying β_1 relies on two sources of variation. First, the timing of the SPRAR tenders is decided by the Home Office and is exogenous to municipal circumstances and elections. Second, we combine this exogenous timing with the staggered schedule of municipal elections, which are not held simultaneously. The combination of the exogenous timing of SPRAR tenders with the staggered schedule of municipal elections is represented by Figure 2, which reports the share of municipalities in the final year of the term by tender.

These two sources of variation enable us to deal with the two main threats to the identification strategy. First, the fact that the Home Office decides the timing of SPRAR tenders means that $Final_{it}$ is exogenous to local circumstances, and municipal governments do not control it. We reinforce this idea through the robustness checks in Appendix D, where we

⁷As described in Section 3, some municipal characteristics are time-invariant. In the full model, municipal fixed effects γ_i already capture these variables. In other specifications, we remove municipal fixed effects and show that including these time-invariant variables does not change the results.

⁸Results do not change if we cluster standard errors at the provincial or labor market areas (LMA) level. Results can be made available upon request.

Figure 2: 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 electoral term by tender. The x-axis reports the number of the tender (see Table B1 for more information), while the y-axis the share of municipalities in the final year of the electoral term.

show that the results are unchanged if we control for the small share (only 5 percent) of electoral mandates interrupted before the natural deadline. Second, the staggered schedule of municipal elections enables us to include tender fixed effects λ_t , which allows us to distinguish the effect of electoral incentives from the one of common shocks like, for example, changes in economic and political conditions. The inclusion of tender and municipality fixed effects implies that we identify the effect of $Final_{it}$ by comparing the probability of opening a SPRAR in municipalities that are in the final year of the term during tender t and the probability in municipalities that are not in the final year of the term during tender t . We cannot implement a “within term” analysis and control for year of election fixed effects because, within the same term, we cannot have municipalities simultaneously in the final year of the term (the treatment group) and municipalities not in the final year (the control group). Hence, we would not have variation in $Final_{it}$ within the same term.

Finally, following the literature on electoral cycles (Labonne, 2016; Repetto, 2017), in Appendix D, we show that the results are unchanged if we control for differential linear, quadratic, and non-linear time trends across labor market areas (LMA)⁹ and electoral

⁹Labor market areas (LMA) are geographical areas where most labor force lives and works, and firms can

groups,¹⁰ and the interaction terms between tender fixed effects and municipal and mayoral characteristics. We also use the routine of de Chaisemartin and D’Haultfœuille (2020) to show that the potential presence of negative weights in the estimation of the average treatment effects (ATE) produced by two-way fixed effects models is not an issue in our analysis.

5 Results: electoral incentives and reception of refugees

We estimate equation 1 using the sample of Italian municipalities from 2005-2017. Panel A of Table 1 reports the baseline results obtained running model 1. 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. Columns 1-3 report the results obtained using the sample of 7290 Italian municipalities over the years 2005-2017, and columns 4-6 the results obtained considering only the municipalities that bid for opening a SPRAR at least once during the same period. The reason for keeping only the municipalities that bid at least once is that these municipalities differ from the other municipalities in terms of observable characteristics (see Table A1).

The results in columns 1-3 of Panel A show that electoral incentives negatively impact refugees’ reception. The coefficients are statistically significant at the 1 percent level and are stable across three different specifications. We find that mayors in the final year of the term have a lower probability of bidding for a SPRAR than mayors in the other years of the term, with a reduction of approximately 26 percent compared to the outcome variable’s mean. A similar picture emerges if we consider the sub-sample of mayors who bid at least once during 2005-2017. This last result suggests that even mayors who reveal a preference for hosting refugees act freely upon their preferences at the beginning of the term but not necessarily at the end when electoral incentives are more relevant. This evidence is consistent with our theoretical assumption that voters put more weight on more recent events when evaluating politicians’ performance. Finally, the results in columns 1-6 of Panel B, also plotted in Figure 3, show that the effect is concentrated in the final year of the term. The results also show that differences in behavior between the other years of the electoral term do not emerge.

Then, we investigate which factors drive this negative effect. We analyze the role of electoral competition and the share of anti-immigrant voters. We report the results of this

find the labor force needed. Thus, LMAs are sub-regional areas constituted by municipalities with similar economic and social characteristics. LMAs do not correspond to any level of government.

¹⁰As described by Table A2, we can divide municipalities into five electoral groups, depending on the first election date found in the data.

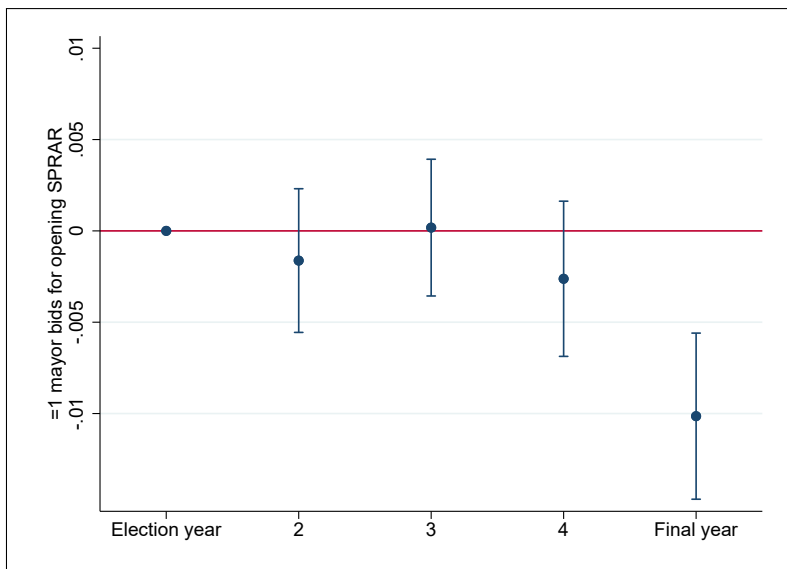
Table 1: Effect of electoral incentives on the reception of refugees

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor bids for opening SPRAR						
<i>Panel A: treatment is final year of electoral term</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.008*** (0.002)	-0.009*** (0.002)	-0.009*** (0.002)	-0.047*** (0.008)	-0.052*** (0.009)	-0.061*** (0.009)
Mean outcome	0.034	0.034	0.034	0.200	0.200	0.200
R-squared	0.170	0.321	0.322	0.185	0.301	0.338
Observations	71,162	71,162	71,162	12,245	12,245	12,245
# municipalities	7290	7290	7290	1254	1254	1254
<i>Panel B: treatment years 2-5 electoral term</i>						
Sample	All municipalities			Open at least one refugee centre		
Year 2 term	0.002 (0.002)	-0.001 (0.002)	-0.002 (0.002)	-0.005 (0.013)	-0.007 (0.013)	-0.012 (0.012)
Year 3 term	0.003 (0.002)	-0.000 (0.002)	0.000 (0.002)	0.004 (0.011)	-0.007 (0.011)	-0.006 (0.012)
Year 4 term	-0.001 (0.002)	-0.003 (0.002)	-0.003 (0.003)	-0.002 (0.013)	-0.012 (0.013)	-0.012 (0.013)
Year 5 term	-0.007** (0.003)	-0.010*** (0.003)	-0.010*** (0.003)	-0.048*** (0.014)	-0.061*** (0.014)	-0.071*** (0.015)
Mean outcome	0.038	0.038	0.038	0.229	0.229	0.229
R-squared	0.170	0.321	0.322	0.185	0.301	0.338
Observations	71,162	71,162	71,162	12,245	12,245	12,245
# municipalities	7290	7290	7290	1254	1254	1254
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	No	Yes	Yes	No	Yes	Yes
Time invariant controls	Yes	No	No	Yes	No	No
Time variant 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 bid for opening a refugees' reception center during tender t . Time invariant controls: share of graduates, 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 centers, number no-profit organizations per capita, daily newspapers circulation. Time variant controls: population, municipal share of migrants, 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 ***.

heterogeneity analysis in Panel A of Table 2. To build a measure of electoral competition, we assign to all the points in time in our data the difference in the vote shares (i.e., the margin of victory) between the first and the second mayoral candidates from the most recent municipal election. Municipal elections in our dataset go from 2001 up to 2016. Then, following

Figure 3: The effect of electoral incentive on the reception of refugees



Notes. The figure plots the baseline effect of electoral incentives on the reception of refugees. The x-axis reports the years of the electoral mandate. More specifically: a) election year is the first year of the electoral mandate (i.e., the beginning of the electoral mandate after the last elections). This year is used as default category in this graph; b) 2, 3 and 4 represent years 2, 3 and 4 of the electoral mandate; c) final year is the last year of the electoral mandate (i.e., just before the next elections). The y-axis reports the dummy variable equal to 1 for mayors who bids for opening a SPRAR center.

Barone et al. (2016), we create an index of political competition, which is the municipal average margin of victory between the first and the second candidates in all municipal elections observed, with lower values indicating a higher political competition. Using this variable, we create a dummy variable called $Political\ competition_i$, which is 1 for municipalities with an index of political competition below the median (i.e., high political competition), and 0 otherwise. Column 2 of Table 2 reports the coefficients of the interaction term $Final_{it} \times Political\ competition_i$. The positive coefficient indicates that in areas where political competition is intense, the negative effect is smaller, with a reduction of approximately 21 percent compared to the mean of the dependent variable. These results indicate that political competition can play an important role in reducing the negative effect of electoral incentives and suggest that adopting institutions and policies that foster electoral competition may lead to more open immigration policies (Barone et al., 2016).

In column 3 of Panel A of Table 2, we interact $Final_{it}$ with the variable capturing the presence of anti-immigrant voters at the municipal level. We build this variable using data

Table 2: Heterogeneity analysis

	(1)	(2)	(3)	(4)
Outcome	=1 mayor bids for opening SPRAR			
	Panel A: current heterogeneity dimensions			
Final	-0.009*** (0.002)	-0.013*** (0.002)	-0.005** (0.002)	-0.002 (0.089)
Final X Political competition		0.007** (0.003)		0.008*** (0.003)
Final X Extreme-Right			-0.008*** (0.003)	-0.008** (0.003)
Mean outcome	0.034	0.034	0.034	0.034
R-squared	0.322	0.322	0.322	0.324
Observations	71,162	71,162	71,162	71,162
# municipalities	7290	7290	7290	7290
	Panel B: past heterogeneity dimensions			
Final	-0.009*** (0.002)	-0.011*** (0.002)	-0.005** (0.002)	0.005 (0.088)
Final X Political competition		0.005* (0.003)		0.005* (0.003)
Final X Extreme-Right			-0.008*** (0.003)	-0.008** (0.003)
Mean outcome	0.034	0.034	0.034	0.034
R-squared	0.322	0.319	0.323	0.321
Observations	71,162	70,818	71,037	70,703
# municipalities	7290	7254	7277	7242
Tender FE	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes
Time invariant controls	No	No	No	No
Time variant controls	Yes	Yes	Yes	Yes
Additional interactions	No	No	No	Yes

Notes. All Italian municipalities. Years 2005-2017. Treatment variables: the treatment variable *Final* is 1 for mayors in the final year of the term and 0 otherwise. The outcome variable is 1 for mayors who bid for opening a SPRAR center during tender t . Time variant controls: population, municipal share of migrants, 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) Political competition is a dummy variable equal to 1 if the average municipal margin of victory is below the median. In Panel A, we use the average over municipal elections from 2001 up to 2016. In Panel B, municipal elections from 1993 up to 2000; 2) Extreme-right voting = 1 if the average vote share taken by extreme-right parties is above the median. In Panel A, we use the average over the European elections in 2004, 2009, and 2014. In Panel B, elections in 1999 and 2004. Additional interaction terms with *Final* included in column 4 but not reported here: municipal share of migrants, daily newspapers circulation, unemployment rate, dummy variable for past participation to SPRAR, number of firms per capita, share of graduate, number no-profit organizations per capita, log of income per capita, share elderly (>65), share children (<5), dummy variable for first level reception centers, population, population density, past foreign population growth rate (average from previous electoral term), past income growth rate (average from previous electoral term). 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 ***.

from the 2004, 2009, and 2014 European elections. We assign to all the points in time in our data the vote share taken by extreme-right parties in a municipality at the most recent European election.¹¹ Similarly to what was done with *Political competition_i*, we calculate the

¹¹We use data from European elections because of two features of its proportional electoral system. First,

municipal average across time. We then create the dummy variable *Extreme-right voting_i* taking value 1 for municipalities with an average share of extreme-right votes above the median (i.e., a high share of anti-immigrant voters) and 0 otherwise.¹² The coefficient of the interaction term $Final_{it} \times Extreme\text{-}right\ voting_{it}$ is negative and significant. Municipalities with a share of anti-immigrant voters above the median experienced an even stronger negative effect of electoral incentives, with a reduction in the probability of bidding for a refugee center of approximately 24 percent of the outcome variable mean.¹³ In column 4 of Table 2, we show that the heterogeneity results persist even if we control for additional interaction terms between $Final_{it}$ and other municipal characteristics.

The heterogeneity measures in Panel A of Table 2 are taken from the same years in which the SPRAR system was in place and are potentially endogenous. The fact that we use measures derived from averages over time should partly reduce this concern, as these variables should capture the long-term and structural characteristics of the municipality, which should be less influenced by the single opening of SPRAR centers in specific years. However, to further address this concern, we collect data on electoral competition and the share of extreme-right voters from years predating our sample. Specifically, we construct a new version of *Political competition_i* using data on the municipal margin of victory in municipal elections from 1993 to 2000. Similarly, we construct a new version of *Extreme-right voting_i* using data on extreme-right vote shares from the 1999 and 2004 European Elections. We report the results obtained with these measures in Panel B of Table 2. Even though these new variables are measured in the past and thus do not necessarily capture the

voters usually vote sincerely. Second, political parties usually run alone, without forming coalitions, which allows getting data on the vote shares of every single party.

¹²We have identified extreme-right parties using the following positions in the political spectrum indicated by Wikipedia: left, center-left, center, center-right, right and extreme-right. The variable *Extreme-right voting_i* is built starting from the sum of the vote shares of the parties in the position "right" (Alleanza Nazionale, Fratelli d'Italia, La Destra and Lega Nord) and "extreme-right" (Alternativa Sociale, Fiamma Tricolore, Forza Nuova and Movimento Idea Sociale-Rauti). Using alternative ways to locate the parties in the spectrum (e.g., Itanes surveys) would lead to a similar aggregation.

¹³Municipalities with more extreme-right preferences may be more likely to elect a right-wing mayor. However, the coefficients on $Final_{it} \times Extreme\text{-}right\ voting_{it}$ are unchanged if we control for the interactions between $Final_{it}$ and the political orientation of the mayor. Results are available upon request.

contemporaneous municipal political environment,¹⁴ the results confirm those in Panel A.¹⁵ The results in Panel B of Table 2 reassure us that the results in Panel A are not due to the potential effect of SPRAR centers on the two main heterogeneity dimensions studied.

6 Unbalanced reception of refugees in the medium run

A possible criticism of the results of this paper is that mayors who do not apply for a refugee center in the final year of the term are just postponing the possible application after the elections. If this were the case, the results of this paper would not be an issue for refugee reception in the medium-long run since, eventually, all municipalities will bid to open a center. Here, we discuss and provide suggestive evidence of why we think the effect of electoral incentives can persist beyond the end of the electoral term and have consequences in the medium-long run, eventually leading to an unbalanced reception of asylum seekers and refugees.

First, Figure E1 shows that the influx of migrants and the need to receive asylum seekers and refugees is not constant over time. Figure B1 shows this is also the case for the SPRAR system. Since municipalities do not vote simultaneously, we can expect municipalities to host a different number of asylum seekers even in the medium-long run. For example, we can expect municipalities that in a year with a significant influx of migrants are not close to elections to host more migrants in the long run than municipalities that in the same year are closer to the next election. Besides, as shown in section 5, heterogeneous political features of the different places can lead to electoral cycles of different intensity and sign. This heterogeneity can also lead to an unbalanced reception of migrants over time, even if municipalities were voting simultaneously.

We also provide suggestive evidence that the effect of electoral incentives can persist beyond the end of the electoral term and in the medium-long run. We study the correlation between the magnitude of the effect of electoral incentives on refugee reception in the past and

¹⁴It is important to highlight the potential tradeoff between using heterogeneity measures from the same years in which the SPRAR system was in place and using heterogeneity measures from past years. While the former capture the current status of the municipal political environment more accurately, they may be affected by the opening of SPRAR centers and thus be endogenous, potentially leading to biased estimates. Conversely, the latter cannot be affected by the opening of SPRAR centers and thus are exogenous but may not accurately capture the current municipal political environment, potentially leading to less precise estimates. Given this tradeoff, we think the best solution is to present the results obtained using both current and past heterogeneity measures.

¹⁵The smaller number of observations in columns 2-4 of Panel B of Table 2 are due to missing values in these two past heterogeneity measures.

refugee reception in the last year available in the data. As described in detail in Appendix E.1, we implement a two-step procedure following Labonne (2016). First, we get a municipality-specific estimate of the magnitude of the effect of electoral incentives on refugee reception for tenders 1-8 (i.e., we exclude the last two tenders 9-10, see Table B1). The estimate obtained, $\hat{\delta}_i$, measures the magnitude of the effect of electoral incentives on the probability of not bidding for the opening of a SPRAR center for municipality i during tenders 1-8. This parameter has a mean of 0.009 and a standard deviation of 0.12, where positive values refer to municipalities in which electoral incentives negatively impact the probability of bidding for a SPRAR. Conversely, negative values refer to municipalities with a positive impact.

Second, we estimate the correlation between $\hat{\delta}_i$ and the municipal share of refugees every 1000 inhabitants measured in 2017¹⁶ and the probability that a mayor will open a SPRAR center during the last two tenders available (i.e., tenders 9-10).¹⁷ We report the results in Table 3.¹⁸ Columns 1-2 indicate that a 10 percentage point increase in the intensity of the effect of electoral incentives in the past brings to a decrease in the share of refugees every 1000 inhabitants in 2017, with a reduction which is approximately 1.4 percent compared to the mean of the outcome variable. Column 3 shows no effect for the share of refugees every 1000 inhabitants measured in 2004, suggesting that this unbalanced reception was not in place in the past.¹⁹ Columns 4-5 show that an increase of 10 percentage points in the intensity of the effect of electoral incentives in the past decreases the probability of opening a refugee center during the last two tenders by 2.1 percentage points.²⁰

¹⁶We calculate the 2017 municipal share of refugees as the share of migrants over the total municipal population considering the migrants from countries asylum seekers and refugees are more likely to arrive. We used data on legal migrants from Istat and obtained information about the more likely countries of origin of asylum seekers and refugees from the “Atlante SPRAR”. For the municipalities for which the 2017 information is missing, we have used the 2016 observation.

¹⁷Given that tender 10 was restricted only to municipalities that never participated in the SPRAR system in the past, we have kept both tenders 9 and 10 as the last available tenders.

¹⁸The smaller number of observations in the Tables in this section is because to run equations 2-3 in Appendix E.1 we had to exclude municipalities for which we do not observe any final year of the electoral term in all the tenders 1-8. Besides, we lose observations for municipalities for which we could not recover data on the share of refugees every 1000 inhabitants or for which we do not have information on SPRAR tenders 9-10.

¹⁹Table E1 shows the results of a placebo test in which we use as the dependent variable the share of economic migrants, measured as the share of migrants from countries from which asylum seekers and refugees are less likely to arrive. We do not find any correlation between the magnitude of the effect of electoral incentives and this dependent variable.

²⁰This result can be explained by the fact that participation in the SPRAR system during the last two tenders is positively correlated with participation in the past tenders, as shown by Table E2. This evidence is consistent with the fact that exits from the SPRAR system are not frequent (Figure E2), and thus municipalities tend to remain in the system once they have entered it. Consequently, municipalities that did not open a SPRAR center in the past are less likely to open a center today.

Table 3: Correlation magnitude electoral incentive and the reception of refugees in 2017

	(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	-5.970* (3.106)	-5.642* (2.987)	-1.317 (1.186)	-0.211* (0.109)	-0.208** (0.103)
Share refugees in 2004	0.937*** (0.041)	0.908*** (0.048)			
Mean outcome	39.88	39.88	25.76	0.0939	0.0939
R-squared	0.691	0.714	0.837	0.406	0.451
Observations	6,407	6,407	6,407	6,709	6,709
LMA FE	Yes	Yes	Yes	Yes	Yes
Time invariant controls	No	Yes	Yes	No	Yes
Time variant 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 not opening a refugee center 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 center last tender = 1 if municipality i opens a refugee center during the last tender available in the data. Time invariant 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 centers, number no-profit organizations per capita, daily newspapers circulation. Time variant controls: population, municipal share of migrants, 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 ***.

This evidence suggests that the effect of electoral incentives can persist beyond the end of the term, given that municipalities in which electoral incentives affected refugee reception more strongly in the past host a smaller share of refugees in 2017 and have a lower probability of opening a refugee center in the last two tenders. Interestingly, Table 4 shows that the magnitude of the effect of electoral incentive on refugee reception estimated taking into account all the tenders in the dataset negatively correlates with *Political competition_i* and positively correlates with *Extreme-right voting_i*. These correlations suggest that *Political competition_i* contributes to reducing the imbalance in the medium run, and *Extreme-right voting_i* contributes to generating an unbalanced reception of refugees in the medium run.

Table 4: Correlation magnitude electoral incentives and heterogeneity dimensions

	(1)	(2)	(3)	(4)
Outcome	Political competition	Extreme-right voting		
Magnitude electoral incentives	-0.180** (0.073)	-0.152** (0.068)	0.262** (0.108)	0.082** (0.035)
Observations	6,860	6,860	6,860	6,860
R-squared	0.002	0.222	0.003	0.746
LMA FE	No	Yes	No	Yes
Time invariant controls	No	Yes	No	Yes
Time variant controls	No	Yes	No	Yes

Notes. All Italian municipalities. Variables in the Table: 1) Political competition is a dummy variable equal to 1 if the average municipal margin of victory is below the median. We use the average over municipal elections from 2001 to 2016; 2) Extreme-right voting = 1 if the average vote share taken by extreme-right parties is above the median. We use the average over the European elections in 2004, 2009, and 2014; 3) Magnitude electoral incentives = magnitude of the effect of electoral incentives on the probability of not opening a refugee center during the tenders in years 2005-2017. Time invariant 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 centers, number no-profit organizations per capita, daily newspapers circulation. Time variant controls: population, municipal share of migrants, 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 even 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 ***.

7 Conclusion

The results of this paper have a few messages and policy implications. First, the results indicate that the fear of losing popular support induces politicians to give up financial resources, which could benefit the local economy. However, the evidence on political competition suggests that introducing institutions and policies that foster political competition may offset this opportunistic behavior (Barone et al., 2016). Second, this paper provides additional insights on whether local or national governments would better manage policies like immigration. Gamalerio et al. (2021) and Campo et al. (2021) suggest that native voters better accept a decentralized policy like SPRAR once the refugee centers are operative, potentially leading to better integration of migrants. However, our paper suggests that politicians' electoral incentives and local political hostility may complicate the development of such decentralized policies, with potential consequences for asylum seekers and refugees' integration. As described in Appendix B, these results are consistent with historically low

participation in the SPRAR program. The results also suggest that local resistance to the opening of reception centers may need to be compensated with monetary benefits beyond grants that cover the costs of the reception. Effectively, as reported in Appendix B, this is what the Italian government has done to incentivize participation in the SPRAR program. Third, the suggestive evidence that the effect of electoral incentives can persist beyond the end of the electoral term and eventually lead to an unbalanced reception suggests that taking into account the political determinants of immigration policies is necessary to develop fair and effective asylum policies (Fernandez-Huertas Moraga and Rapoport, 2014 and 2015; Thielemann et al., 2010; Dustmann et al., 2017).

These results call for further research along different lines. First, this paper focuses on the role of political competition and extreme-right voters. It would be interesting if future research could analyze which other factors shape immigration policies, focusing on the distinction between winners and losers of these policies. For example, Gamalerio et al. (2021) highlight how different social classes may be affected differently by immigration and how these different expectations affect the choices of governments about whether to implement more open immigration policies or not. Second, we think it would be interesting to study if the results of this paper also apply to other local contexts different from Italian municipalities. Third, future research may consider analyzing whether the electoral behavior produced by Italian mayors also characterizes national governments, as suggested by Figure 1. On this line, Fasani and Frattini (2019) provide evidence of a political cycle in enforcing EU border control policies by part of Frontex (European Border and Coast Guard Agency). Finally, our analysis indicates that Italian municipal governments give up fiscal resources to avoid losing electoral support. However, we do not provide direct evidence of the economic costs of this behavior. Future research may consider estimating these costs directly. On this line, Gamalerio et al. (2021) provide evidence on how SPRAR centers positively affect “compositional amenities” and population growth, suggesting that the economic costs of not opening a SPRAR may go beyond the simple giving up of the fiscal grants. In contrast, Batut and Schneider-Strawczynski (2021) show that opening small reception centers in France negatively affected local economic activity. The results of this paper, combined with the ones by Gamalerio et al. (2021) and Batut and Schneider-Strawczynski (2021), call for future research on the socio-economic consequences of refugees’ reception.

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A Descriptive statistics

Table A1: Descriptive statistics:
Open at least one centre vs. never open a centre

	(1)	(2)	(3)	(4)	(5)
	Bid for SPRAR at least once	obs	Never bid	obs	p-value
<i>Politicians characteristics</i>					
Margin of victory	25.500	1254	26.940	6036	0.017
Early interruption mandate	0.047	1254	0.035	6036	0.000
Term limit	0.255	1254	0.247	6036	0.220
Independent	0.592	1254	0.723	6036	0.000
Right	0.101	1254	0.089	6036	0.054
Left	0.239	1254	0.109	6036	0.000
Graduate mayor	0.499	1254	0.425	6036	0.000
Political experience	7.210	1254	6.820	6036	0.006
Unemployed	0.090	1254	0.108	6036	0.009
Age	51.60	1254	51.49	6036	0.642
Female	0.111	1254	0.120	6036	0.166
<i>Municipal characteristics</i>					
Share extreme-right	0.146	1254	0.172	6036	0.000
Share migrants	0.048	1254	0.050	6036	0.077
Past participation SPRAR	0.349	1254	0.000	6036	0.000
Islands	0.068	1254	0.095	6036	0.002
South	0.325	1254	0.228	6036	0.000
Centre	0.175	1254	0.125	6036	0.000
North-East	0.069	1254	0.137	6036	0.000
North-West	0.363	1254	0.415	6036	0.001
Population	19,679.560	1254	4640.793	6036	0.000
Population density	408.087	1254	265.431	6036	0.000
Newspapers circulation	0.686	1254	0.779	6036	0.000
No-profit associations	0.005	1254	0.005	6036	0.003
First reception center	0.006	1254	0.001	6036	0.000
Unemployment	0.120	1254	0.101	6036	0.000
Longitude	12.240	1254	11.323	6036	0.000
Latitude	42.738	1254	43.347	6036	0.000
Altitude	310.832	1254	344.225	6036	0.000
Area	54.437	1254	32.575	6036	0.000
Number of firms per capita	0.075	1254	0.076	6036	0.051
Income	13,350.000	1218	13,446.910	5847	0.315
% children	0.044	1254	0.042	6036	0.000
% elderly	0.205	1254	0.218	6036	0.000
% graduate	0.053	1254	0.045	6036	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 A2: 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>					
Margin of victory	25.219	21.872	22.331	28.664	25.731
Early interruption mandate	0.0473	0.057	0.057	0.025	0.062
Term limit	0.263	0.251	0.228	0.248	0.237
Independent	0.681	0.500	0.582	0.758	0.703
Right	0.112	0.142	0.144	0.068	0.100
Left	0.149	0.145	0.141	0.122	0.136
Graduate mayor	0.465	0.544	0.545	0.392	0.482
Political experience	5.840	6.647	6.699	7.577	4.447
Unemployed	0.073	0.065	0.065	0.131	0.070
Age	51.935	51.828	50.638	51.711	49.255
Female	0.096	0.093	0.087	0.137	0.094
<i>Municipal characteristics</i>					
Share extreme-right	0.148	0.143	0.142	0.187	0.122
Share migrants	0.045	0.039	0.033	0.057	0.035
Past participation SPRAR	0.054	0.075	0.083	0.057	0.058
Islands	0.084	0.198	0.350	0.009	0.339
South	0.370	0.371	0.294	0.167	0.338
Centre	0.135	0.099	0.102	0.152	0.073
North-East	0.088	0.111	0.083	0.153	0.056
North-West	0.323	0.221	0.171	0.519	0.194
Population	11,242.200	10,340.990	9466.290	4978.149	9050.666
Population density	299.461	398.153	439.208	243.544	336.788
Newspapers circulation	0.715	0.665	0.614	0.816	0.736
No-profit associations	0.005	0.004	0.004	0.005	0.005
First reception center	0.003	0.002	0.002	0.001	0.002
Unemployment	0.126	0.147	0.172	0.074	0.165
Longitude	12.024	12.708	13.070	10.893	11.613
Latitude	42.720	41.941	41.144	44.086	41.659
Altitude	351.925	335.608	323.358	339.541	317.736
Area	40.033	47.290	42.563	30.452	51.659
Number of firms per capita	0.074	0.072	0.068	0.079	0.070
Income	12,828.360	12,841.000	12,201.890	13,975.140	12,310.640
% children	0.043	0.044	0.046	0.042	0.043
% elderly	0.211	0.205	0.198	0.222	0.204
% graduate	0.047	0.050	0.049	0.046	0.046
Observations	1220	822	469	4228	551

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.

B Institutional setting

B.1 Italian municipalities

In Italy, municipalities are the lower level of government, below provinces, regions, and the central state. Municipalities handle critical services: housing, environmental services (e.g., garbage collection), public utilities (e.g., water supply), municipal police, infrastructure, transport, welfare. Municipalities manage approximately 10 percent of public expenditures. For most of the period studied (i.e., 2005-2017), municipal expenditures have been financed through 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 being more dependent on grants (Bordignon et al., 2020). However, 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 funds transferred to municipalities. Other municipal revenues are taxes and fees on public services. Among these, the most important taxes are the property tax, initially introduced in 1993 with the name of “ICI”, and which has evolved over the years changing name many times (today is called “IMU”), and a surcharge on the national personal income tax (“Addizionale Irpef”).

Italian municipalities elect mayors for electoral terms of five years and a maximum of two consecutive terms. In 1993, Law 81/1993 replaced the old proportional electoral law with new electoral systems for electing mayors, municipal governments, and councils. More in detail, municipalities with less than 15,000 inhabitants use a single round plurality rule, while municipalities above the threshold use a run-off system (see Gamalerio et al. (2021) for more detail). The new electoral systems introduced the direct election of the mayors by part of voters, which created a direct accountability mechanism between the mayor and the electorate. Besides that, the new electoral law gave mayors the power to choose the vice-mayor and the ministers of the municipal government. In addition, the new law established that if a municipal council wants to dismiss the mayor, it has to call new elections. As a consequence, mayors today are powerful figures at the municipal level. Finally, in Italian municipalities, we can find mayors and parties with various political orientations. The most important political orientation are those of mayors supported by the center-left and the center-right coalitions. However, as Gamalerio (2020) described, most of the mayors in Italian municipalities are independent of national political parties and receive the support of local parties called “Civic Lists”.

B.2 The allocation system for refugees

In Italy, the reception of refugees and asylum seekers is composed of two levels, and there are different reception centers. In the first level, we find three types of centres: CPSA (“Centri di

primo soccorso e accoglienza”, i.e. First aid and hospitality centres), CDA (“Centri di accoglienza”, i.e. Hospitality centres), and CARA (“Centri di accoglienza per richiedenti asilo”, i.e. Reception centres for asylum seekers). The goal of these centers is to receive migrants who have just arrived in Italy, identify them, and allow them to apply for asylum. The central government manages CPSA, CDA, and CARA centers, and municipalities do not have powers over them.¹

In 2011-2013, given the increasing number of migrants from North Africa due to the Arab Spring, the Italian central government opened temporary centers (ENA, Emergency North Africa) to host these migrants. In addition, in 2014, the central government introduced new centers called “Centri di accoglienza straordinaria”, i.e., Centres for extraordinary reception (CAS). The provincial offices (“Prefetture”) of the Home Office manage CAS with the cooperation of private cooperatives and firms. Municipal governments do not have powers over them. CASs started as temporal reception centers to deal with the emergency created by the refugee crisis. However, CASs quickly became one of the main types of reception centers in Italy.

This paper studies SPRAR centers, which represent the second level of reception. SPRAR centers host refugees coming from the first level of reception. Their goal is to provide integration services and help refugees and asylum seekers learn Italian, find a job, and integrate into society. In this paper, we study SPRAR centers because these are the only ones on which Italian mayors have direct powers. Specifically, when the Italian Home Office wants to allocate refugees through SPRARs, it issues a tender, which aims to open reception centers at the municipal level. Mayors can decide whether to participate and bid in the tender to open a SPRAR center. Importantly for the analysis below, the Home Office decides the tenders’ timing, which usually depends on the need to move refugees and asylum seekers from the first to the second reception level. Table B1 describes the tenders studied in this paper, providing information on the temporal window during which municipalities can bid and the timing of the opening of the reception centers.²

The Home Office evaluates the bids and creates a ranking, through which it decides which municipalities get to open the SPRAR center. Winning municipalities open the SPRAR center and receive fiscal grants, whose amount depends on the expected costs indicated in the bid by the municipalities. Municipalities use these grants for covering the costs of SPRARs.³ More in detail,

¹As the list of CPSA, CDA and CARA is made available by the Home Office, in all the regressions, we control for a dummy variable for municipalities that host these centers. See the information reported at: <http://www.interno.gov.it/it/temi/immigrazione-e-asilo/sistema-accoglienza-sul-territorio/centri-limmigrazione>.

²Participation in tenders is open to all municipalities in all the tenders studied. Tenders 8 and 10 represent the exception. Participation in these two tenders was restricted to municipalities that never opened a center in the past (see column 8 of Table B1). The results described below do not change if we drop tenders 8 and 10. Results can be made available upon request.

³Depending on the tender, SPRAR fiscal grants cover 80-100 percent of SPRAR’s costs. Municipalities normally deal with their part of the costs figuratively. For example, municipalities can ask their employees to dedicate some working hours to the SPRAR center or use public buildings and flats to host refugees. Municipalities can also ask the firms and cooperatives entrusted to manage SPRARs to cover these costs. Therefore, these costs do not necessarily represent an expense for municipalities.

Table B1: The timing of SPRAR tenders

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

a small share of the grants is transferred directly to asylum seekers and refugees for small personal expenses (the so-called "pocket money").⁴ The larger proportion of the grants is used to fund the activities of the SPRAR centers, such as job market orientation, Italian language courses, and health support.

As described by Gamalerio et al. (2021), these grants can potentially benefit the local economy in various ways. First, through the payment of rents, the grants can benefit the owners of flats in which the SPRARs are located. Second, the grants generate a potential source of income for cooperatives and firms that work for or in the SPRAR and produce positive effects in terms of employment for health and social professionals.⁵ Third, the health and social services provided to asylum seekers can complement the local welfare system, benefiting natives. Fourth, the money spent on buying goods and services for asylum seekers generates revenues for local shops and providers (e.g., food, clothes, local transport). In addition, since the end of 2016 (see Law 225, 1st December 2016), municipalities that open a SPRAR center receive a benefit of 500 euros per refugee hosted. This benefit can be spent freely by the municipal government and does not need to be used for the activities of the refugee center. This additional benefit was introduced to incentivize the participation in the SPRAR system, which has been historically low and below the targets.⁶

⁴The estimated daily cost for hosting a refugee is around 35 euros. The "pocket money" is usually around 2.5 euros per day

⁵The cooperative "In Migrazione" has estimated that approximately 8 professionals are hired every 20 refugees hosted. See the report "Accoglienza rifugiati: un'ordinaria emergenza" (inmigrazione.it)

⁶While official numbers about the targets of the Home Office are not available, anecdotal evidence suggests that the targets have not been met regularly. See Linkiesta (in Italian) 28-12-2015: "Il bando per i rifugiati c'è, ma le

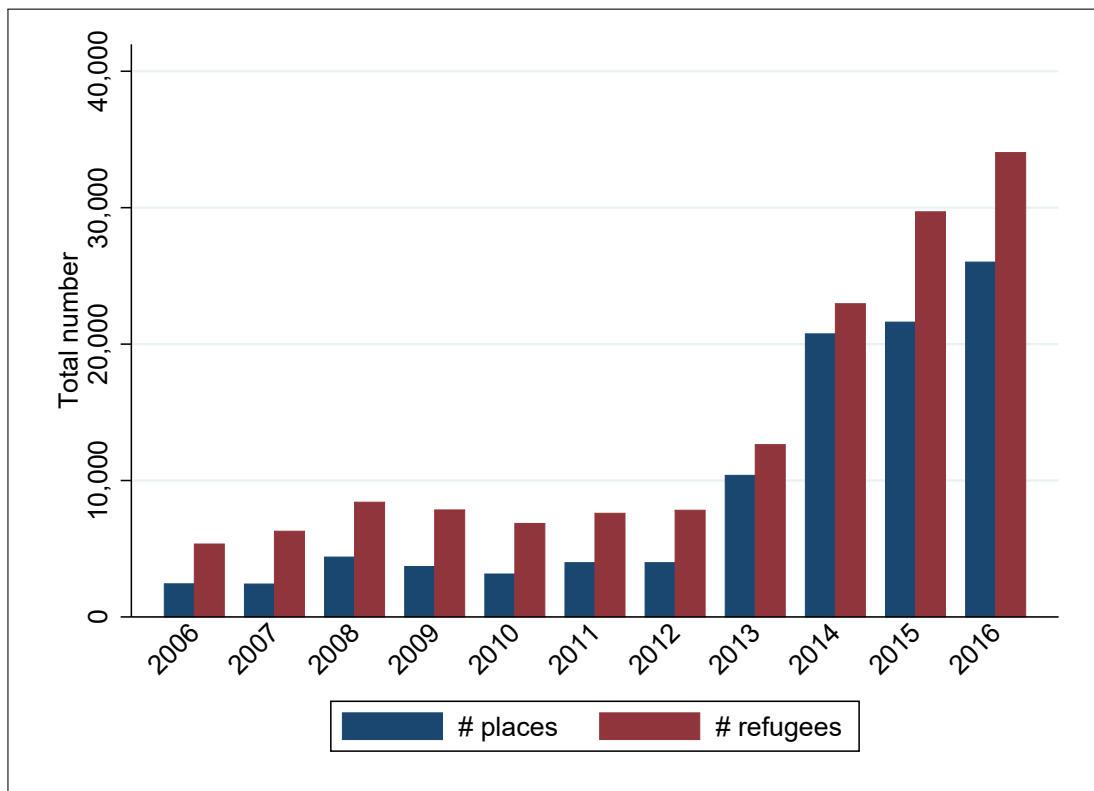
To give an idea of the significant economic magnitude of SPRAR grants, we calculate in our data that SPRARs, on average, led to grants received by municipalities equal to around 133 euros per capita. Considering that the average total grants received by municipalities were approximately 511 euros per citizen in the period studied, the average per capita SPRAR grant was equal to 26 percent of the total per capita grants. Also, considering that the average total municipal revenues per capita were around 1630 euros per citizen, the average per capita SPRAR grant was equal to 8 percent of the total per capita budget available to municipalities.

Finally, three types of SPRAR centers were opened during the period studied: first, ordinary centers for refugees and asylum seekers without specific issues. Second, refugee centers for unaccompanied minors. Third, refugee centers for disabled refugees and asylum seekers. Municipalities that apply to a tender usually open one center. However, municipalities open more than one center in some cases, e.g., one for unaccompanied minors or disabled refugees and one ordinary center. The number of places available in a SPRAR is decided by the Home Office through the tender and depends on the population.⁷ Figure B1 reports the aggregate number of places made available by all SPRAR municipalities by year.

amministrazioni locali fanno finta di niente.” The consequence of not meeting the targets is that refugees remain hosted mainly in CASs, whose number has exploded in recent years. For example, according to the Home Office, at the end of 2015, 76,683 (i.e., 73 percent of the total) migrants were hosted in CAS centers, and 19,715 (i.e., 19 percent of the total) in SPRAR centers. This imbalance is problematic for both the migrants and the hosting municipalities, given that CASs are on average bigger and less able to provide the necessary integration services than SPRARs.

⁷For example, during tender 6, the number of places was going from 15 for municipalities below 5000 inhabitants up to 250 for cities like Milan and Rome.

Figure B1: 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.

C Factors behind politicians' decisions: suggestive evidence from survey and electoral data

We use survey and electoral data to provide suggestive evidence on the factors that drive politicians' decisions about immigration policies. We introduce this evidence to show that politicians are aware of the electoral costs of hosting immigrants and that these costs represent a factor potentially driving their behavior, as our theoretical model suggests. We provide this evidence in two ways.

First, we use survey data from the Italian National Election Studies (Itanes) association to provide evidence of politicians' opinions about immigration and related policies. We exploit the survey organized during the 2013 Italian National Elections. Itanes collected the opinion of the candidates for the Italian Parliament about different topics, including migration.⁸ Given the focus on Italian municipalities, we isolated the answers of 84 candidates who previously worked as mayors.⁹ To investigate the factors that drive mayors' decisions, we report the descriptive statistics about the answers to the following 2 questions: 1) are immigrants good for the economy? 2) what is the opinion of your party's voters on the question "do we receive too many immigrants"?

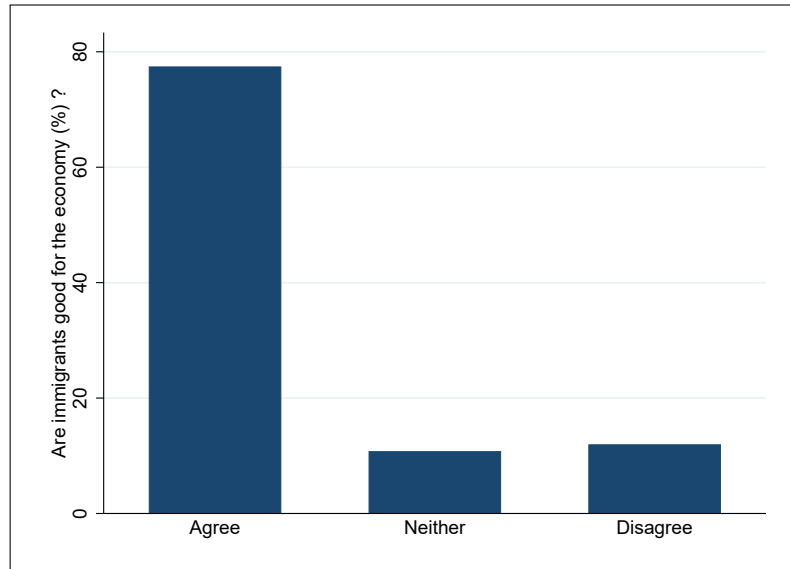
Figure C1 reports the answers to the first question: 1 strongly agree; 2 agree; 3 neither agree nor disagree; 4 disagree; 5 strongly disagree; 6 no answer. We combine answers 1-2 in the category "agree" and answers 4-5 in the category "disagree". None of the 84 mayors refused to answer this question. As we can see, almost 80 percent of the mayors think that immigrants are good for the economy. One potential issue with this kind of survey is whether politicians with one specific political orientation (e.g., left-wing politicians) are over-represented compared to politicians with different orientations. We investigate whether this is the case in the Itanes survey exploiting the question about the self-reported political orientation of interviewed mayors. The possible answers go from 0 to 10, where 0 is extreme-left and 10 is extreme-right. The top-left panel in Figure C2 shows that approximately 40 per cent of the mayors interviewed are left-wing (positions 0-4), 26 per cent right-wing (positions 6-10), and 29 per cent centrist (position 5). The prominence of left-wing politicians may explain the evidence in Figure C1. However, as shown in the other three panels of Figure C2, when looking at the same evidence for politicians with different orientations, we still find that even among right-wing politicians, most mayors think that immigrants are good for the economy.

The answers to question 2 provide suggestive evidence regarding the expectations of politicians about voters' preferences on migration issues. Figure C3 reports these answers, which follow a 0-10 scale, where 0 means "we receive too many immigrants" and 10 "we could receive much more

⁸More in detail, between July and September 2013, Itanes sent a questionnaire of 263 questions to 2878 competitive candidates, selected from the political parties that elected at least one candidate to the Italian Parliament. Among these 2878 candidates, Itanes received a reply from 672 (i.e., 23.3 percent).

⁹The descriptive results are essentially the same if we keep the sample of 672 candidates.

Figure C1: Survey of mayors: are immigrants good for the economy (%)?



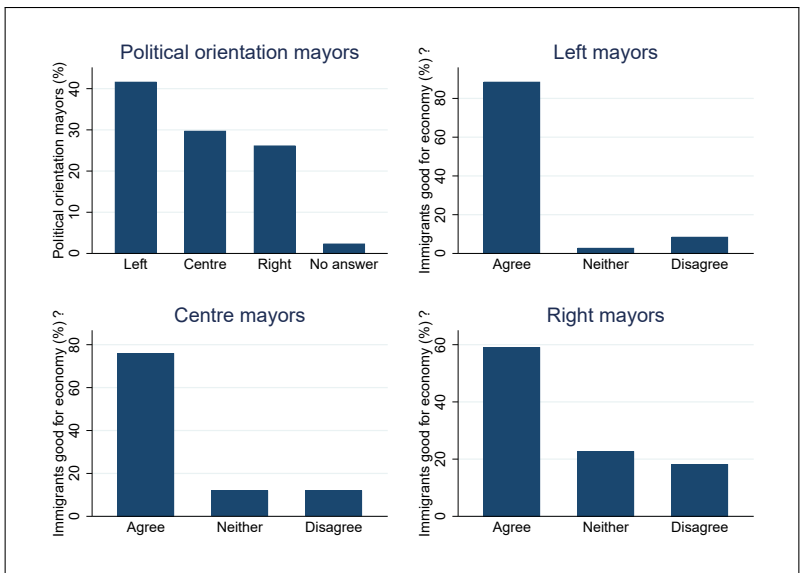
Notes. Sources: Itanes. Survey run interviewing candidates at the 2013 national election. The graph reports the percentage of the answers given by the candidates to the question: are immigrants good for the economy? The answers represent the personal opinion of candidates. Possible answers: 1 strongly agree; 2 agree; 3 neither; 4 disagree; 5 strongly disagree; 6 no answer. In this graph, agree combines answers 1 and 2, while disagree answers 4 and 5. All mayors answered the question.

immigrants”. We combine answers from 0 to 4 in the category “too many” and answers from 6 to 10 in the category “too few”. We interpret answer 5, which is equidistant from the extremes 0 and 10, as the one selected by mayors who think that voters consider the number of immigrants received as the right one (i.e., in favor of the status quo). The evidence in Figure C3 suggests that interviewed mayors think that most voters are not in favor of receiving more immigrants, given that only approximately 30 percent of the mayors expect voters to be willing to receive more immigrants.

The evidence in Figures C1-C3 suggests that mayors are aware of the potential political costs associated with immigration policies, even though they think immigration may be positive from an economic point of view. We further provide evidence of these potential electoral costs by looking at the specific case of SPRAR refugee centers. Specifically, we look at the correlation between the opening of SPRAR centers in the final year of the term and the vote share taken at the next election. Table C1 reports the results of an OLS regression in which we regress the vote share taken by the mayor or by any member of the municipal government who replaces the mayor at the next election¹⁰ on a dummy variable equal to 1 if the mayor applies for opening a refugee center in

¹⁰Second-term mayors are term-limited, and they are usually replaced by the vice-mayor or by ministers of the

Figure C2: Survey of mayors: are immigrants good for the economy (%)? (Political orientation mayors)



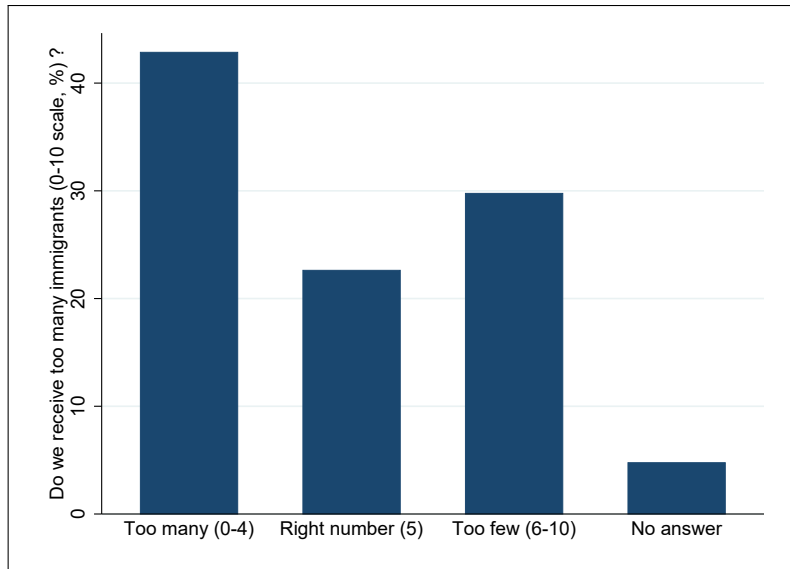
Notes. Sources: Itanes. Survey run interviewing candidates at the 2013 national election. The top-left graph report the share of candidates by political orientation (on a scale 0-10). Left = candidates in positions 0-4; Centre: candidates in position 5; Right = candidates in position 6-10. The other three graphs report the percentage of the answers given by candidates with different political orientations to the question: are immigrants good for the economy? The answers represent the personal opinion of candidates. Possible answers: 1 strongly agree; 2 agree; 3 neither; 4 disagree; 5 strongly disagree; 6 no answer. In this graph, agree combines answers 1 and 2, while disagree answers 4 and 5.

the final year of the term. We estimate the coefficients controlling for labor market areas (LMA) fixed effects,¹¹ for the electoral term fixed effects, for municipal and mayoral characteristics, for refugee centers opened before the final year of the term, and for fiscal policies implemented by the mayor. The results in Table C1 indicate a negative correlation between refugee centers opened in the final year of the term and the vote share taken at the next election. The results go in the same direction for first-term mayors (columns 1-2) and vice-mayors or ministers replacing term-limited mayors (columns 3-4). The results in Table C1 suggest that potentially there are electoral costs associated with the reception of refugees. Of course, given that the decision to bid for a SPRAR center is an endogenous choice of the mayor, the results in Table C1 only provide evidence of a

municipal government. In some cases, even first-term mayors are replaced by a member of the municipal government at the next election. In a few cases, both the mayor and a member of her/his municipal government compete at the next election. For these cases, the dependent variable is the average vote shares taken by the members of the former incumbent coalition.

¹¹For data limitation, most of the municipalities have only one observation in this exercise. Thus, we are not able to control for municipal FE.

Figure C3: Survey of mayors: opinion of voters on question “do we receive too many migrants (0-10 scale, %)?”



Notes. Sources: Itanes. Survey run interviewing candidates at the 2013 national election. The graph reports the percentage of the answers given by the candidates to the question: which is the opinion of the voters of your party to the question “do we receive too many immigrants”? Possible answers on a 0-10 scale, where 0 means “voters think that we receive too many migrants” and 10 “voters think that we could receive much more migrants”. In this graph, too many combines answers from 0 to 4, too few answers from 6 to 10 and right number answer 5. A small share of mayors did no answer this question.

negative correlation, and they cannot be interpreted causally. Therefore, they must be interpreted with caution.

Table C1: Correlation refugee centre and votes at next election

	(1)	(2)	(3)	(4)
Sample	Term limit = 0		Term limit = 1	
Outcome	% Votes next election coalition mayor			
Refugee centre final year of the term	-2.152* (1.157)	-2.097* (1.253)	-7.709** (3.164)	-8.924*** (3.092)
Mean outcome	55.93	55.93	47.55	47.55
R-squared	0.184	0.285	0.304	0.383
Observations	8,684	8,684	2,038	2,038
Year of election FE	Yes	Yes	Yes	Yes
LMA FE	Yes	Yes	Yes	Yes
Time invariant controls	No	Yes	No	Yes
Time variant controls	No	Yes	No	Yes

Notes. All Italian municipalities, electoral years 2001-2016. The outcome variable is equal to the vote share taken by the incumbent's coalition at the next election. Treatment variable = 1 for municipalities that bid for opening a SPRAR in the final year of the term. Time invariant 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, daily newspapers circulation. Time variant controls: population, municipal share of migrants, 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, dummy variable for municipalities that bid for opening a SPRAR in the years 1-4 of the term, log of municipal per capita expenditures measured in the final year of the term (2010 constant prices), log of municipal per capita expenditures measured in the years 1-4 of the term (2010 constant prices), 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), past margin of victory. Local market areas (LMA) FE included in all columns. Robust standard errors clustered at LMA level are in parentheses. We refer to the 2001 LMA codification (i.e. 640 LMAs considered). Significance at the 10% level is represented by *, at the 5% level by **, and at the 1% level by ***.

D Robustness checks

The baseline results we presented in the paper survive a series of robustness checks. First, Table D1 shows that the results are unchanged if we control for early interruptions of the electoral mandate. The possibility of interrupting the electoral mandate before the natural deadline is a potential threat to our identification strategy. Specifically, municipal governments may decide to interrupt the electoral mandate before the natural deadline as a response to the issue of a SPRAR tender by part of the central government. If this were the case, we would face a sort of “reverse causality” issue, in which the treatment is potentially affected by the SPRAR tenders and thus by the dependent variable (i.e., the decision of whether to bid for a SPRAR center or not). In this case, our results would not be due to electoral incentives but to the fact that municipal governments interrupt the mandate early to avoid deciding whether to bid for a SPRAR center. To rule out this possibility, in Panel A of Table D1, we replace $Final_{it}$ with $Finalfake_{it}$, which we have generated after reconstructing the hypothetical electoral cycle that municipalities would have followed without early interruptions of the electoral mandate. In addition, in Panel B of Table D1, we drop the small share of electoral mandates before the natural deadline. As we can see, the results do not change.

Second, Table D2 shows that the results do not change if we control for linear (column 1), quadratic (column 2), non-linear labor market areas (LMA) and electoral groups trends (column 3). In addition, in column 3 of Table D2 we also control for the interaction terms between tender dummy variables and municipal and mayoral control variables.¹² The evidence from this demanding specification suggests that unobserved trends do not drive the baseline results at the geographical level or across groups of municipalities that vote at different points in time or with distinct municipal or mayoral characteristics. Third, de Chaisemartin and D’Haultfoeulle (2020) explain how two-way fixed effects models estimate a weighted sum of ATE in each group and period. They also explain how some of the weights may be negative and that many negative weights could be an issue for the estimates. Specifically, they show how a large share of negative weights could lead to negative estimated coefficients even if all the ATEs are positive. To rule out this possibility, we run the test proposed by them using the Stata command *twowayfeweights*, and we find that zero percent of the weights attached to the estimated coefficient $\hat{\beta}_1$ are negative (i.e., all the weights are positive). This result is reassuring because it indicates that our negative estimated coefficient through a two-way fixed effect model is not due to negative weights.

Fourth, Panel A of Table D3 shows that other time-consuming policies are not affected in the same way by electoral incentives. Specifically, the electoral cycle does not affect time-consuming policies such as separate waste collection and applying for grants issued through tenders by the

¹²For the time-variant variables, we interact the first observation in time found for every municipality (i.e., the baseline level) with tender dummy variables.

Table D1: Effect of electoral incentives on the reception of refugees
Control for early interruptions electoral mandate

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome=1 mayor bids for opening SPRAR						
<i>Panel A: fake treatment without interruptions</i>						
Sample	All municipalities			Open at least one refugee centre		
Final fake	-0.008*** (0.002)	-0.007*** (0.002)	-0.008*** (0.002)	-0.046*** (0.008)	-0.046*** (0.008)	-0.057*** (0.009)
Mean outcome	0.034	0.034	0.034	0.200	0.200	0.200
R-squared	0.170	0.321	0.322	0.185	0.300	0.337
Observations	71,162	71,162	71,162	12,245	12,245	12,245
# municipalities	7290	7290	7290	1254	1254	1254
<i>Panel B: drop electoral mandates interrupted before natural deadline</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.008*** (0.002)	-0.009*** (0.002)	-0.008*** (0.002)	-0.046*** (0.008)	-0.052*** (0.010)	-0.060*** (0.010)
Mean outcome	0.034	0.034	0.034	0.200	0.200	0.200
R-squared	0.162	0.316	0.318	0.181	0.292	0.335
Observations	68,812	68,812	68,812	11,719	11,719	11,719
# municipalities	7284	7284	7284	1254	1254	1254
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	No	Yes	Yes	No	Yes	Yes
Time invariant controls	Yes	No	No	Yes	No	No
Time variant 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 bid for opening a refugees' reception centre during tender t . Time invariant 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, daily newspapers circulation. Time variant controls: population, municipal share of migrants, 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 ***.

European Union. In addition, Panel A of Table D3 show that mayors usually put more effort into implementing policies at the end of the term, as they attract more grants and increase both current and investment expenditures.¹³ This evidence helps to rule out the possibility that the paper's main

¹³We got information on separate waste collection from the foundation Openpolis. Information on fiscal variables comes from the Italian Home Office and the Aida PA dataset provided by the Bureau Van Dijk.

Table D2: Geographical and groups trends

	(1)	(2)	(3)
Outcome=1 mayor bids for opening SPRAR			
Final	-0.009*** (0.002)	-0.006*** (0.002)	-0.007** (0.004)
Mean outcome	0.034	0.034	0.034
R-squared	0.364	0.377	0.584
Observations	71,162	71,162	71,162
# municipalities	7290	7290	7290
Tender FE	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes
Time invariant Controls	No	No	No
Time variant Controls	Yes	Yes	Yes
LMA & Electoral Groups Trends	Linear	Quadratic	Non-linear
Controls x Tender FE	No	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 bid for opening a refugees' reception centre during tender t . Trends: regressions run controlling for linear (column 1), quadratic (column 2) and non-linear (column 3) labour market areas (LMA) and electoral groups trends. In column 3, we also control for the interaction terms between tender FE and time invariant and time variant (at the baseline level) control variables. Time invariant 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, daily newspapers circulation. Time variant controls: population, municipal share of migrants, 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 ***.

results are because mayors in the final year of the term are busy since they are running the electoral campaign. To further rule out the time-consuming role of electoral campaigns, in Panel B of Table D3, we split the analysis between very small municipalities (i.e., less than 5000 inhabitants), small and intermediate size municipalities (i.e., between 5000 and 15,000 inhabitants), and the bigger municipalities (i.e., above 15,000 inhabitants). We use these thresholds because, for institutional reasons, they are the ones mainly used by the literature focusing on Italian municipalities (see Gagliarducci and Nannicini, 2013). The reason for splitting the municipalities between small, intermediate, and big ones is that we expect the electoral campaign to be less intense and time-consuming in smaller municipalities (Bordignon, Gamalerio, and Turati, 2020). Hence, if the negative effect we estimate in the paper was due to the time-consuming role of electoral campaigns, we should not find any effect in small municipalities. However, the results in Panel B of Table D3 demonstrate that we can find a negative and statistically and economically significant effect in

all three groups of municipalities. Even though the intensity of the electoral campaign is not the only difference across groups of municipalities with different sizes, we think this evidence indirectly rules out that our results are due to the time-consuming role of electoral campaigns.

Table D3: Effect of electoral incentives on other policies and the role of electoral campaigns
Placebo test

<i>Panel A: other policies</i>						
Outcome	Separate Waste	EU Grants	Current Grants	Capital Grants	Current Expenditures	Investment Expenditures
Final	-0.159 (0.201)	-0.011 (0.069)	14.500*** (2.269)	7.042 (9.901)	-1.475 (1.780)	27.799** (11.640)
Mean outcome	42.01	41.74	42.07	41.74	41.74	41.74
R-squared	0.904	0.182	0.729	0.368	0.892	0.399
Observations	28,360	75,845	77,155	75,839	75,844	75,844
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes	Yes	Yes
Time invariant controls	No	No	No	No	No	No
Time variant controls	Yes	Yes	Yes	Yes	Yes	Yes

Panel B: effect on SPRAR centers by size of the municipal population

Sample	< 5000 inhabitants	5000-15,000 inhabitants	> 15,000 inhabitants
Final	-0.004** (0.002)	-0.015*** (0.004)	-0.021** (0.009)
Mean outcome	0.023	0.032	0.132
R-squared	0.257	0.255	0.450
Observations	50,610	14,623	5,929
Tender FE	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes
Time invariant controls	No	No	No
Time variant controls	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 in Panel A: 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. Outcome variable in Panel B is equal to 1 for mayors who bid for opening a refugees' reception centre during tender t . Time variant controls: population, municipal share of migrants, 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 ***.

Fifth, Tables D4 and D5 show that the effect of electoral incentives is not driven by the political orientation of the mayor nor by alignment with the central government. Also, Tables D6

and D7 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. In addition, Table C1 shows that opening a SPRAR negatively correlates with the vote shares of the incumbent coalition at the next election also for term-limited mayors. This negative correlation for mayors who cannot be re-elected can be explained by the fact that these mayors are normally replaced by their vice-mayor or ministries from their government, who run as mayoral candidates in the subsequent election. In addition, term-limited mayors can run again as mayoral candidates after waiting for one term, so they still retain some electoral incentives in the same municipality. Hence, it is not surprising that the policies implemented by a term-limited mayor can affect the electoral results of mayoral candidates coming from the same coalition or political party.¹⁴ Consistent with this evidence, Table D8 shows that electoral incentives negatively affect refugees' reception in the cases of both first and second-term mayors.¹⁵ Finally, Table D9 shows that the presence at the municipal level of other types of refugee centers such as CAS or ENAs does not affect our results. Specifically, Table D9 repeats the analysis dropping the years after 2014 (i.e., the starting year of CAS) in Panel A and the year after 2010 (i.e., the starting year of ENAs) in Panel B. This exercise enables us to rule out that these centers drive the effect.

¹⁴This evidence is consistent with the analysis by Repetto (2017), who, using data from Italian municipalities, provides evidence of an electoral cycle in investment expenditures also for term-limited mayors, even though the cycle is smaller in magnitude compared to first-term mayors.

¹⁵More in detail, in Panel A of Table D8, we run the regression keeping all municipalities and only non-term limited mayors. Conversely, in Panel C, we keep only term-limited mayors. Besides, in Table D8, we consider that some municipalities do not have re-elected mayors, which explains why the sample of municipalities is not the same across Panel A and C. Therefore, in Panel B, we keep only first-term mayors elected in towns with at least one mayor re-elected at a certain point in time.

Table D4: The role of political orientation

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor bids for opening SPRAR						
Sample	All municipalities			Open at least one refugee centre		
Political orientation	Centre-left	Centre-right	Independent	Centre-left	Centre-right	Independent
Final	-0.025*** (0.007)	-0.019*** (0.005)	-0.005*** (0.002)	-0.060*** (0.020)	-0.071*** (0.020)	-0.052*** (0.013)
Mean outcome	0.076	0.032	0.026	0.241	0.164	0.181
R-squared	0.501	0.649	0.289	0.453	0.678	0.369
Observations	9,282	6,383	50,003	2,899	1,209	7,294
# municipalities	1896	1742	6483	503	340	965
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes	Yes	Yes
Time invariant controls	No	No	No	No	No	No
Time variant 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 bid for opening a refugees' reception centre during tender *t*. Time variant controls: population, municipal share of migrants, 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 D5: Alignment with central government

	(1)	(2)	(3)	(4)
Outcome =1 mayor bids for opening SPRAR				
Sample	All municipalities		Open at least one refugee centre	
Aligned	No	Yes	No	Yes
Final	-0.007*** (0.002)	-0.030*** (0.010)	-0.057*** (0.010)	-0.076*** (0.027)
Mean outcome	0.029	0.069	0.190	0.241
R-squared	0.316	0.476	0.364	0.422
Observations	62,620	8,542	9,778	2,467
# municipalities	7286	2972	1251	643
Tender FE	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes
Time invariant controls	No	No	No	No
Time variant 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 bid for opening a refugees' reception centre during tender *t*. Time variant controls: population, municipal share of migrants, 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 D6: Effect of electoral incentives on the reception of refugees
Alternative story: political experience vs no political experience

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor bids for opening SPRAR						
<i>Panel A: political experience > median</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.008*** (0.002)	-0.008*** (0.003)	-0.010*** (0.003)	-0.043*** (0.011)	-0.041*** (0.013)	-0.061*** (0.014)
Mean outcome	0.035	0.035	0.035	0.192	0.192	0.192
R-squared	0.185	0.412	0.419	0.197	0.390	0.434
Observations	33,049	33,049	33,049	6,056	6,056	6,056
# municipalities	5473	5473	5473	985	985	985
<i>Panel B: political experience < median</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.009*** (0.002)	-0.009*** (0.002)	-0.009*** (0.002)	-0.051*** (0.011)	-0.058*** (0.013)	-0.067*** (0.014)
Mean outcome	0.034	0.034	0.034	0.208	0.208	0.208
R-squared	0.159	0.362	0.365	0.195	0.338	0.399
Observations	38,113	38,113	38,113	6,189	6,189	6,189
# municipalities	6028	6028	6028	1024	1024	1024
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	No	Yes	Yes	No	Yes	Yes
Time invariant controls	Yes	No	No	Yes	No	No
Time variant 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 bid for opening a refugees' reception centre during tender *t*. Time invariant 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, daily newspapers circulation. Time variant controls: population, municipal share of migrants, 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 D7: Effect of electoral incentives on the reception of refugees
Alternative story: postgraduate vs no-postgraduate

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor bids for opening SPRAR						
<i>Panel A: graduate mayor</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.013*** (0.002)	-0.012*** (0.003)	-0.013*** (0.003)	-0.058*** (0.011)	-0.054*** (0.012)	-0.066*** (0.013)
Mean outcome	0.043	0.043	0.043	0.223	0.223	0.223
R-squared	0.190	0.388	0.393	0.181	0.339	0.378
Observations	31,005	31,005	31,005	6,076	6,076	6,076
# municipalities	5036	5036	5036	943	943	943
<i>Panel B: non-graduate mayor</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.004** (0.002)	-0.006*** (0.002)	-0.005** (0.002)	-0.030*** (0.011)	-0.044*** (0.014)	-0.053*** (0.013)
Mean outcome	0.027	0.027	0.027	0.178	0.178	0.178
R-squared	0.148	0.359	0.364	0.200	0.362	0.435
Observations	40,157	40,157	40,157	6,169	6,169	6,169
# municipalities	5901	5901	5901	957	957	957
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	No	Yes	Yes	No	Yes	Yes
Time invariant controls	Yes	No	No	Yes	No	No
Time variant 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 bid for opening a refugees' reception centre during tender *t*. Time invariant 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, daily newspapers circulation. Time variant controls: population, municipal share of migrants, 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 D8: Effect of electoral incentives on the reception of refugees
Term-limited vs no term-limited

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor bids for opening SPRAR						
<i>Panel A: no term limit (all municipalities)</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.008*** (0.002)	-0.008*** (0.002)	-0.008*** (0.002)	-0.045*** (0.009)	-0.047*** (0.011)	-0.055*** (0.011)
Mean outcome	0.035	0.035	0.035	0.206	0.206	0.206
R-squared	0.159	0.340	0.342	0.187	0.319	0.371
Observations	53,380	53,380	53,380	9,103	9,103	9,103
# municipalities	7290	7290	7290	1254	1254	1254
<i>Panel B: no term limit (municipalities with at least one term-limited mayor)</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.009*** (0.002)	-0.009*** (0.002)	-0.008*** (0.003)	-0.048*** (0.010)	-0.052*** (0.013)	-0.058*** (0.014)
Mean outcome	0.037	0.037	0.037	0.213	0.213	0.213
R-squared	0.160	0.352	0.356	0.187	0.327	0.390
Observations	34,872	34,872	34,872	5,975	5,975	5,975
# municipalities	5371	5371	5371	931	931	931
<i>Panel C: term limit</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.007** (0.003)	-0.009** (0.004)	-0.010** (0.004)	-0.044*** (0.016)	-0.049** (0.020)	-0.063*** (0.022)
Mean outcome	0.032	0.032	0.032	0.183	0.183	0.183
R-squared	0.210	0.524	0.534	0.212	0.503	0.553
Observations	17,782	17,782	17,782	3,142	3,142	3,142
# municipalities	5371	5371	5371	931	931	931
P-value difference [Panels B vs. C]	0.540	0.920	0.998	0.847	0.901	0.999
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	No	Yes	Yes	No	Yes	Yes
Time invariant controls	Yes	No	No	Yes	No	No
Time variant 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 bid for opening a refugees' reception centre during tender *t*. Time invariant 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, daily newspapers circulation. Time variant controls: population, municipal share of migrants, 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 D9: 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 bids for opening SPRAR						
<i>Panel A: control for CAS (year < 2014)</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.007*** (0.002)	-0.007*** (0.002)	-0.008*** (0.002)	-0.037*** (0.008)	-0.041*** (0.008)	-0.051*** (0.009)
Mean outcome	0.023	0.023	0.023	0.135	0.135	0.135
R-squared	0.383	0.585	0.597	0.435	0.623	0.637
Observations	42,779	42,779	42,779	7,322	7,322	7,322
# municipalities	7290	7290	7290	1254	1254	1254
<i>Panel B: control for North-Africa emergency (year < 2011)</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.004*** (0.001)	-0.003*** (0.001)	-0.004*** (0.001)	-0.018*** (0.006)	-0.016*** (0.005)	-0.021*** (0.006)
Mean outcome	0.016	0.016	0.016	0.093	0.093	0.093
R-squared	0.521	0.783	0.787	0.520	0.768	0.774
Observations	35,658	35,658	35,658	6,104	6,104	6,104
# municipalities	7290	7290	7290	1254	1254	1254
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	No	Yes	Yes	No	Yes	Yes
Time invariant controls	Yes	No	No	Yes	No	No
Time variant 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 bid for opening a refugees' reception centre during tender *t*. Time invariant 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, daily newspapers circulation. Time variant controls: population, municipal share of migrants, 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 ***.

E Estimation method and additional Figures and Tables for Section 6

E.1 Estimation method

To provide suggestive evidence that the effect of electoral incentives can persist beyond the end of the electoral term, we study the correlation between the magnitude of the effect of electoral incentives on refugee reception in the past and the reception of refugees in the last year available in the data. We provide this evidence following Labonne (2016). We follow two steps: first, we get a municipality-specific estimate of the magnitude of the effect of electoral incentives on the reception of refugees for tenders 1-8 (i.e., we exclude the last two tenders 9-10, see Table B1):

$$No_refugees_Centre_{it} = \alpha + \delta_i Final_{it} + \beta_1 X_{it} + \lambda_t + \gamma_i + \eta_{it} \quad (2)$$

where $No_refugees_Centre_{it}$ is 1 if municipality i does not bid for opening a refugee center during tender t , while $Final_{it}$ is 1 for mayors in the final year of the term when tender t is issued, and 0 otherwise. The parameter of interest δ_i is a municipality-specific estimate of the magnitude of the effect of electoral incentives on the reception of refugees during tenders 1-8. In practice, $\hat{\delta}_i$ measures the magnitude of the effect of electoral incentives on the probability of not bidding for the opening of a refugee center for municipality i during tenders 1-8. This parameter has a mean of 0.009 and a standard deviation of 0.12, where positive values refer to municipalities in which electoral incentives negatively impact the probability of applying for a SPRAR. In contrast, negative values refer to municipalities with a positive impact.

Second, we estimate the correlation between $\hat{\delta}_i$ and the municipal share of refugees every 1000 inhabitants measured in 2017. Besides, we estimate the correlation between $\hat{\delta}_i$ and the probability that a mayor opens a SPRAR center during the last two tenders available (i.e., tenders 9-10). These correlations allow us to understand whether a higher magnitude of the effect of electoral incentives on the probability of not opening a SPRAR center in the past can lead to an unbalanced reception of refugees in the last year available in the data. We estimate these correlations running the following regression on the cross-section of Italian municipalities:

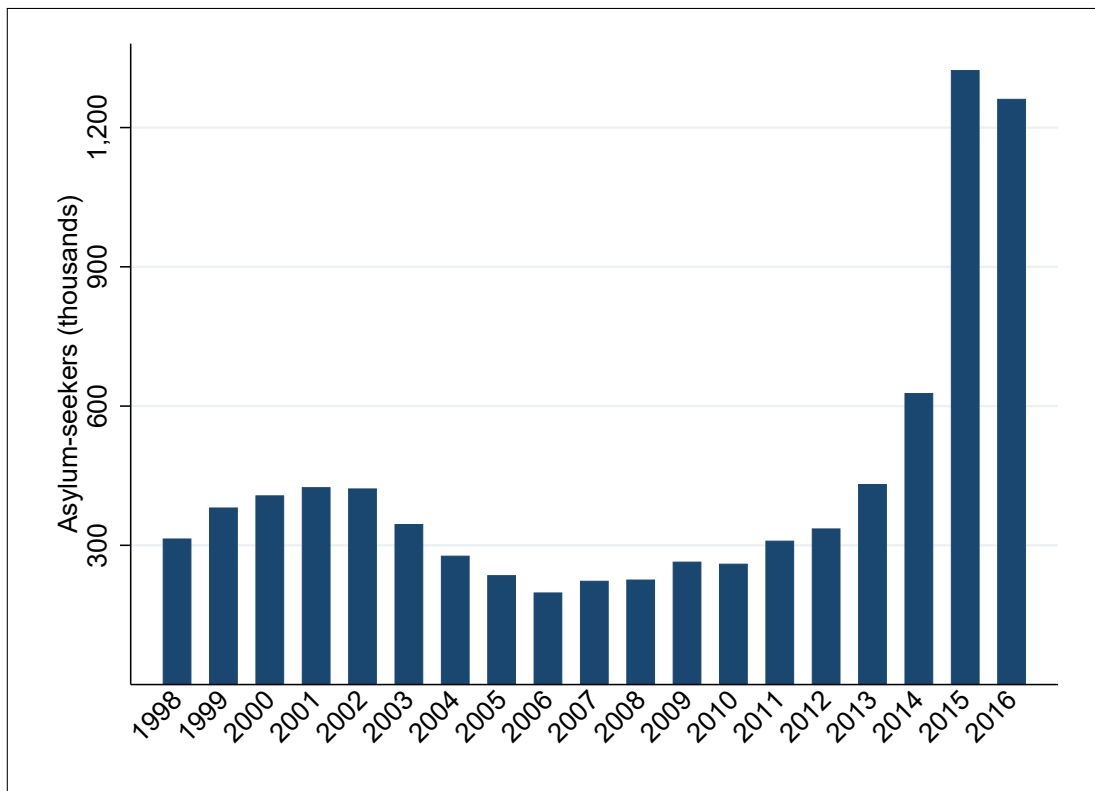
$$Y_{it} = \alpha + \gamma \hat{\delta}_i + \beta_1 X_i + \lambda_{tma} + \eta_{it} \quad (3)$$

where Y_{it} is equal to one of the two dependent variables described above, X_i are municipal

and mayoral characteristics,¹⁶ λ_{lma} captures labor market areas (LMA) fixed effects, and γ is the parameter of interest.

E.2 Additional Figures and Tables

Figure E1: Number of asylum-seekers EU Countries



Notes. Sources: Eurostat

¹⁶For the time-variant variables, we keep the first observation in the dataset for all municipalities.

Table E1: 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	1.285 (1.672)	1.357 (1.627)	-0.360 (0.720)
Share other migrants in 2004	1.000*** (0.063)	0.936*** (0.070)	
Mean outcome	30.36	30.36	11.61
R-squared	0.638	0.652	0.611
Observations	6,407	6,407	6,407
LMA FE	Yes	Yes	Yes
Time invariant controls	No	Yes	Yes
Time variant controls	No	Yes	Yes

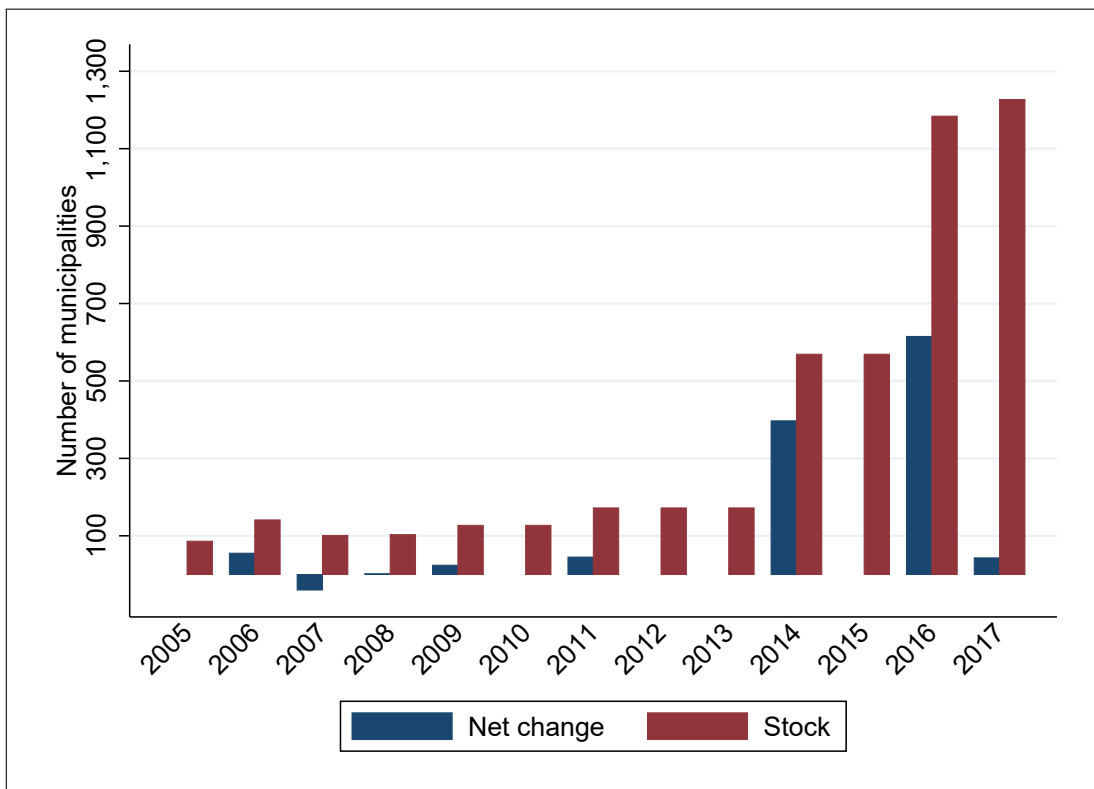
Notes. Italian municipalities in year 2017. Treatment variables: Magnitude electoral incentives = magnitude of the effect of electoral incentives on the probability of no opening a refugee centre during the tenders in years 2005-2016. Outcome variables: 1) in columns 1-2, Share other migrants in 2017 = migrants 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 of other migrants 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. Time invariant 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, daily newspapers circulation. Time variant controls: population, municipal share of migrants, 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 E2: Correlation past and present participation to SPRAR

	(1)	(2)
Outcome =1 municipality opens SPRAR centre last tender		
Past participation	0.476*** (0.043)	0.421*** (0.038)
Mean outcome	0.093	0.093
R-squared	0.363	0.592
Observations	7,145	7,145
LMA FE	No	Yes
Time invariant controls	No	Yes
Time variant controls	No	Yes

Notes. Italian municipalities in 2017. Treatment variable: 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. Time invariant 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, daily newspapers circulation. Time variant controls: population, municipal share of migrants, 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 column 2. 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 ***.

Figure E2: 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.

F Theoretical model

This section proposes a model that can rationalize the results found in the paper.¹⁷

F.1 Model

Consider a municipality with a measure one of voters who live for three periods, $t \in \{0, 1, 2\}$. In each period, the incumbent mayor must implement a policy $x_t \in \{0, 1\}$. A fraction α of the population strictly prefers policy $x_t = 0$, while the other fraction $1 - \alpha$ prefers $x_t = 1$. We will refer to the two groups as group 0 and group 1, respectively. Our main interpretation for x_t is the choice to open a SPRAR center in the municipality ($x_t = 1$) or not ($x_t = 0$).¹⁸ As discussed in the introduction and in Section B.2, the opening of a refugee center generates positive economic spillovers on the municipality. We therefore interpret voters in group 1 as individuals who value these spillovers more than any direct effect of immigration (although they could also simply be pro-immigration). On the other hand, group 0 represents individuals that feel very strongly against immigration, and are willing to forgo the positive spillovers in order to keep immigrants away from their municipality. Voters' per period utility is

$$u_i(x_t) = -(x_t - x_i)^2$$

with $x_i \in \{0, 1\}$ represents individual's bliss point.

The incumbent politician is both policy- and office-motivated. Their per period utility

¹⁷Other theoretical explanations can rationalize our empirical findings. For example, towards the end of the term incumbents might prefer to focus on policies with immediate returns, which can be clearly attributed to them and not to future mayors. In the case of SPRAR centers, returns might not be so immediate: economic spillovers might take time to materialize and, in line with the contact hypothesis (Allport (1954)), voters could become more tolerant towards immigrants only once they have been in contact with them. Gamalerio et al. (2021) show that this is indeed the case in the setting of Italian municipalities. This alternative explanation is not in contrast with our model and is also consistent with the idea that electoral incentives distort politicians' behavior. In this model too, as elections approach, politicians' decisions stop being guided by their preferences or by the interests of their municipality, and instead are taken only to maximize electoral returns. The advantage of our setting is that it clearly captures the effect of electoral competition and anti-immigrants voters, in line with our empirical results.

¹⁸This interpretation does not have to apply for all t , and mayors might face this decision only once during their term. In this case, x_t would represent the choice to open a center only in one period $t \in \{0, 1\}$, while it would represent a different decision in the other (and possibly in $t = 2$). Our goal is simply to compare mayor's behavior if they were given the opportunity to open a refugee center at the beginning of their term, versus their behavior if this opportunity arose at the end. Because of our modeling assumptions, there is no strategic link between period 0 and period 1 choices, so for our purposes it does not matter whether x_t represents the choice of opening the center in all periods or just once during the mayor's term.

function is

$$u_P(x_t) = -\eta(x_t - x_t^P)^2 + \pi_t R$$

where $\eta > 0$, π_t represents the (endogenous) probability that a politician is in power in period t and R denotes rents from election. We assume politicians' type (and therefore policy preferences x_t^P) change over time. For any given politician P

$$x_t^P = \frac{\mu_t^P + \mu_{t-1}^P}{2}$$

where $\mu_t^P \in \{0, 1\}$. Then, in each period t , $x_t^P \in \{0, 1/2, 1\}$. If $x_t^P = 1$, the politician believes that opening a center can be good for the municipality, because of ethical and/or economic reasons. On the contrary, if $x_t^P = 0$ the incumbent thinks that the priority is to “protect” the municipality from the arrival of migrants. Finally, when $x_t^P = 1/2$, the politician is only interested in being in power and their choice to open a center or not simply depends on the electoral consequences of each option. The value of μ_t^P is independently drawn in each period and across politicians, with $Prob(\mu_t^P = 1) = 1/2$. The value of μ_t^P of any politician is private knowledge in period t , and is only revealed to voters in period $t + 1$. We assume voters are forward looking and use past policy decisions to infer the incumbent's type.

Our assumption on the evolution of politicians' type implies that incumbents' decisions at time $t = 0$ are completely uninformative to voters at the time of election. Although it would be possible to write a more complicated version of the model where first period decisions provide *some* information to voters, our results rely on the assumption that end-of-term decisions are more informative than beginning-of-term ones.¹⁹ This is in line with the empirical observation that voters are biased towards more recent events when evaluating politicians' performance (see for example, Huber et al. (2012) and Healy and Lenz (2014)) and is also consistent with anecdotal evidence about Italy.²⁰

¹⁹We could obtain similar conclusions with a retrospective voting model where voters are biased towards more recent events, as in Bouton et al. (2021). This alternative specification, however, would require us to model politician's decisions in the period of the term where opening a SPRAR center is not an option, which instead is not necessary under our specification.

²⁰At the beginning of the '90s, a large anti-corruption investigation (Clean Hand) implicated thousands of Italian politicians. Based on the findings in Asquer, Golden and Hamel (2020), the article “Corruzione, gli inquisiti si ricandidano. E vengono rieletti” (“Corruption, people under investigation run again, and they get re-elected”, L'Espresso, 30/06/2014, in Italian) reports that 36% of the politicians under investigation in between 1992 and 1994 run again in one of the following elections and 17% of them managed to be re-elected. The article reports a comment by the Italian political scientist Alberto Vannucci: “Time reduces the negative effect [of the corruption scandal] on the politician's reputation. Voters tend to forget the accusations, also because trials disappear from the media”. Further anecdotal evidence can be found in “Esiti elettorali imprevisti, le sorprese della democrazia” (“Unforeseen electoral outcomes, the surprises of

Elections take place only at the end of period 1, so that $t = 0$ and $t = 1$ can be interpreted as the beginning and end of a mayor’s term. When elections are held, a challenger is randomly extracted from the pool of candidates. To capture the multidimensionality of the electoral competition, we assume that a voter j in group 1 has a bias against the incumbent equal to λ_j , which is uniformly distributed on $\left[-\frac{1}{2\phi}, \frac{1}{2\phi}\right]$. The bias can be the result of a number of factors that we consider exogenous to our problem, including incumbents’ decisions on issues different from x_t or other external shocks to the popularity of the mayor. High values of ϕ are associated to a large concentration of the probability mass around 0, and therefore to a generally unbiased population. Thus, the larger ϕ the more voting decisions depend on the choice of x_t . In what follows, we will therefore interpret ϕ as a measure of electoral competition. Voters in group 0 do not have any bias. This captures the idea that these voters feel very strongly against immigration, to the point of conditioning their vote only on the politician’s decision to open a refugee center. Finally, we assume there is uncertainty over the final number of people that will vote for each party. Letting v represent the share of voters who prefer the incumbent to the challenger in period 1, we assume the actual share of votes the incumbent receives is $v + \varepsilon$, with ε uniformly distributed on $\left[-\frac{1}{2\psi}, \frac{1}{2\psi}\right]$.

The timing of the game is as follows. At the beginning of each period t , μ_t^P ’s are privately revealed to all politicians. The incumbent then chooses x_t . Voters observe this choice, together with μ_{t-1}^P . At the end of period 0, the game moves directly to the following one. At the end of period 1, instead, elections take place and voters decide whether to vote for the incumbent or the challenger. When indifferent between the two, we assume they (plan to) vote for each candidate with probability 0.5. The game ends at the end of period 2.

In the analysis that follows, our goal is to characterize and compare the choice of an incumbent at the beginning and at the end of their term ($t = 0$ and $t = 1$, respectively).

F.2 Equilibria

We begin by looking at incumbent’s choices in period $t = 0$. Our assumptions on the evolution of politicians’ types imply that x_0 has no impact on the incumbent’s re-election probability. Indeed, since x_0^P is completely independent of x_2^P , period 0 decision does not provide any information to voters about future incumbent’s behavior. Given this observation, it is immediate to conclude that the incumbent will only follow their personal preferences

democracy”, Corriere della Sera, 15/07/2022, in Italian). When commenting about the decision by the 5 Star Movement to withdraw their confidence on Italian Prime Minister Mario Draghi, the author writes “It should not be underestimated that Italians have a short memory. A few months of renewed “fight against the caste” and some of the lost votes will return to the fold”.

when deciding whether to open a refugee center at the beginning of their term. Then, the implemented policy in period 0 will be

$$x_0^* = \begin{cases} 1 & \text{if } x_0^P = 1 \\ 0 & \text{if } x_0^P = 0 \\ 1 \text{ with probability } \sigma \in [0, 1] & \text{if } x_0^P = 1/2 \end{cases}$$

Since the incumbent does not face any re-election incentives in period 2, choices in this period will mirror choices in period 0, i.e. $x_2^* = x_0^*$. Let us now consider voters' decision at the time of election (end of period 1). Let $P \in \{I, C\}$ denote the politician that will be in power in period 2, with $P = I$ if the incumbent is re-elected, $P = C$ if the challenger wins instead. If $\mu_1^P = 1$, then $x_2^* = 1$ with probability $(1 + \sigma)/2$. This is because, if $\mu_1^P = 1$, then $x_2^P \in \{1/2, 1\}$, with each type happening with equal probability. By the same reasoning, since a $\mu_1^P = 0$ implies $x_2^P \in \{0, 1/2\}$, $x_2^* = 1$ with probability $\sigma/2$ in this case. Then, a voter's period 2 expected utility conditional on μ_1^P is

$$U_i(\mu_1^P) = \begin{cases} -\frac{(1+\sigma)}{2}(1-x_i)^2 - \frac{(1-\sigma)}{2}(0-x_i)^2 & \text{if } \mu_1^P = 1 \\ -\frac{\sigma}{2}(1-x_i)^2 - \frac{(2-\sigma)}{2}(0-x_i)^2 & \text{if } \mu_1^P = 0 \end{cases}$$

Notice that $U_0(1) < U_0(0)$ and $U_1(1) > U_1(0)$. Let $\tilde{\rho} = \tilde{\rho}(x_1)$ denote voters' updated belief on the probability that $\mu_1^I = 1$, after having observed x_1 . Then, a voter's expected utility of re-electing the incumbent is

$$EU_i^I = \tilde{\rho}U_i(1) + (1 - \tilde{\rho})U_i(0)$$

while the expected utility of electing the challenger is

$$EU_i^C = \frac{1}{2}U_i(1) + \frac{1}{2}U_i(0)$$

This implies that voters in group 0 will prefer the incumbent to the challenger if and only if

$$EU_0^I > EU_0^C \Leftrightarrow \frac{1}{2} - \tilde{\rho} > 0$$

A voter j in group 1 will prefer the incumbent to the challenger if and only if

$$EU_1^I > EU_1^C + \lambda_j \Leftrightarrow \lambda_j < \frac{1}{2} \left(\tilde{\rho} - \frac{1}{2} \right)$$

so that the (expected) share of voters in this group who prefer the incumbent to the challenger can be found by computing

$$Prob \left(\lambda_j < \frac{1}{2} \left(\tilde{\rho} - \frac{1}{2} \right) \right) = \frac{1}{2} + \frac{\phi}{2} \left(\tilde{\rho} - \frac{1}{2} \right)$$

Combining everything, then, the share of individuals in the municipality who prefer the incumbent to the challenger is

$$v(x_1) = \alpha v_0 + (1 - \alpha) \left[\frac{1}{2} + \frac{\phi}{2} \left(\tilde{\rho} - \frac{1}{2} \right) \right]$$

where

$$v_0 = \begin{cases} 1 & \text{if } \tilde{\rho} < \frac{1}{2} \\ 0 & \text{if } \tilde{\rho} > \frac{1}{2} \\ 1/2 & \text{if } \tilde{\rho} = \frac{1}{2} \end{cases}$$

Finally, one can compute the incumbent's probability of winning for a given choice x_1 as

$$\pi(x_1) = Prob \left(v(x_1) + \varepsilon \geq \frac{1}{2} \right) = \frac{1}{2} - \psi \left(\frac{1}{2} - v(x_1) \right)$$

We can now characterize the equilibria of the game. Since μ_0^I is known to voters, we can actually identify equilibria for the two separate subgames where $\mu_0^I = 1$ (so that $x_1^I \in \{1/2, 1\}$) and $\mu_0^I = 0$ (so that $x_1^I \in \{0, 1/2\}$). The equilibria in the two cases are very similar, with the only difference being the ranges of parameters that support them.

Proposition 1. *In equilibrium, either*

1. *Both types choose to open the center: for all μ_0^I , $x_1^* = 1$ for all x_1^I , $\tilde{\rho}(1) = 1/2$ and $\tilde{\rho}(0) = \rho_0$;*

or

2. *Only the type that is relatively more open to immigration opens the center: $x_1^* = 1$ if $x_1^I = 1$ and $\mu_0^I = 1$ or if $x_1^I = 1/2$ and $\mu_0^I = 0$, $x_1^* = 0$ otherwise. For all μ_0 , $\tilde{\rho}(1) = 1$ and $\tilde{\rho}(0) = 0$.*

or

3. No type chooses to open the center: for all μ_0^I , $x_1^* = 0$ for all x_1^I , $\tilde{\rho}(1) = \rho_1$ and $\tilde{\rho}(0) = 1/2$;

We call these equilibria *pooling on 1* (P1), *separating* (S) and *pooling on 0* (P0), respectively. The existence of these three type of equilibria is proven in Corollary 1. To complete the proof of Proposition 1, we only need to show that these are the only possible equilibria. The only other candidate would be one where only the type that is relatively more against immigration opens the center. A simple reasoning shows that this cannot be an equilibrium. Suppose $\mu_0^I = 1$ so that the possible types are $x_2^I \in \{1/2, 1\}$. If type $x_2^I = 1/2$ prefers to open the SPRAR center, this must mean that opening the center guarantees a higher probability of winning. But then, choosing not to open the center would be sub-optimal for type $x_2^I = 1$, as by doing this the politician would forego both a higher private utility and a higher probability of winning. A similar reasoning can be made for the case of $\mu_0^I = 0$.

To keep notation simple, in the proposition we have assumed ρ_0 and ρ_1 to be independent of the value of μ_0^I . We could easily remove this restriction as our conclusions and comparative statics do not depend on them. The case of Italian municipalities we consider in our empirical analysis is in line with the P0 equilibrium. In this case, a politician that is open to immigration ($x_t^I = 1$) would open the refugee center at the beginning of their electoral term, but they would not when they are subject to re-election. A similar conclusion holds for type $x_t^I = 1/2$, although this type would only open the center with some probability in period 0.

In order to perform some comparative statics on the main parameters of the model, in what follows we impose some restrictions on the values of out of equilibrium beliefs ρ_0 and ρ_1 . More precisely, we set $\rho_0 < 1/2$ and $\rho_1 > 1/2$. These restrictions are easily justified by an equilibrium refinement in line with Banks and Sobel (1987). The refinement is based on the idea that some types are “more likely” to deviate than others. Consider for example the *pooling on 0* equilibrium when $\mu_0^I = 1$. This is an equilibrium where $x_1^I \in \{1/2, 1\}$ and no type chooses to open the center. Suppose that, for some voters’ behavior, type $x_1^I = 1/2$ (the relatively more opposed to immigration) prefers to deviate from the equilibrium strategy and open the SPRAR center. Given this type’s preferences, this can happen only if the deviation increases the probability of being re-elected. But then a type $x_1^P = 1$ would be willing to deviate too, since they would get a both a higher probability of re-election *and* the possibility to implement their favorite policy. Then, any time a type $x_1^I = 1/2$ wants to deviate, type $x_1^I = 1$ wants to deviate too. Notice that the opposite reasoning does not hold. If voters observed a politician choosing $x_1 = 1$, when all types are expected to choose $x_1 = 0$, then,

they should believe that this politician is more likely to be open to immigration and set $\rho_1 > 1/2$. A similar reasoning can be applied in all other cases.

Corollary 1. *The conditions characterizing the existence of the pooling on 1, separating and pooling on 0 equilibria are, respectively,*

$$\phi \geq \frac{2\alpha}{1-\alpha} \left(\frac{1}{1-2\rho_0} \right) \quad (\text{P1}_1)$$

$$\frac{2}{1-\alpha} \left(\alpha - \frac{\eta}{\psi R} \right) \leq \phi \leq \frac{2\alpha}{1-\alpha} \quad (\text{S}_1)$$

$$\phi \leq \left(\alpha - \frac{2\eta}{\psi R} \right) \left(\frac{2}{1-\alpha} \right) \left(\frac{1}{2\rho_1-1} \right) \quad (\text{P0}_1)$$

when $\mu_0^I = 1$, and

$$\phi \geq \left(\alpha + \frac{2\eta}{\psi R} \right) \left(\frac{2}{1-\alpha} \right) \left(\frac{1}{1-2\rho_0} \right) \quad (\text{P1}_0)$$

$$\frac{2\alpha}{1-\alpha} \leq \phi \leq \frac{2}{1-\alpha} \left(\alpha + \frac{\eta}{\psi R} \right) \quad (\text{S}_0)$$

$$\phi \leq \frac{\alpha}{1-\alpha} \left(\frac{2}{2\rho_1-1} \right) \quad (\text{P0}_0)$$

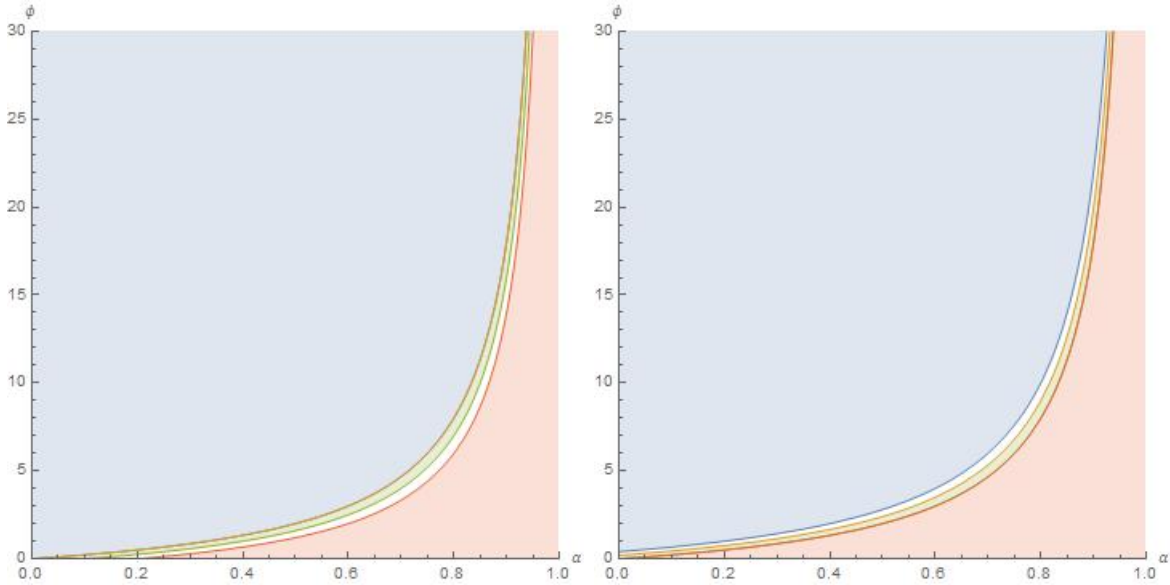
when $\mu_0^I = 0$, with $\rho_0 < 1/2$ and $\rho_1 > 1/2$.

We discuss how to derive these conditions in section F.2.1. In Figures F1 to F4, we plot the regions of existence of each equilibrium, as a function of α (horizontal axis) and ϕ (vertical axis) and for different values of the out of equilibrium beliefs and other parameters of the model. For this purposes, we define $A = \eta/\psi R$. The regions shaded in blue represent the set of parameters such that the P1 equilibrium exists, those in green show the existence of the S equilibrium and those in red the existence of the P0 one. When a figure has multiple panels, the one on the left refers to the case of $\mu_0^I = 1$ and the one on the right to the case of $\mu_0^I = 0$. Let us begin by setting $\rho_0 = 0$ and $\rho_1 = 1$, as in Figure F1. In this case, independently of the value of A , the three regions of existence have no intersection, and there can be no multiplicity of equilibria. When $\mu_0^I = 1$, this continues to be the case for other values of ρ_0 and ρ_1 , although now it does not hold for all values of A . For example, Figure F2 shows the case of $\rho_1 = 0.9$ and $\rho_0 = 0.25$ (and $A = 0.2$). In Figures F1 and F2, a clear comparative statics emerges: fixing the value of α , an increase in ϕ decreases the probability of being in the P0 equilibrium. Similarly, for any given value of ϕ , increases in α increase the probability of being in that equilibrium.

Figure F1: Existence of the three types of equilibria ($\rho_0 = 0$, $\rho_1 = 1$ and $A = 0.1$)

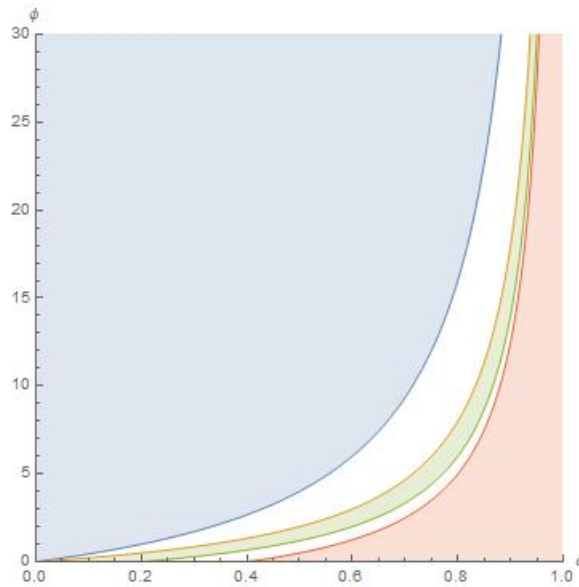
(a) $\mu_0^I = 1$

(b) $\mu_0^I = 0$



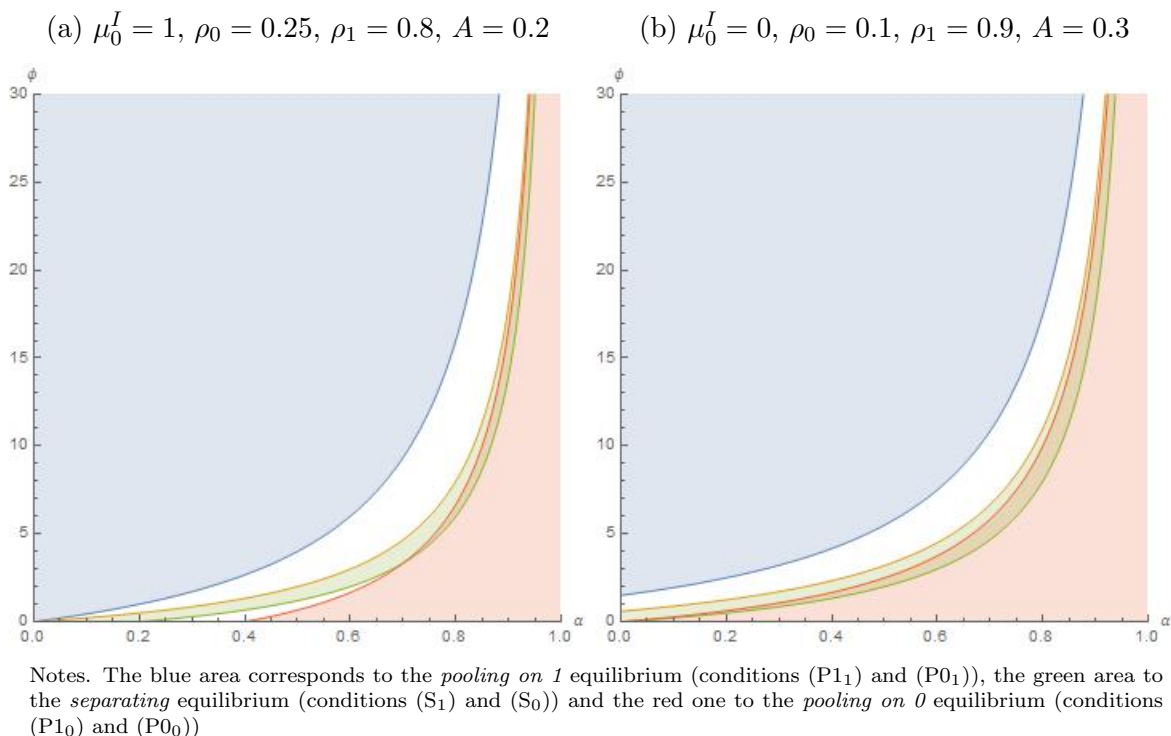
Notes. The blue area corresponds to the *pooling on 1* equilibrium (conditions (P1₁) and (P0₁)), the green area to the *separating* equilibrium (conditions (S₁) and (S₀)) and the red one to the *pooling on 0* equilibrium (conditions (P1₀) and (P0₀))

Figure F2: Existence of the three types of equilibria ($\mu_0^I = 1$, $\rho_0 = 0.25$, $\rho_1 = 0.9$ and $A = 0.2$)



Notes. The blue area corresponds to the *pooling on 1* equilibrium (conditions (P1₁) and (P0₁)), the green area to the *separating* equilibrium (conditions (S₁) and (S₀)) and the red one to the *pooling on 0* equilibrium (conditions (P1₀) and (P0₀))

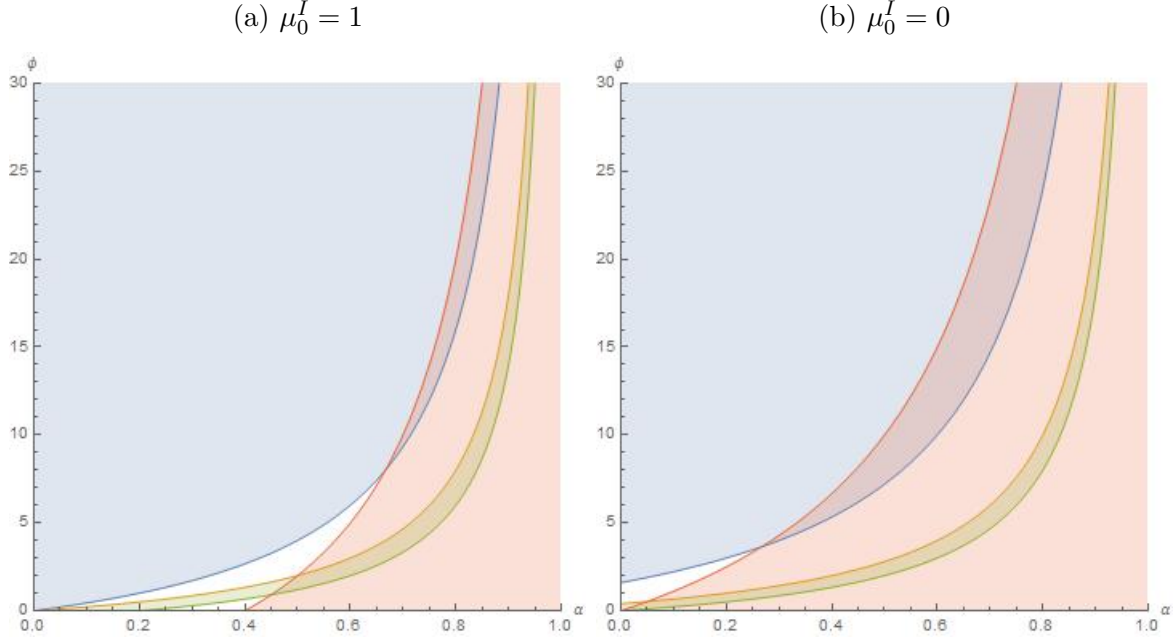
Figure F3: Existence of the three types of equilibria



In Figure F3, we show a situation where equilibria S and P0 coexist for some parameter values. This happens when the lower bound in (S₁) (respectively, (S₀)) lies below the upper bound in (P0₁) (respectively, (P0₀)). The figure for $\mu_0^I = 1$ was plotted setting $A = 0.2$, $\rho_0 = 0.25$ and $\rho_1 = 0.8$, while the one for $\mu_0^I = 0$ assumes $A = 0.3$, $\rho_0 = 0.1$ and $\rho_1 = 0.9$. Notice that the comparative statics mentioned above still hold in this case, although in a weaker manner for some parameter regions.

Figure F4 shows a third possible configuration of the different equilibria. In the figure, the upper bound in (P0₁) (respectively, (P0₀)) lies above the lower bound for (S₁) (respectively, (S₀)) in some regions of the graphs. The main implication of this is that our comparative statics is not as straightforward as before. Indeed, for some values of α , an increase in ϕ could now increase the probability of being in the P0 equilibrium and, for some values of ϕ , an increase in α could decrease it. Despite these results, we still believe that our model predicts a comparative statics in line with the one discussed above, at least for the Italian case. First, this third configuration happens only under some parameter values, and can never happen when $\rho_0 = 0$ and $\rho_1 = 1$. Second, the region of the graphs where the comparative static might not go in the direction we claim happens for relatively high values of α , which might make it unlikely. Third, even in that region, our comparative statics holds locally. Suppose

Figure F4: Existence of the three types of equilibria ($\rho_0 = 0.25$, $\rho_1 = 0.6$ and $A = 0.2$)



Notes. The blue area corresponds to the *pooling on 1* equilibrium (conditions (P1₁) and (P0₁)), the green area to the *separating* equilibrium (conditions (S₁) and (S₀)) and the red one to the *pooling on 0* equilibrium (conditions (P1₀) and (P0₀))

we start from a value of α and ϕ such that only equilibrium P0 exists: small increases in ϕ or small decreases in α still increase the probability of leaving this equilibrium in favor of equilibrium S. Finally, and this is probably our main argument, the empirical analysis confirms the comparative statics in the first figures. Hence, while it is theoretically possible that ϕ and α have different impacts on the behavior of politicians, this is not the case for the Italian scenario we are considering.

F.2.1 Proof of Corollary 1

Proof. Let $\mu_0^I = 1$ first and consider the P1 equilibrium. Under the equilibrium behavior by the two types, $\tilde{\rho}(1) = 1/2$. Let $\tilde{\rho}(0) = \rho_0 < 1/2$, as discussed in the previous section. For this equilibrium to exist, it must be that

$$\begin{cases} \pi(1)R \geq \pi(0)R - \eta \\ \pi(1)R \geq \pi(0)R \end{cases}$$

The two conditions state that both types $x_1^I \in \{1/2, 1\}$ prefer $x_1 = 1$ to $x_1 = 0$. As the first condition is implied by the second, we can rearrange the latter and substitute for $\pi(x_1)$

appropriately, to find

$$\phi \geq \frac{2\alpha}{1-\alpha} \left(\frac{1}{1-2\rho_0} \right)$$

Now consider the S equilibrium. In this case, the incumbent's decision is fully informative about their type, so that $\tilde{\rho}(1) = 1$ and $\tilde{\rho}(0) = 0$. Such an equilibrium exists if and only if

$$\begin{cases} \pi(1)R \geq \pi(0)R - \eta \\ \pi(0)R \geq \pi(1)R \end{cases}$$

The two conditions combined give

$$0 \leq \pi(0) - \pi(1) \leq \frac{\eta}{R}$$

and substituting appropriately,

$$\frac{2}{1-\alpha} \left(\alpha - \frac{\eta}{\psi R} \right) \leq \phi \leq \frac{2\alpha}{1-\alpha}$$

Finally, consider the P0 equilibrium. In this case, $\tilde{\rho}(1) = \rho_1 > 1/2$ and $\tilde{\rho}(0) = 1/2$, and the conditions for existence are

$$\begin{cases} \pi(0)R - \eta \geq \pi(1)R \\ \pi(0)R \geq \pi(1)R \end{cases}$$

As the first condition implies the second, we can rearrange it and make the necessary substitutions to find

$$\phi \leq \left(\alpha - \frac{2\eta}{\psi R} \right) \left(\frac{2}{1-\alpha} \right) \left(\frac{1}{2\rho_1 - 1} \right)$$

We now turn to the case of $\mu_0^I = 0$. All beliefs are the same as before, we just need to consider different types of incumbent now. The P1 equilibrium exists if and only if

$$\begin{cases} \pi(1)R - \eta \geq \pi(0)R \\ \pi(1)R \geq \pi(0)R \end{cases}$$

which lead to the following condition on the parameters of the model

$$\phi \geq \left(\alpha + \frac{2\eta}{\psi R} \right) \left(\frac{2}{1-\alpha} \right) \left(\frac{1}{1-2\rho_0} \right)$$

The S equilibrium exists if and only if

$$\begin{cases} \pi(0)R \geq \pi(1)R - \eta \\ \pi(1)R \geq \pi(0)R \end{cases}$$

or equivalently if and only if

$$\frac{2\alpha}{1-\alpha} \leq \phi \leq \frac{2}{1-\alpha} \left(\alpha + \frac{\eta}{\psi R} \right)$$

Finally, the P0 equilibrium exists if and only if

$$\begin{cases} \pi(0)R \geq \pi(1)R - \eta \\ \pi(0)R \geq \pi(1)R \end{cases}$$

or equivalently if and only if

$$\phi \leq \frac{\alpha}{1-\alpha} \left(\frac{2}{2\rho_1 - 1} \right)$$

□