

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

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Abstract

Do electoral incentives affect immigration policies? Our model shows that politicians manipulate immigration policies for electoral reasons, and their behavior depends on the share of anti-immigrant voters and the level of electoral competition. Exploiting the Italian system for refugees' reception, we empirically show that electoral incentives reduce the probability of bidding for a refugee center by 24%, despite the economic benefits arising from these centers. High shares of extreme-right voters and low levels of electoral competition drive the effect. The results explain why it is difficult to reach an equal redistribution of refugees across and within countries.

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

JEL Classification: R23, J61, D72, C23.

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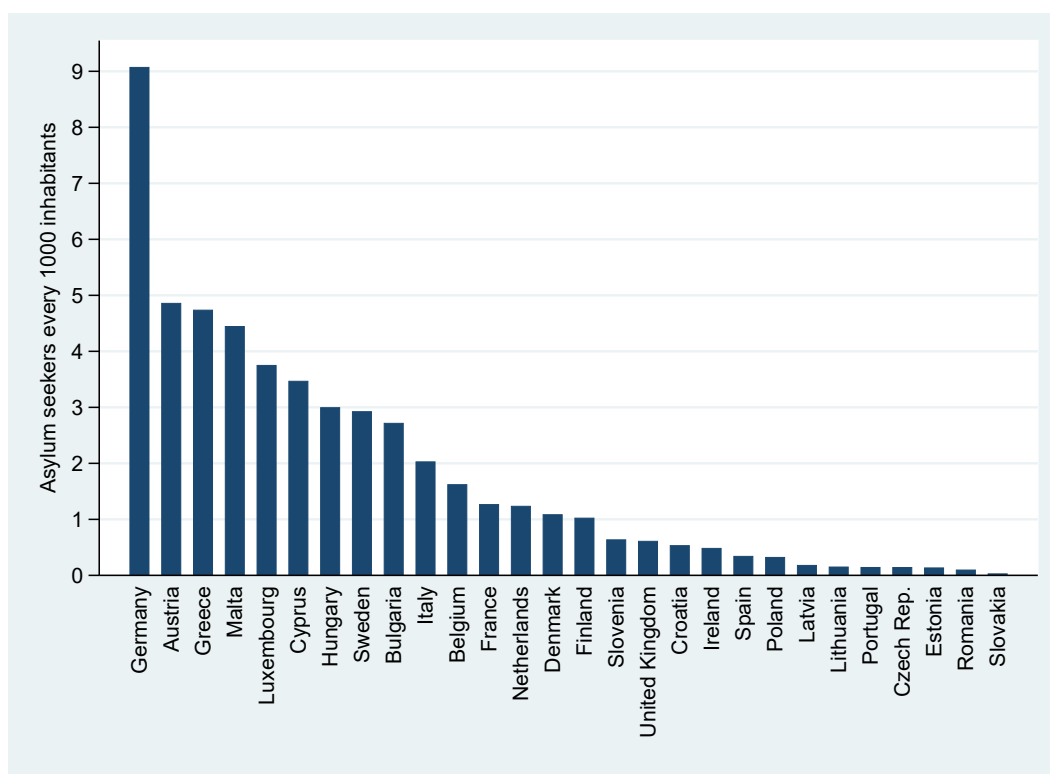
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1 Introduction

In recent years, international migration has become a hotly debated issue in politics and the media. For example, international migration has been one of the central topics in the electoral campaign of Donald Trump and during the Brexit referendum. In addition, following the increase in the stream of refugees and asylum seekers seeking protection in western countries, the reception of refugees has become a hugely important challenge. Many national and local governments do not want to host refugees and asylum seekers, producing asymmetries in terms of “responsibility” or “burden-sharing” across and within countries (Fernandez-Huertas Moraga and Rapoport, 2014 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 quite 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.

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. More specifically, we study how electoral incentives affect governments' immigration policies, and specifically the reception of refugees and asylum seekers. As immigration has an impact on electoral outcomes (Barone et al., 2016; Dinas et al., 2018; Hangartner et al., 2018; Dustmann et al., 2019; Vertier et al., 2021; Tabellini, 2020), and given that politicians can anticipate voters' reactions, we can expect governments to manipulate immigration policies to gain votes or to avoid losing popularity. In addition, in a world where politicians' preferences are not observed by voters (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 begin by proposing a simple career concern model that formalizes this intuition. In line with our empirical analysis, our focus will be on opening a refugee center in a municipality. However, we can also extend all our results to the more general setting where a country must decide whether to admit immigrants or not. We consider a game where an incumbent mayor can signal their type to voters through the decision to open the center. Politicians have preferences over the decision itself, which depend on their type. The implicit assumption we make in the model is that opening the refugee center generates positive economic spillovers on the municipality. The presence of these spillovers is consistent with our empirical setting, as will be discussed later. More generally, the assumption is equivalent to recognizing that immigrants are net contributors to the welfare system (Dustmann and Frattini, 2014). A mayor who prefers to open the center, then, does not necessarily have to be pro-immigration. Our main interpretation for this type is an individual attaching more importance to the economic benefits than to the issue of immigration itself. On the contrary, a mayor who is opposed to opening a center feels strongly enough against immigration to be willing to forgo any benefits. Voters have different preferences over the type of politician they would like to have in power so that the population is divided into two groups: individuals strongly opposed to immigration on one side, and individuals who care more about the fiscal policy dimension and the positive effects that migration can have on it on the other side (as for politicians, these voters might be pro-immigration, but they do not have to).

The incumbent is in power for two periods, representing the beginning and the end of their term (i.e., the election year). The politician faces a new policy decision in every period. We assume that politicians' types evolve over time, and the incumbent's decision at the beginning of their term is completely uninformative about their future type and choices. Hence, the incumbent takes the first-period policy decision in the absence of any electoral pressure. Therefore, conditional on the politician's type, any change in their behavior between the beginning and end of term captures the effect of electoral incentives.

We assume that individuals who value economic benefits more than immigration *per se* can have a bias in favor or against the incumbent, which we assume to be randomly distributed. The bias could arise from external shocks to the politician's popularity, like a scandal or a decision taken at the national level that trickles down to the municipality. Alternatively, the bias could be the result of other choices made by the mayor during the term. This assumption allows us to introduce a measure of electoral competition, which we broadly define as the extent to which the electoral fortune of the mayor depends on their decisions on the immigration policy. When the bias distribution is very dispersed, voting decisions are almost unaffected by the mayor's choices, and electoral competition is low. Instead, when most of the probability mass is around zero, votes can easily swing in one direction or the other following the politician's decision, and electoral competition is high. We assume no bias for voters in the other group, as these are supposed to be "extremist voters" whose vote for/against the incumbent only depends on the politician's decision to open the refugee center.

The model produces three different equilibria: one where all types of politicians open the center, one where no type opens it, and one where only the type that is more open to immigration does. The second equilibrium is the most interesting for our purposes, and it is the one that we test in our empirical analysis. The crucial feature of this equilibrium is that mayors in favor of opening the center will only do so if they are at the beginning of their term. When the decision to open the refugee center must be taken close to the elections, the mayor will prefer to pander towards the anti-immigration voters. This result delivers our first empirical prediction: the probability of opening a refugee center is lower for municipalities where the mayor is reaching the end of their term. In addition, the model produces two interesting comparative statics, which we can test with our data. We show that the likelihood of being in the equilibrium of interest increases in the share of voters who feel strongly against immigration and decreases in our measure of electoral competition. The first result is intuitive, as the larger the share of these voters, the more an incumbents'

re-election chances depend on them. The second result is also straightforward but requires a little more discussion. The choice of not opening a refugee center reduces the probability that individuals who value the economic benefits arising from it will vote for the incumbent. When elections are highly competitive, namely when many of these individuals are still undecided about their vote, this can negatively impact the mayor’s chances of re-election, which the vote of the anti-immigration group cannot compensate. This result is consistent with the intuition that intense political competition induces political parties to compete for the support of swing voters, who may care more about the economic component rather than the ideological and divisive one of immigration policies (Besley, Persson, and Sturm, 2010; Barone et al., 2016).

To test the model’s predictions, we use data from all Italian municipalities for 2005-2017. 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). Based on this policy, SPRAR centers are allocated at the municipal level through tenders issued by the Home Office. Municipalities that open a SPRAR center receive substantial fiscal grants from higher levels of government. Thus, as described in Section 4, for a municipal government, opening a reception center may be an investment, with benefits for the local economy. There is, in fact, abundant anecdotal evidence that describes how municipalities that participate in the program benefit from hosting refugees and from the fiscal grants received.¹ Besides, Gamalerio et al. (2021) show how SPRAR refugee centers positively affect local “compositional amenities” and population growth, suggesting that the economic benefits of SPRARs may go beyond the fiscal grants received.

The Italian SPRAR system has two important features that we exploit. First, municipalities can choose whether to participate in the tender and bid to open a reception center on their territory. Importantly, 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 by 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

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

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 who are in the final year of their term (i.e., just before elections) when the Home Office launches a tender, with mayors in other years of their term. Following the literature (Labonne, 2016), we interpret the parameter estimated through this comparison as the effect of electoral incentives on the probability of opening a reception center.

In line with our theoretical predictions, the probability of bidding for the opening of a reception center is 24 percent lower for municipalities that are 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.³ This result suggests that municipal governments decline to host refugees in response to electoral incentives. To test the comparative statics obtained in the theoretical part, we implement two heterogeneity analyses. First, we show that municipalities with a higher share of voters with extreme-right political preferences drive the main results. These voters are a proxy for the individuals who feel very strongly against immigration in the model. Next, we show that the negative effect of electoral incentives on the reception of refugees is reduced in municipalities where political competition, measured by the mayors’ margin of victory, is high.

To provide further evidence supporting our theoretical intuition, we use survey and electoral data to investigate the factors behind politicians’ decisions. More specifically, 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 the reception of refugees, the answers of the mayors may still be useful to understand their motivations. The descriptive statistics show that most of the mayors interviewed think that

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. In addition, the exogenous timing of SPRAR’s tenders reduces the concern that the results may be affected by early interruptions of the electoral mandate.

³The results survive these robustness checks: first, the results are unaffected if we control for early interruptions of the electoral mandate. Second, the results are unchanged if we control for unobserved differential trends at the geographical level or across groups of municipalities that vote at different points in time. Third, we show that the results are not due to negative weights associated with the estimated coefficient through the two-way fixed effects model (de Chaisemartin and D’Haultfoeuille, 2020). Fourth, we provide a placebo test that helps to rule out the possibility that the baseline effect is driven by the fact that mayors are busy with the electoral campaign during the last year of the term. Finally, the results do not seem to be driven by political orientation, alignment with the Central Government, or differences across mayors regarding previous and future careers in the private sector.

immigrants are good for the economy. However, the statistics also show that most mayors think that the majority of voters would not favor receiving more immigrants. This evidence is in line with the idea that mayors might not open refugee centers just before elections because they fear being punished by voters and not necessarily because they think receiving refugees may be detrimental to the economy. The intuition is further reinforced by the suggestive evidence produced using electoral data, which shows that opening a refugee center in the final year of the term is negatively correlated with the incumbent's vote share at the next election.

In Section 8, we discuss how the effect of electoral incentives on the reception of refugees 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. In addition, we provide suggestive evidence on these potential medium and long-run consequences. Specifically, we show that municipalities in which electoral incentives affected the reception of refugees more strongly in the past host a smaller share of refugees and have a lower probability of opening a refugee center in the last year available in the data. We also provide suggestive evidence that municipalities with higher shares of extreme-right voters may drive this medium-run persistence. Conversely, political competition seems to attenuate this medium-run persistence of the negative effect. This evidence suggests that the effect of electoral incentives can lead to an unbalanced reception of refugees in the medium and long run.

The results of this paper have a few messages and potential policy implications. First, the main 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. The results in Gamalerio et al. (2021) and Campo et al. (2021) suggest that a decentralized policy like SPRAR appears to be accepted in a better way by native voters once the refugee centers are established and operative. However, the results of this paper suggest that politicians' electoral incentives may make it complicated to develop such decentralized policies. As described in Section 4, these results are consistent with the fact that participation in the SPRAR program has been usually below targets. The results also suggest that an eventual 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 Section 4, 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).

The remainder of the paper is organized as follows. Section 2 describes the related literature. In Section 3, we describe the theoretical model and results. Sections 4 and 5 provide a description of the Institutional context and the data, respectively. We describe the empirical strategy in Section 6, and the main results of the paper in Section 7. In Section 8, we provide suggestive evidence on the unbalanced reception. Section 9 concludes.

2 Related literature

This paper contributes to different strands of the literature. The first is the literature showing that immigration positively impacts 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). As mentioned before, while this literature provides evidence about the behavior of voters (i.e., the demand side), there is little evidence about the behavior of politicians dealing with immigration issues (i.e., the supply side). As far as we are aware, the only exceptions are Folke (2014), Facchini and Steinhardt (2011), Casarico, Facchini and Frattini (2018), and Gamalerio, Morelli, and Negri (2021).⁴ All these papers look at different aspects of the same question and are therefore complementary to our analysis. Folke (2014) focuses on party representation and how it affects immigration and environmental policies in Swedish municipalities. Facchini and Steinhardt (2011) and Casarico, Facchini, and Frattini (2018) study the determinant of the voting behavior of U.S. Congressmen in relation to the legalization of undocumented migrants. Finally, Gamalerio, Morelli, and Negri (2021) focus on the effect of electoral systems in shaping migration policies.

Second, the paper contributes to the literature on the distortive effect of electoral incentives on incumbents' policy-making decisions (see among many others Canes-Wrone et al., 2001; Maskin and Tirole, 2004; Acemoglu et al., 2013; Ash et al., 2017). Part of this literature has shown how these incentives generate electoral cycles in public expenditures

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 US sheriffs.

(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 greater employment opportunities to gain popular support. In this paper, we show how politicians might instead decide to forgo important 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 towards the interests of a group of individuals whose vote crucially depends on these issues. It is interesting to compare our conclusions on the effect of electoral competition with those found by List and Sturm (2006). Contrary to our findings, the authors show (both theoretically and empirically) that higher electoral competition increases the likelihood of an equilibrium where a politician against “green” policies might decide to pass them anyway. We believe 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 (or, more generally, to welcome immigrants) also affects voters who do not care about immigration through an indirect 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 main intuitions of the paper may 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, Flynn and Horiuchi, 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).

Finally, other papers study the problem of immigration in the Italian context. Barone

et al. (2016) study 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) show that the election of extreme-right mayors influences the location of migrants at the municipal level. Finally, Genovese, Belgioioso, and Kern (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 Theory

3.1 Model

Consider a municipality with a measure one of voters who live for three periods, $t \in \{0, 1, 2\}$. All voters derive utility from having a “good” in incumbent in power, namely someone that is able to recognize the needs of the municipality and properly address them. However, voters have different opinions on what a municipality’s needs really are and therefore disagree on the definition of a good incumbent. To capture this idea, we assume the municipality is partitioned into two groups, which we index by $i \in \{0, 1\}$. Each group has an ideal type of incumbent q_i , with $q_0 = 0$ and $q_1 = 1$. Denoting by q_t^P the type of politician in power in period t , a voter in group i in period t gets utility

$$u_i(q_t^P) = -(q_t^P - q_i)^2$$

We assume group 0 constitute a fraction α of the population, while the remaining fraction $1 - \alpha$ belongs to group 1. Politicians’ types evolve over time. For any given politician P

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

where $\mu_t^P \in \{0, 1\}$. Then, in each period t , $q_t^P \in \{0, 1/2, 1\}$. 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 $t + 1$.

In each period t , the incumbent mayor can take an action to signal their type to voters. We denote the action by $x_t \in \{0, 1\}$ and assume that

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

where $\eta > 0$, π_t represents the (endogenous) probability that a politician is in power in period t and R denotes rents from election. All players (politicians and voters) discount future utility at a rate $\beta > 0$.

Our main interpretation for x_t is the choice to open a SPRAR center in the municipality ($x_t = 1$) or not ($x_t = 0$).⁵ As discussed in the introduction, the opening of a refugee center generates positive economic spillovers on the municipality. We therefore interpret voters in group $i = 1$ 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. Similarly, $q_t^P = 1$ denotes a politician who believes that opening a center can be good for the municipality, because of ethical and/or economic reasons. A type $q_t^P = 0$ instead thinks that the priority for the welfare of the municipality is to “protect” it from the arrival of migrants. Finally, a type $q_t^P = 1/2$ represents a politician that is only interested in being in power. Their choice to open a center or not simply depends on the electoral consequences of each option.

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

⁵This 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.

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).

3.2 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 q_0^P is completely independent of q_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 when deciding whether to open a refugee center at the beginning of their term, so that

$$x_0^* = \begin{cases} 1 & \text{if } q_0^P = 1 \\ 0 & \text{if } q_0^P = 0 \\ 1 \text{ with probability } \sigma \in [0, 1] & \text{if } q_0^P = 1/2 \end{cases}$$

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. $x_2^* = x_1^*$. 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 $q_2^P \in \{1/2, 1\}$, with each type happening with equal probability. By the same reasoning, since a $\mu_1^P = 0$ implies $q_2^P \in \{0, 1/2\}$, $x_2^* = 1$ with probability $\sigma/2$ in this case. Then, a

voter's period 2 expected utility conditional on μ_1^P is

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

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 $i = 0$ 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

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

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 $q_1^I \in \{1/2, 1\}$) and $\mu_0^I = 0$ (so that $q_1^I \in \{0, 1/2\}$). 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,*

1. *Either both types choose to open the center: for all μ_0^I , $x_1 = 1$ for all q_1^I , $\tilde{\rho}(1) = 1/2$ and $\tilde{\rho}(0) = \rho_0$;*
2. *Or only the type that is relatively more open to immigration opens the center: $x_1 = 1$ if $q_1^I = 1$ and $\mu_0^I = 1$ or if $q_1^I = 1/2$ and $\mu_0^I = 0$, $x_1 = 0$ otherwise. For all μ_0 , $\tilde{\rho}(1) = 1$ and $\tilde{\rho}(0) = 0$.*
3. *Or no type chooses to open the center: for all μ_0^I , $x_1 = 0$ for all q_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. 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 ($q_t^I = 1$) 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 $q_t^I = 1/2$, 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 $q_1^I \in \{1/2, 1\}$ and no type chooses to open the center. Suppose that, for some voters’ behavior, type $q_1^I = 1/2$ (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 $q_1^P = 1$ 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 $q_1^I = 1/2$ wants to deviate, type $q_1^I = 1$ wants to deviate too. Notice that the opposite reasoning does not hold. If voters observed a politician choose $x_1 = 1$, 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 the appendix. In Figures 2 to 5, we plot the regions of existence of each equilibrium, as a function of α (horizontal axis) and ϕ (vertical

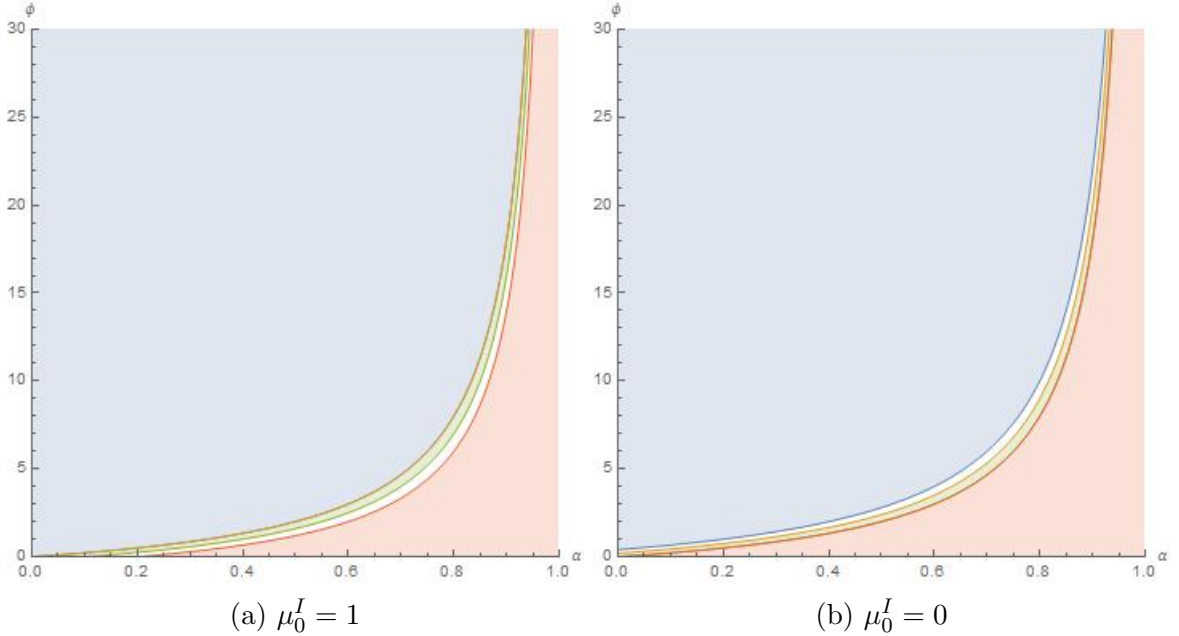


Figure 2: Regions of existence of the three types of equilibria as a function of α (horizontal axis) and ϕ (vertical axis), when $\rho_0 = 0$, $\rho_1 = 1$ and $A = 0.1$. The blue area corresponds to the *pooling on 1* equilibrium (conditions (P1₁) and (P0₁)), the green area to the *separating* equilibrium (conditions (S₁) and (S₀)) and the red one to the *pooling on 0* equilibrium (conditions (P1₀) and (P0₀))

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 yellow 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 2. 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 any value of A . For example, Figure 3 shows the case of $\rho_1 = 0.9$ and $\rho_0 = 0.25$ (and $A = 0.2$). In Figures 2 and 3, 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.

In Figure 4, 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

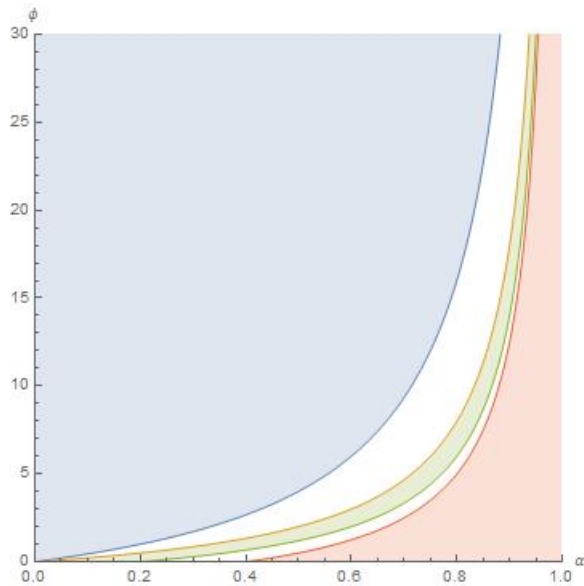


Figure 3: Regions of existence of the three types of equilibria as a function of α (horizontal axis) and ϕ (vertical axis), when $\rho_0 = 0.25$, $\rho_1 = 0.9$ and $A = 0.2$. The blue area corresponds to the *pooling on 1* equilibrium (conditions (P1₁) and (P0₁)), the green area to the *separating* equilibrium (conditions (S₁) and (S₀)) and the red one to the *pooling on 0* equilibrium (conditions (P1₀) and (P0₀))

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 5 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 we start from a value of α and ϕ such that only equilibrium P0 exists: small increases in

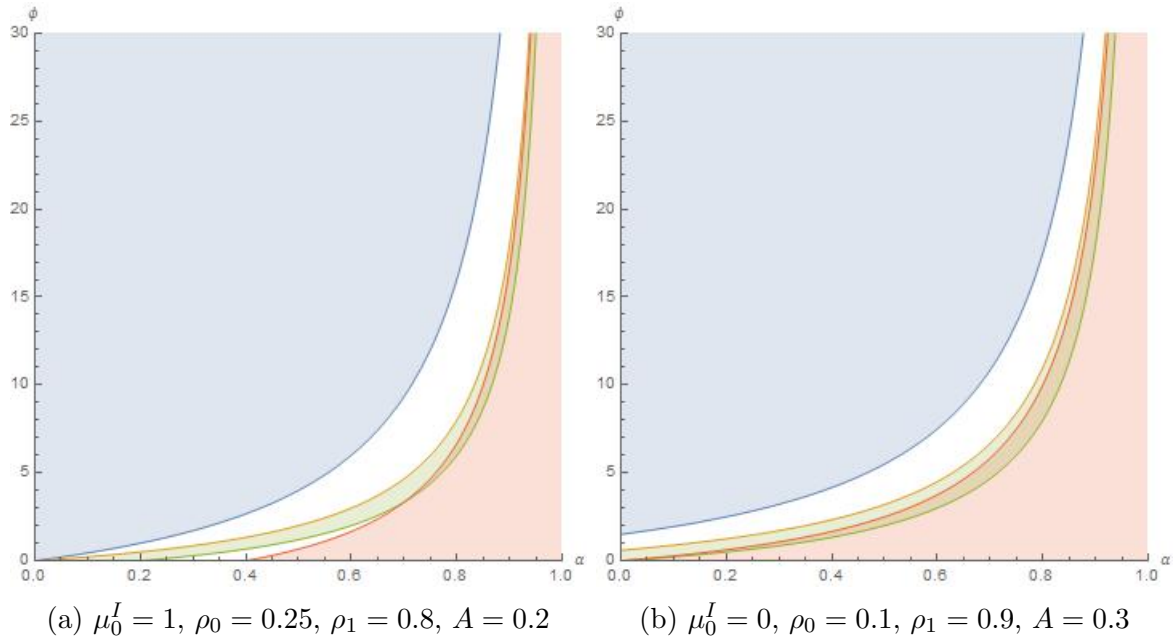


Figure 4: Regions of existence of the three types of equilibria as a function of α (horizontal axis) and ϕ (vertical axis), for different values of ρ_0, ρ_1 and A . The blue area corresponds to the *pooling on 1* equilibrium (conditions $(P1_1)$ and $(P0_1)$), the green area to the *separating* equilibrium (conditions (S_1) and (S_0)) and the red one to the *pooling on 0* equilibrium (conditions $(P1_0)$ and $(P0_0)$)

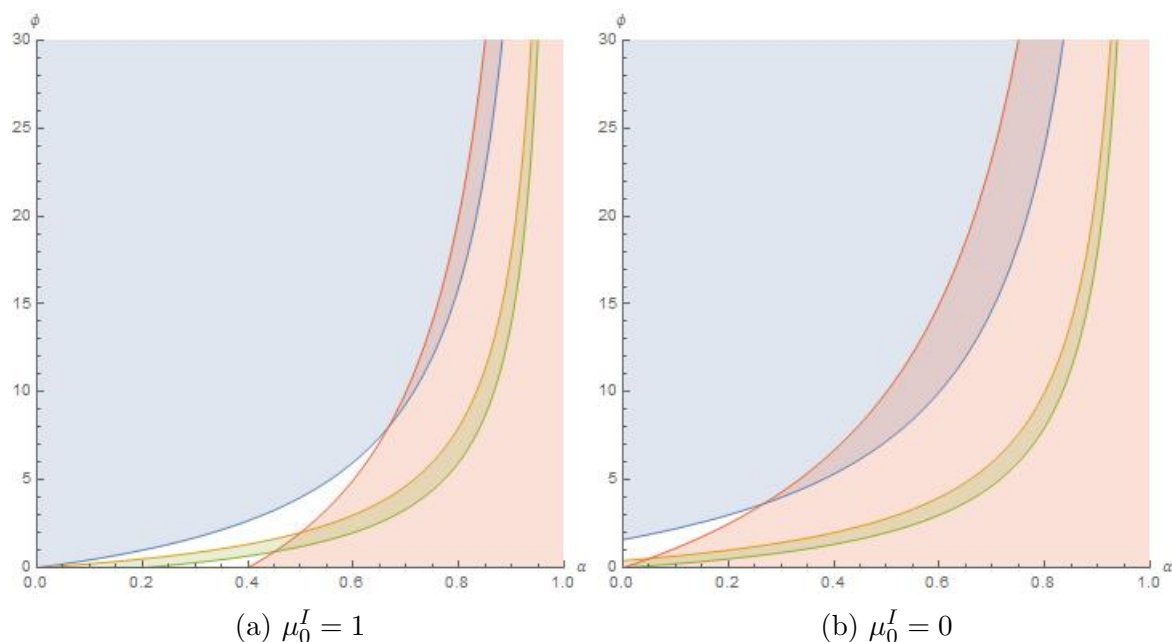


Figure 5: Regions of existence of the three types of equilibria as a function of α (horizontal axis) and ϕ (vertical axis), when $\rho_0 = 0.25$, $\rho_1 = 0.6$ and $A = 0.2$. The blue area corresponds to the *pooling on 1* equilibrium (conditions (P1₁) and (P0₁)), the green area to the *separating* equilibrium (conditions (S₁) and (S₀)) and the red one to the *pooling on 0* equilibrium (conditions (P1₀) and (P0₀))

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.

Before moving to the empirical analysis, let us briefly summarize the testable predictions of our model:

1. The probability of opening a refugee center should be lower in municipalities where the mayor is at the end of their term;
2. Larger shares of anti-immigrant voters decrease the likelihood that a center is opened at the end of term;
3. Higher electoral competition increases the likelihood that a center is opened at the end of term.

4 Institutional Setting

4.1 Italian municipalities

In Italy, municipalities are the lower level of government, below provinces, regions, and the central state.⁶ 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, Morelli, and Negri (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 are today 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

⁶Besides regions and provinces, municipalities are grouped in labor market areas (LMA) for statistical reasons. LMA are geographical areas where most labor force lives and works, and firms can 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.

in Italian municipalities are independent of national political parties and receive the support of local parties called “Civic Lists”.

4.2 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.⁷

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 A1 describes the tenders studied in this paper,

⁷As 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-immigrazione>.

providing information on the temporal window during which municipalities can bid and the timing of the opening of the reception centers.⁸

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.⁹ More in detail, a small share of the grants is transferred directly to asylum seekers and refugees for small personal expenses (the so-called “pocket money”).¹⁰ 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, Morelli and Negri (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.¹¹ 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.¹²

⁸Participation 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 A1). In addition, Table A1 shows that, for tenders 8 and 10, the starting and ending dates for applications are in two different years, which makes the assignment of these two tenders to a specific electoral year more discretionary. The results described below do not change if we drop tenders 8 and 10. Results can be made available upon request.

⁹Depending 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.

¹⁰The estimated daily cost for hosting a refugee is around 35 euros. The “pocket money” is usually around 2.5 euros per day

¹¹The 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)

¹²While official numbers about the targets of the Home Office are not available, the anecdotal evidence

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.¹³ Figure A2 reports the aggregate number of places made available by all SPRAR municipalities by year.

5 Data

We use data on all Italian municipalities for the years 2005-2017, obtained from different sources. The first set of data contains information about the SPRAR tenders issued in the period 2005-2017. This data comes from three different sources: first, the Home Office webpage (interno.gov.it/it/amministrazione-trasparente/bandi-gara-e-contratti), Second, the webpage of SPRAR (sprar.it). Third, the "Briguglio archive"¹⁴ which is an online archive with material about migration. We have used this webpage 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

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 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) 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.

¹³For 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.

¹⁴briguglio.asgi.it/immigrazione-e-asilo/index.html

SPRAR grants received. We use all the information in this dataset to build the dependent variable used in the analysis below.

The second set of data contains information about municipalities’ characteristics. This data is provided by the Italian Statistical Office (ISTAT) and the Home Office. We collected the following municipal characteristics from ISTAT: educational level of the municipal population, the share of children (less than 5 years old) and elderly (more than 65 years old), the total municipal population, economic variables like the number of firms, income, and unemployment rate, geographical coordinates, information about the foreign population legally resident in Italy and registered at the municipal level (demo.istat.it). The Home Office provides data about the municipal balance sheets (finanzalocale.interno.it), in which it is possible to find information about all municipal expenditures and revenues. Data on municipal politicians (amministratori.interno.it) is from the Home Office and contains information on personal characteristics such as the past professional background, past political experience, age, gender, and education. We use all this information collected to build the independent variables used in the regression analysis below. In addition, we collect data on municipal and European elections results from the Italian Home Office. We use the results of these elections to run the heterogeneity analysis.

The final dataset contains information about 8025 municipalities for the period 2005-2017. We report the descriptive statistics of this dataset in Table A2.

6 Empirical Strategy

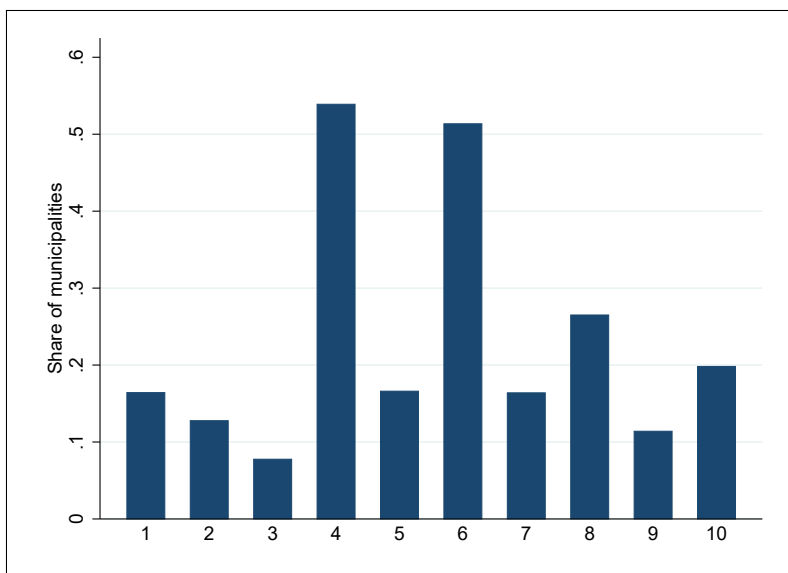
To estimate the effect of electoral incentives on the reception of refugees, we run the following model:

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

where the dependent variable $Refugees_Centre_{it}$ is equal to 1 if municipality i bids for opening a SPRAR center during tender t . The independent variable of interest $Final_{it}$ is equal to 1 for mayors who are in the final year of the term when tender t is issued and equal to 0 for mayors in other years of the term. The inclusion of municipal fixed effects γ_i enables us to control for unobserved time-invariant municipal determinants of the dependent variable. Municipal and mayoral characteristics are collected in X_{it} . Given the structure of the data, standard errors are likely to be serially correlated within municipalities. For this reason,

the model is estimated clustering standard errors at municipality level.¹⁵ The parameter of interest β_1 estimates the effect of electoral incentives on the reception of refugees. The identification of β_1 is based 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, this exogenous timing is combined 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 6, which reports the share of municipalities in the final year of the term by tender.

Figure 6: 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 A1 for more information), while the y-axis the share of municipalities in the final year of the electoral term.

Combining these two sources of variation enables 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 is not controlled by municipal governments. This idea is further reinforced in sub-section 7.3, where we 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 munic-

¹⁵Results do not change if we cluster the standard errors at the provincial or labor market areas (LMA) levels. Results can be made available upon request.

ipal elections enables us to control for tender fixed effects λ_t , which allows separating the effect of electoral incentives from the one of common shocks like, for example, changes in economic and political conditions. In addition, following the literature on electoral budget cycles (Labonne, 2016; Repetto, 2017), in sub-section 7.3, we show that the results are unchanged if we control for differential linear, quadratic, and non-linear time trends across labor market areas (LMA) and electoral groups.¹⁶ This evidence enables us to rule out the possibility that unobserved differential trends at the geographical level or across groups of municipalities that vote at different points in time are driving the results. Besides, consistent with the model, in the analysis below, we show that the effect of electoral incentives on refugees' reception is concentrated in the final year of the term only. We do not find differences in behavior in the other years of the electoral terms. Finally, in a recent paper, de Chaisemartin and D'Haultfœuille (2020) show that two-way fixed effects models estimate a weighted sum of the average treatment effects (ATE) in each group and period and that some of the weights may be negative. They show that many negative weights could be an issue for the estimates. We use their routine to demonstrate that this is not an issue in our analysis.

7 Empirical results

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

Before describing the evidence on the effect of electoral incentives on refugees' reception, 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 potential costs represent a factor potentially driving their behavior, as our theoretical model suggests. We provide this evidence in two ways.

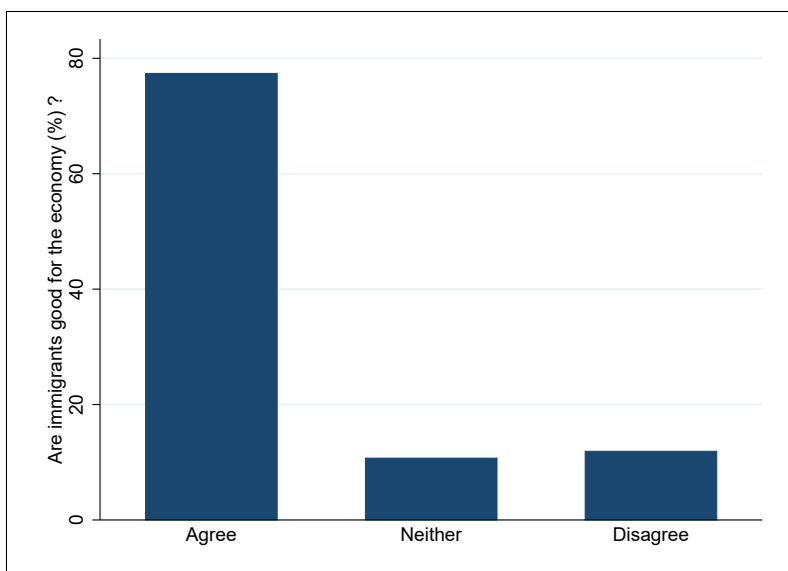
First, we use survey data from the Italian National Election Studies (Itanes) association to provide evidence on the politicians' opinions about immigration and related policies. We exploit the survey organized on the occasion of the 2013 Italian National Elections. Itanes collected the opinion of the candidates for the Italian Parliament about different topics, among which migration.¹⁷ Given the focus on Italian municipalities, we isolated the answers

¹⁶As described by Table A3, municipalities can be divided into five electoral groups, depending on the first election date found in the data.

¹⁷More in detail, between July and September 2013, Itanes sent a questionnaire of 263 questions to 2878

of 84 candidates who worked as mayor in the past.¹⁸ 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) which is the opinion of your party's voters to the question "do we receive too many immigrants"? Figure 7 reports the possible answers to the first question, which are: 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.

Figure 7: Survey of mayors: are immigrants good for the economy (%)?



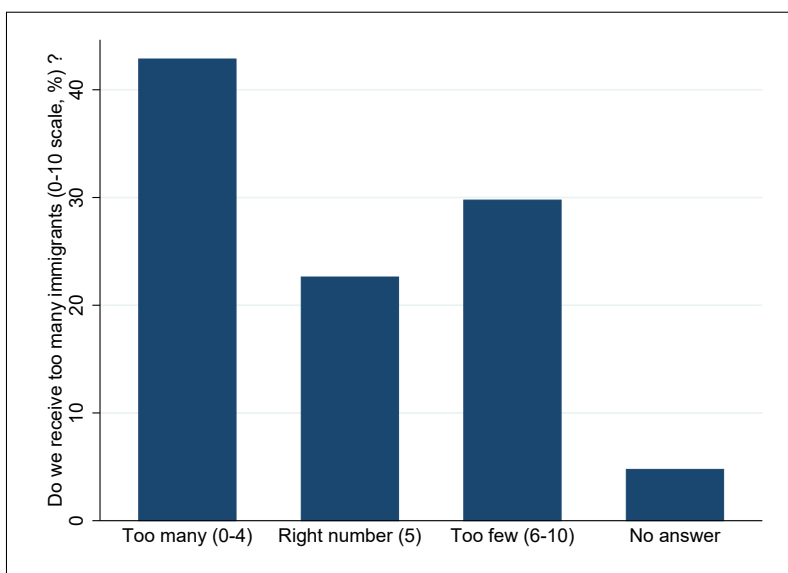
Notes. Sources: Itanes. Survey run interviewing candidates at the 2013 national election. The graph reports the percentage of the answers given by the candidates to the question: are immigrants good for the economy? The answers represent the personal opinion of candidates. Possible answers: 1 strongly 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.

The answers to question 2 provide suggestive evidence regarding the expectations of politicians about voters' preferences on migration issues. Figure 8 reports these answers, which follow a 0-10 scale, where 0 means "we receive too many immigrants" and 10 "we 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).

¹⁸The descriptive results are essentially the same if we keep the entire sample of 672 candidates.

could receive much more 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, like 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 8 suggests that interviewed mayors think that most of the 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.

Figure 8: 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.

The evidence in Figures 7-8 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 1 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 election¹⁹ on a dummy variable equal to 1 if the mayor applies for opening a refugee center in the final year of the term. We estimate the coefficients controlling for labor market areas (LMA) fixed effects²⁰, 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 1 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 1 suggest that potentially there are electoral costs associated with the reception of refugees.

7.2 The effect of electoral incentives on the reception of refugees

This section describes the paper’s main results on the effect of electoral incentives on refugees’ reception. Specifically, we estimate equation 1 using the entire sample of Italian municipalities over the period 2005-2017. During this period, the Home Office issued ten tenders for the opening of refugee centers. Given that the analysis is developed excluding years with no SPRAR tenders, and given the presence of missing values, model 1 is estimated using an unbalanced panel of 78,112 observations. Panel A of Table 2 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. Both Panel A and B of Table 2 are composed of six columns. Columns 1-3 report the results obtained using the entire sample of 8025 Italian municipalities over the period 2005-2017, columns 4-6 the results obtained considering only the municipalities that bid for opening a SPRAR at least once during the period 2005-2017. 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 A2).

The results in columns 1-3 of Panel A of Table 2 show that electoral incentives negatively

¹⁹Second-term mayors are term-limited, and they are usually replaced by the vice-mayor or by ministers of the 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.

²⁰For data limitation, most of the municipalities have only one observation in this exercise. Thus, we are not able to control for municipal FE.

Table 1: 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	-2.173*	-2.094*	-7.709**	-8.622***
	(1.153)	(1.259)	(3.164)	(3.203)
Mean outcome	55.93	55.93	47.55	47.55
R-squared	0.184	0.285	0.304	0.379
Observations	8,695	8,695	2,038	2,038
Year of election FE	Yes	Yes	Yes	Yes
LMA FE	Yes	Yes	Yes	Yes
Controls	No	Yes	No	Yes

Notes. All Italian municipalities, electoral years 2005-2017. The outcome variable is equal to the vote share taken by the incumbent's coalition at the next election. Treatment variable: 1) Refugee centre final year of the term = 1 for municipalities that bid for opening a SPRAR in the final year of the term. Controls: dummy variable for refugee centre opened 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, share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy for early interruption mandate. 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. 685 LMAs considered). Significance at the 10% level is represented by *, at the 5% level by **, and at the 1% level by ***.

impact refugees' reception. The coefficients are statistically significant at the 1 percent significance level and are stable across three different specifications. The results indicate that mayors in the final year of the term have a lower probability of applying for a SPRAR than mayors in the other years of the term, with a reduction of approximately 24 percent compared to the mean of the outcome variable. A similar picture emerges if we consider the sub-sample of mayors who bid at least once in 2005-2017. Finally, the results in columns 1-6 of Panel B, also plotted in Figure 9, 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. This evidence in Panel B of Table 2 and Figure 9 is consistent with the intuitions of the theoretical model, which explains how the effect should emerge at the end of the electoral term.

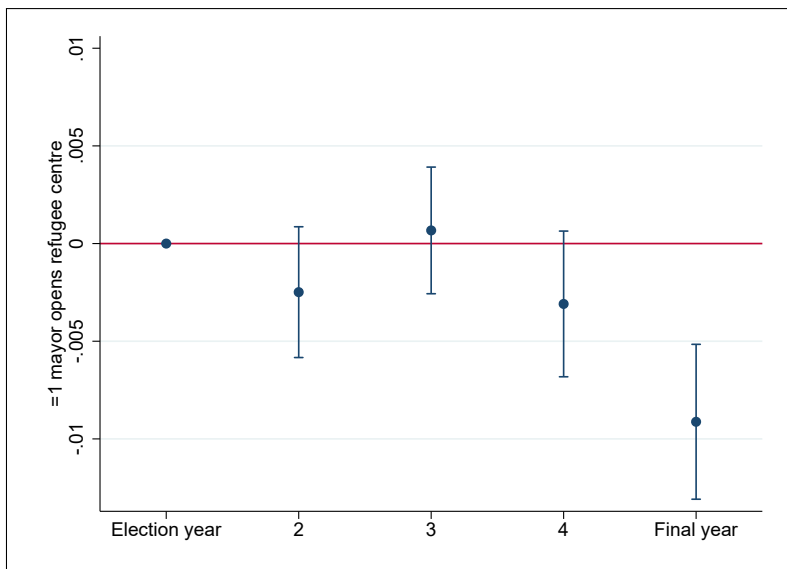
Table 2: Effect of electoral incentives on the reception of refugees

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

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

Then, we investigate which factors drive the negative effect of electoral incentives on the reception of refugees. Following the model's predictions, we analyze the role of the share of anti-immigrant voters and the role of electoral competition. We report the results of this heterogeneity analysis in Table 3. Starting with the share of anti-immigrant voters, in column

Figure 9: 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 open a SPRAR centre.

2 of Table 3, we interact $Final_{it}$ with the variable $Extreme-right\ voting_{it}$. We built this variable using data from the 2004, 2009, and 2014 European elections. The variable is equal to the share taken by extreme-right parties in a municipality at the most recent European election.²¹ The variable takes values from 0 to 1, where 0 indicates that extreme-right parties did not receive any support, while 1 means that they got 100 percent of the votes.²² The coefficient of the interaction term $Final_{it} \times Extreme-right\ voting_{it}$ is negative, significant,

²¹We use data from European elections because the proportional electoral system used has the following nice features: 1) voters tend to vote sincerely, choosing their preferred party; 2) political parties usually run alone, without forming coalitions. These features allow getting data on the vote shares of every single party.

²²We have identified extreme-right parties using the following political positions in the political spectrum indicated by Wikipedia: left, center-left, center, center-right, right and extreme-right. Movimento 5 Stelle (Five Stars Movement) represents an exception, as their position in the spectrum is transversal. The variable $Extreme-right\ voting_{it}$ is 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., the Itanes surveys) would lead to a similar aggregation.

and it indicates that a 10 percent increase in the support for extreme-right parties exacerbates the negative effect of electoral incentives through a reduction in the probability of bidding for a refugee center which is approximately 12 percent of the mean of the outcome variable.²³ These results suggest that the interaction between electoral incentives and extreme-right preferences can be detrimental to immigration policies.

In column 3 of Table 3, we test whether political competition reduces the negative effect of electoral incentives, as predicted by our theoretical model. Following Barone et al. (2016), we create an index of political competition, which is the average margin of victory between the first and the second candidates in all municipal elections observed, with lower values indicating a higher political competition. Then, we create a dummy variable called *Political competition_i*, which is equal to 1 for municipalities with an index of political competition below the median (i.e., high political competition), and 0 otherwise. Columns 3 of Table 3 report the coefficients of the interaction term $Final_{it} \times Political\ competition_i$.²⁴ The positive coefficient indicates that in areas where political competition is intense, the negative effect is smaller, with a reduction which is 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). Finally, in column 4 of Table 3, we show that the heterogeneity results are robust even if we control for additional interaction terms between $Final_{it}$ and other municipal characteristics.

7.3 Robustness checks

The baseline results of the paper survive a series of robustness checks. First, Table A4 shows that the results are unchanged if we control for early interruptions of the electoral mandate. In Panel A, we implement this exercise by replacing $Final_{it}$ with $Final\ fake_{it}$, which we have generated after reconstructing the hypothetical electoral cycle that municipalities would have followed without early interruptions of the electoral mandate. In Panel B, we drop the small share of electoral mandates before the natural deadline. As we can see, results do not change. Second, Table A5 shows that the results do not change if we control for linear, quadratic, and non-linear labor market areas (LMA) and electoral groups trends. The evidence from this

²³Municipalities with more extreme-right preferences may elect a right-wing mayor with a higher probability. However, the coefficients on $Final_{it} \times Extreme\ right\ voting_{it}$ are unchanged if we control for the interactions between $Final_{it}$ and the political orientation of the mayor. Results available upon request.

²⁴The lower number of observations in columns 7-8 is due to missing values in electoral data.

Table 3: Heterogeneity analysis

	(1)	(2)	(3)	(4)
Outcome	=1 mayor bids for opening SPRAR			
Final	-0.008*** (0.002)	-0.002 (0.003)	-0.012*** (0.002)	0.020 (0.088)
Final X Extreme-right voting		-0.039*** (0.014)		-0.059*** (0.015)
Final X Political competition			0.007** (0.003)	0.007** (0.003)
Mean outcome	0.033	0.033	0.034	0.034
R-squared	0.328	0.329	0.322	0.324
Obs.	78,112	78,112	71,220	71,220
# municipalities	8025	8025	7296	7296
Tender FE	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes
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 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 SPRAR center during tender *t*. Controls: population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Variables interacted with *Final*: 1) Extreme-right voting = vote share taken by extreme-right parties at the most recent European election; 2) Political competition is a dummy variable equal to 1 if the average municipal margin of victory is below the median. Additional interaction terms with *Final* included in column 4 but not reported here: Share foreign = pre-existing municipal share of migrants, measured at the beginning of the electoral term; Daily newspapers = number of non-sport daily newspapers sold every 1,000 people, measured in 2001 (see Cartocci, 2007); Unemployment = unemployment rate measured in 2001; dummy variable for past participation to SPRAR; # Firms per capita = number of firms per capita, measured in 2005; share of individuals with college degree, measured in 2001; past foreign population growth rate, average from previous electoral term; past income growth rate; # no profit organizations = number of no-profit organizations, measured in 2005; log of income per capita, measured in 2005; share of elderly (i.e. age>65), measured in 2001; share of children (i.e. age<5), measured in 2001; dummy for the presence of first level refugee reception centre in the municipality. Robust standard errors clustered at the municipality level are in parentheses. 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 ***.

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. Third, de Chaisemartin and D’Haultfoeuille (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 *twowayfweights*, 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, Table A6 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 European Union. In addition, columns 3-6 of Table A6 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. This evidence helps to rule out the possibility that the paper's main results are because mayors in the final year of the term are busy since they are running the electoral campaign. Fifth, Tables A7 and A8 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 A9 and A10 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 1 shows that opening a SPRAR negatively correlates with the vote shares of the incumbent coalition at the next election also for term-limited mayors. Consistent with this evidence, Table A11 shows that electoral incentives negatively affect refugees' reception in the cases of both first and second-term mayors. Finally, Table A12 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 A12 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.

8 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 the reception of refugees in the medium-long run, given that, eventually, all municipalities will bid to open a center. In this subsection, we discuss and provide suggestive evidence of why we think that the effect of electoral incentives can persist beyond the end of the electoral

term and have consequences in the medium and long run, eventually leading to an unbalanced reception of asylum seekers and refugees.

First of all, as shown in Figure A1, the influx of migrants and the need to receive and host asylum seekers and refugees is not constant over time. Figure A2 shows that this is also the case for the SPRAR system. Hence, since municipalities do not vote all simultaneously, we can expect municipalities to host a different number of asylum seekers even in the medium and 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 we have shown in section 7.2, heterogeneous political features of the different places can lead to electoral cycles of different intensity and signs. This heterogeneity can also lead to an unbalanced reception of migrants over time, even if municipalities were voting simultaneously. As an example, let us compare two municipalities holding municipal elections at the same time. We can expect the municipality with a lower share of anti-immigrant voters and more intense political competition to host more migrants at any point in time it is necessary, even just before elections. This differential behavior due to different municipal political characteristics can thus lead to an unbalanced reception in the medium and long run.

In addition, we provide suggestive evidence that the effect of electoral incentives can persist beyond the end of the electoral term and have consequences in the medium and long run. We study the correlation between the magnitude of electoral incentives' effect 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), who has studied whether electoral cycles are detrimental to development in the Philippines. 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 A1):

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

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 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 in which the impact was positive.

Second, we estimate the correlation between $\hat{\delta}_i$ and the municipal share of refugees every 1000 inhabitants measured in 2017.²⁵ 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).²⁶ 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 unbalance 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 in 2017:

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

where Y_{it} is equal to one of the two dependent variables described above, X_i are municipal and mayoral characteristics, λ_{lma} captures labor market areas (LMA) fixed effects, and γ is the parameter of interest. We report the results in Table 4.²⁷ The dependent variable in columns 1-2 is the share of refugees every 1000 inhabitants in 2017. The dependent variable in column 3 is the share of refugees every 1000 inhabitants measured in 2004 (i.e., the year before the starting point of the dataset), which we use to check that there were no differences in the past in the share of refugees hosted across municipalities with different values of $\hat{\delta}_i$. The dependent variable in columns 4-5 is equal to 1 if a mayor opens a refugee center in the last two tenders available. 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 1.3

²⁵We calculate the 2017 municipal share of refugees using data on legal migrants residents in a municipality using data from Istat. Specifically, we calculate the share of migrants over the total municipal population considering the migrants coming from those countries from which asylum seekers and refugees are more likely to come. We took the information about the more likely countries of origin of asylums seekers and refugees from the “Atlante SPRAR”. We interpret the variable built as a proxy for the share of asylum seekers and refugees living in a municipality. Finally, for the municipalities for which the 2017 information is missing, we have used the 2016 observation. Dropping these cases with missing information for 2017 does not affect the results.

²⁶Given 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.

²⁷The smaller number of observations in the Tables in this section is because to run equations 2-3 we had to exclude municipalities for which we do not observe any final year of the electoral term in all the SPRAR tenders from 1 to 8. Besides, we lose observations for municipalities for which we could not recover data on the share of refugees every 1000 inhabitants.

percent compared to the mean of the outcome variable. Column 3 shows that this unbalance reception was not in place in 2004.²⁸ Columns 4-5 show that an increase by 10 percentage points in the intensity of the effect of electoral incentives in the past decreases the probability of opening a refugee center during the last two tenders by 1.6 percentage points.²⁹

Table 4: 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	-6.225** (2.923)	-5.295** (2.670)	1.562 (1.920)	-0.201* (0.103)	-0.164*** (0.063)
Share refugees in 2004	0.943*** (0.039)	0.895*** (0.038)			
Mean outcome	39.42	39.42	25.45	0.095	0.095
R-squared	0.692	0.718	0.604	0.407	0.601
Observations	6756	6756	6756	7059	7059
LMA FE	Yes	Yes	Yes	Yes	Yes
Controls	No	Yes	Yes	No	Yes

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

This evidence suggests that the effect of electoral incentives can persist beyond the end of the electoral term, given that municipalities in which electoral incentives affected the reception of refugees more strongly in the past host a smaller share of refugees in 2017

²⁸Table A13 shows the results of a placebo test in which we use as the dependent variable the share of migrants from countries from which asylum seekers and refugees are less likely to arrive. We interpret this variable as a proxy for economic migrants. As we can see, we do not find any correlation between the magnitude of the effect of electoral incentives and this dependent variable.

²⁹This result can be explained by the fact that participation to the SPRAR system during the last two available tenders is positively correlated with participation in the past tenders, as shown by Table A14. This evidence is consistent with the fact that exits from the SPRAR system are not frequent (Figure A3), and thus municipalities tend to remain in the system once they have entered it. Consequently, those municipalities that did not open a SPRAR center in the past are also less likely to open a reception center today.

and have a lower probability of opening a refugee center in the last two tenders. Interestingly, Table 5 shows that the magnitude of the effect of electoral incentive on refugee reception positively correlates with *Extreme-right voting_{it}* and negatively correlates *Political competition_i*. These correlations suggest that *Extreme-right voting_{it}* contributes to generate an unbalanced reception of refugees even in the medium run, while *Political competition_i* seems to reduce the imbalance.

Table 5: Correlation magnitude electoral incentives and heterogeneity dimensions

	(1)	(2)	(3)	(4)
Outcome	Extreme-right voting		Political competition	
Magnitude electoral incentives 2005-2016	0.027* (0.014)	0.008* (0.004)	-0.135* (0.069)	-0.104* (0.056)
Observations	7,059	7,059	6,715	6,715
R-squared	0.001	0.827	0.001	0.234
LMA FE	No	Yes	No	Yes
Controls	No	Yes	No	Yes

Notes. All Italian municipalities. Variables in the Table: Extreme-right voting = vote share taken by extreme-right parties at the most recent European election; Political competition is a dummy variable equal to 1 if the average municipal margin of victory is below the median; 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. Robust standard errors are in parentheses. Controls in even columns: share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Local market areas (LMA) FE included in 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 ***.

9 Conclusion

We study how electoral incentives affect immigration policies. The main results show that municipal governments refuse to host refugees in response to electoral incentives. The results also indicate that the fear of losing electoral support induces politicians to give up resources that could lead to positive economic benefits. We provide evidence of two heterogeneity mechanisms. First, we show that the effect is stronger in municipalities with a higher share of extreme-right voters. Second, we show that political competition reduces the negative effect of electoral incentives on the reception of refugees. In addition, we discuss and provide

suggestive evidence about how the effect of electoral incentives can potentially lead to an unbalance reception of refugees and asylum seekers in the medium and long run.

The results of this paper call for further research along different lines. First, in the paper, we focus on two main mechanisms indicated by our theoretical model, i.e., the role of extreme-right voters and the level of political competition. However, other political and socio-economic factors can affect immigration policies. It would be interesting if future research could analyze which other variables play a role in shaping immigration policies, focusing on the distinction among native voters between the winners and the losers of these policies. For example, Gamalerio, Morelli, and Negri (2021) highlight how different social classes and occupations may be affected differently by immigration inflows and how these different expectations affect the choices of governments about whether to implement more open immigration policies or not. Second, we think that it would be interesting to study if the results of this paper also apply to other local contexts different from Italian municipalities. Third, researchers may consider analyzing in the future whether the electoral behavior produced by Italian mayors also characterizes national politicians and governments. The evidence in Figure 1 about EU countries at the peak of the refugee crisis suggests that this could be the case. On the same line, Fasani and Frattini (2019) provide evidence of a political cycle in the enforcement of EU border control policies by part of Frontex (European Border and Coast Guard Agency).

Fourth, our analysis indicates that Italian municipal governments are willing to give up fiscal resources to avoid losing electoral support. However, we do not provide direct evidence on 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 refugee 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 associated with SPRARs. In contrast with this evidence, 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 the reception of refugees. Finally, it would be interesting to study if the opportunistic behavior of politicians making decisions on immigration policies affects the integration of asylum seekers and refugees. The results by Gamalerio et al. (2021) and Campo et al. (2021) suggest that immigration policies managed by local governments seem to lead to a better acceptance by part of natives, thus potentially leading to better inte-

gration of migrants. However, the results of this paper suggest that developing decentralized immigration policies encounters local political hostility, a fact that could have consequences for asylum seekers and refugees' integration.

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A1 Appendix Tables and Figures [For Online Publication]

Table A1: 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.

Table A2: 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>					
Graduate mayor	0.506	1334	0.416	6691	0.001
Political experience	7.096	1334	6.838	6691	0.058
Unemployed	0.087	1334	0.105	6691	0.006
Age	51.47	1334	51.350	6691	0.567
Female	0.106	1334	0.118	6691	0.090
Independent	0.574	1334	0.705	6691	0.000
Left	0.241	1334	0.114	6691	0.000
Right	0.108	1334	0.084	6691	0.000
Early interruption mandate	0.048	1334	0.035	6691	0.000
Term limit	0.252	1334	0.243	6691	0.168
<i>Municipal characteristics</i>					
Area	56.626	1334	33.479	6691	0.000
Longitude	12.326	1334	11.355	6691	0.000
Latitude	42.563	1334	43.532	6691	0.000
Altitude	307.498	1334	365.246	6691	0.000
Islands	0.106	1334	0.093	6691	0.139
South	0.306	1334	0.205	6691	0.000
Centre	0.164	1334	0.113	6691	0.000
North-East	0.079	1334	0.202	6691	0.000
North-West	0.342	1334	0.385	6691	0.003
Population	20721	1334	4416	6691	0.000
Population density	409.470	1334	252.671	6691	0.000
No-profit associations	0.004	1334	0.005	6691	0.000
Number of firms per capita	0.073	1334	0.078	6691	0.000
Unemployment	0.124	1334	0.096	6691	0.000
Income	13267	1334	13571	6691	0.001
% children	0.044	1334	0.043	6691	0.000
% elderly	0.203	1334	0.214	6691	0.000
% graduate	0.053	1334	0.045	6691	0.000

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

Table A3: Descriptive statistics by electoral groups

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

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

Table A4: Effect of electoral incentives on the reception fo 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)	-0.008*** (0.002)	-0.007*** (0.002)	-0.049*** (0.007)	-0.050*** (0.008)	-0.051*** (0.009)
Mean outcome	0.033	0.033	0.033	0.203	0.203	0.203
R-squared	0.175	0.327	0.328	0.186	0.304	0.334
Observations	78,112	78,112	78,112	12,988	12,988	12,988
# municipalities	8025	8025	8025	1334	1334	1334
<i>Panel B: drop electoral mandates interrupted before natural deadline</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.007*** (0.002)	-0.008*** (0.002)	-0.007*** (0.002)	-0.045*** (0.008)	-0.051*** (0.009)	-0.047*** (0.009)
Mean outcome	0.033	0.033	0.033	0.203	0.203	0.203
R-squared	0.167	0.323	0.323	0.181	0.295	0.332
Observations	75,498	75,498	75,498	12,416	12,416	12,416
# municipalities	8018	8018	8018	1333	1333	1333
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	No	Yes	Yes	No	Yes	Yes
Controls	Yes	No	Yes	Yes	No	Yes

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

Table A5: Geographical and groups trends

	(1)	(2)	(3)
Outcome=1 mayor bids for opening SPRAR			
Final	-0.008*** (0.002)	-0.005*** (0.002)	-0.006* (0.003)
Mean outcome	0.033	0.033	0.033
R-squared	0.368	0.380	0.558
Observations	78,112	78,112	78,112
# municipalities	8025	8025	8025
Tender FE	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes
Controls	Yes	Yes	Yes
LMA & Electoral Groups Trends	Linear	Quadratic	Non-linear

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. Controls: population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by *, at the 5% level by **, and at the 1% level by ***.

Table A6: Effect of electoral incentives on other policies
 Placebo test

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

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

Table A7: 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	-0.016** (0.006)	-0.012** (0.005)	-0.005** (0.002)	-0.041** (0.019)	-0.047** (0.019)	-0.044*** (0.012)
Mean outcome	0.070	0.037	0.025	0.242	0.179	0.182
R-squared	0.500	0.661	0.292	0.447	0.682	0.368
Observations	10,501	6,846	53,482	3096	1380	7520
# municipalities	2122	1866	7039	545	382	1006
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes	Yes	Yes

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

Table A8: 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	-0.006*** (0.002)	-0.023*** (0.009)	-0.046*** (0.010)	-0.063** (0.026)
Mean outcome	0.028	0.067	0.194	0.242
R-squared	0.324	0.480	0.363	0.425
Observations	68,656	9456	10,307	2681
# municipalities	8020	3266	1330	704
Tender FE	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes

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

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

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

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

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

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

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

Table A11: Effect of electoral incentives on the reception fo refugees
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</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.008*** (0.002)	-0.008*** (0.002)	-0.007*** (0.002)	-0.043*** (0.008)	-0.045*** (0.010)	-0.043*** (0.010)
Mean outcome	0.034	0.034	0.034	0.208	0.208	0.208
R-squared	0.164	0.343	0.345	0.187	0.322	0.367
Observations	58,911	58,911	58,911	9695	9695	9695
# municipalities	8025	8025	8025	1334	1334	1334
<i>Panel B: term limit</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.007** (0.003)	-0.010** (0.004)	-0.008** (0.004)	-0.046*** (0.015)	-0.051*** (0.020)	-0.042** (0.020)
Mean outcome	0.032	0.032	0.032	0.190	0.190	0.190
R-squared	0.218	0.533	0.543	0.215	0.508	0.553
Observations	19,201	19,201	19,201	3293	3293	3293
# municipalities	4763	4763	4763	851	851	851
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	No	Yes	Yes	No	Yes	Yes
Controls	Yes	No	Yes	Yes	No	Yes

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

Table A12: 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	-0.004** (0.002)	-0.007*** (0.002)	-0.004*** (0.002)	-0.029*** (0.008)	-0.038*** (0.008)	-0.032*** (0.008)
Mean outcome	0.023	0.023	0.023	0.143	0.143	0.143
R-squared	0.386	0.587	0.598	0.436	0.626	0.632
Observations	47,086	47,086	47,086	7759	7759	7759
# municipalities	8025	8025	8025	1334	1334	1334
<i>Panel B: control for North-Africa emergency (year < 2011)</i>						
Sample	All municipalities			Open at least one refugee centre		
Final	-0.002 (0.001)	-0.002*** (0.001)	-0.003*** (0.001)	-0.010* (0.006)	-0.013*** (0.005)	-0.014*** (0.005)
Mean outcome	0.016	0.016	0.016	0.097	0.097	0.097
R-squared	0.521	0.782	0.786	0.518	0.767	0.772
Observations	39,243	39,243	39,243	6463	6463	6463
# municipalities	8025	8025	8025	1334	1334	1334
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	No	Yes	Yes	No	Yes	Yes
Controls	Yes	No	Yes	Yes	No	Yes

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

Table A13: Correlation magnitude electoral incentives and migrants from other countries in 2017

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

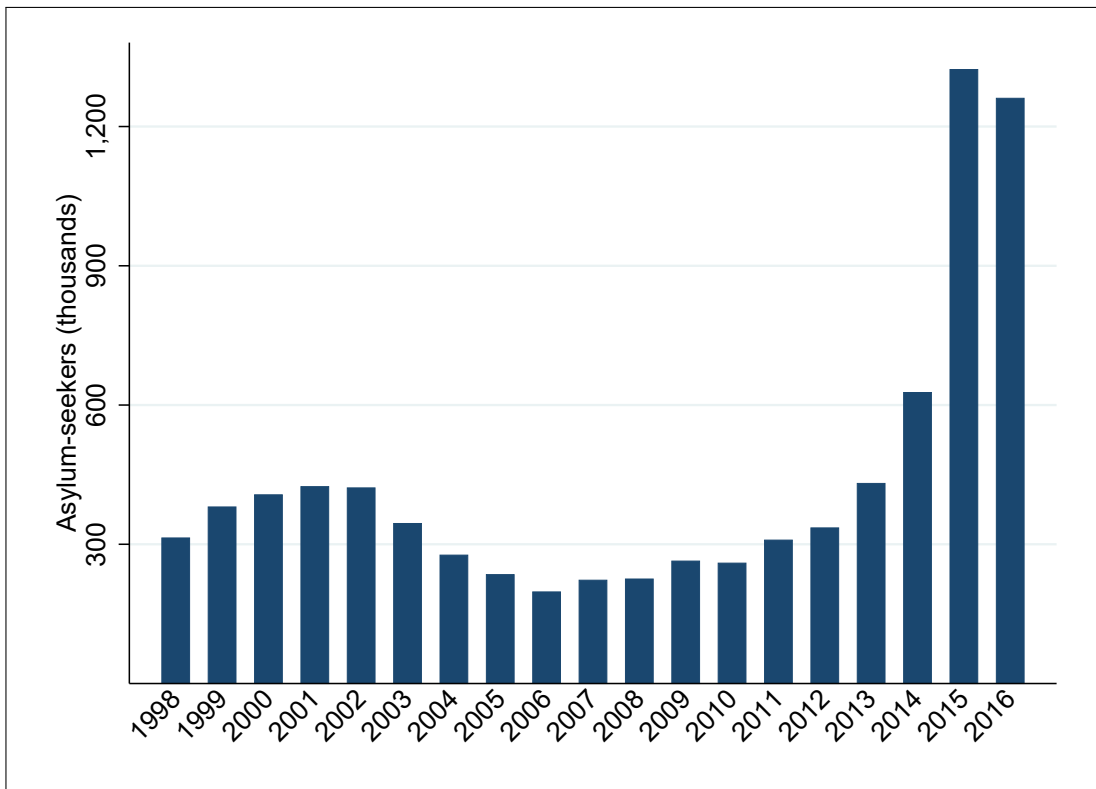
Notes. Italian municipalities in year 2017. Treatment variables: Magnitude electoral incentives = magnitude of the effect of electoral incentives on the probability of no opening a refugee centre during the tenders in years 2005-2016. Outcome variables: 1) in columns 1-2, Share other migrants in 2017 = 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. Controls: share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Local market areas (LMA) FE included in all columns. Robust standard errors clustered at LMA level are in parentheses. Significance at the 10% level is represented by *, at the 5% level by **, and at the 1% level by ***.

Table A14: Correlation past and present participation to SPRAR

	(1)	(2)
Outcome =1 municipality opens SPRAR centre last tender		
Past participation	0.476*** (0.042)	0.415*** (0.039)
Mean outcome	0.095	0.095
R-squared	0.365	0.596
Observations	7,077	7,077
LMA FE	No	Yes
Controls	No	Yes

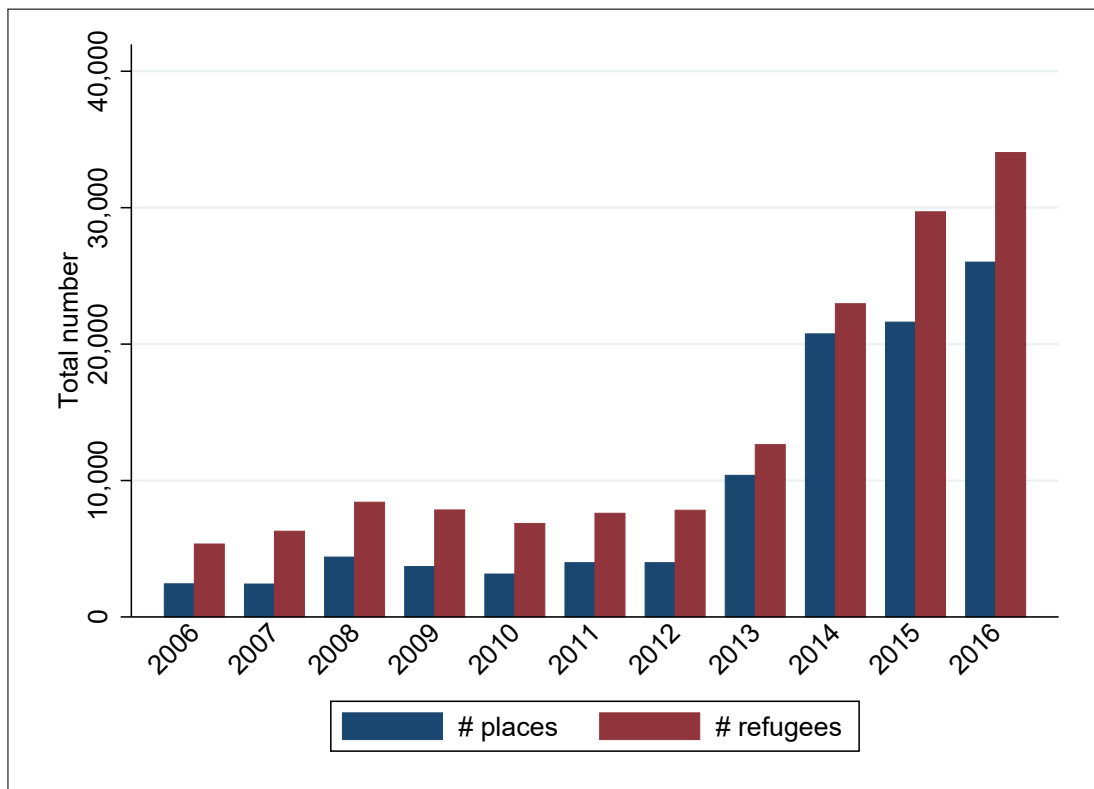
Notes. Italian municipalities in 2017. Treatment variable: Past participation = 1 if municipality i opened a SPRAR refugee centre in the past. The outcome variable is = 1 if municipality i opens a refugee centre during the last two tenders available in the data. Controls in column 2: share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Local market areas (LMA) FE included in 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 A1: Number of asylum-seekers EU Countries



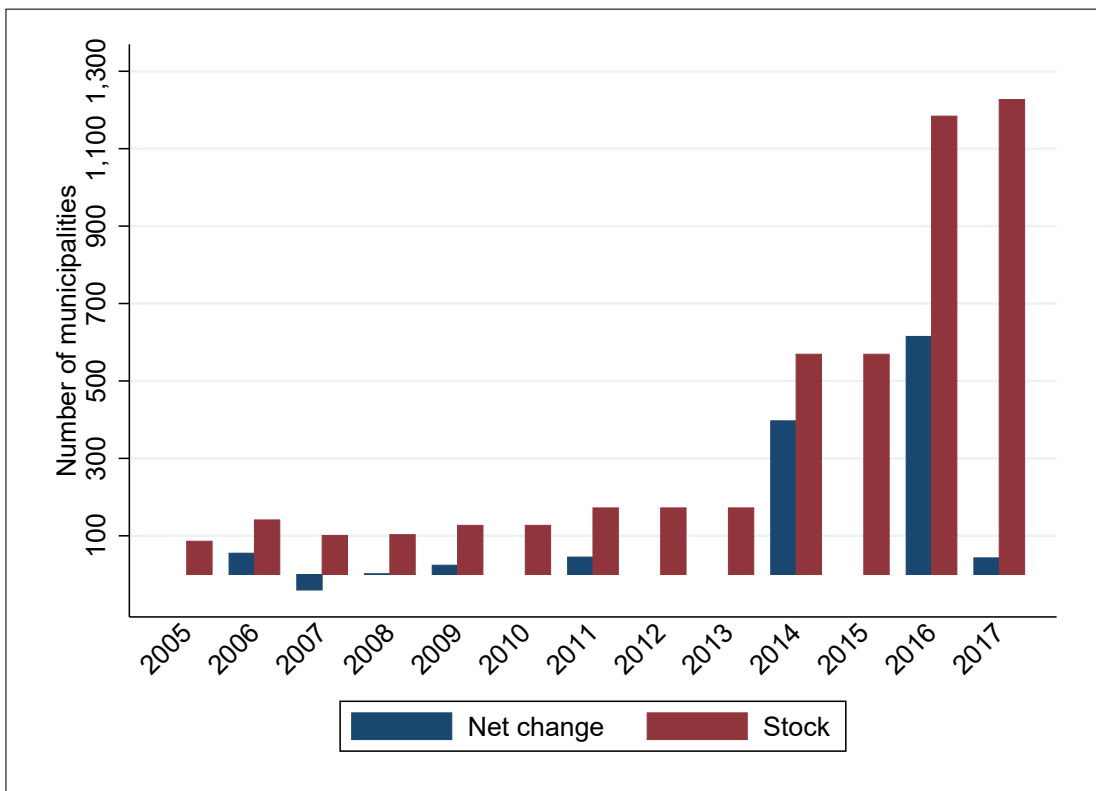
Notes. Sources: Eurostat

Figure A2: Number of places and refugees in SPRAR centres



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

Figure A3: 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.

A2 Appendix Proofs

Proof of Corollary 1. 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 main text. 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 $q_1^I \in \{1/2, 1\}$ 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

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

□