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

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Abstract

Do electoral incentives affect immigration policy decisions? I study this question in the setting of Italian municipalities making decisions about the reception of refugees. The localized control of the reception policy (SPRAR), combined with the exogenous timing of policy decisions and staggered elections, enables me to study the effect of electoral incentives on the reception of refugees. Although municipalities receive substantial fiscal grants from the central government for hosting refugees, electoral incentives reduce the probability of opening a refugee reception centre by 24 per cent. The effect is driven by municipalities in which voters overestimate the presence of migrants, and by municipalities with higher shares of extreme-right voters, and migrants. Conversely, political competition reduces the negative effect of electoral incentives on the reception of refugees. The results suggest two potential drawbacks of elections: first, the heterogeneity behind the negative effect may explain why is difficult to reach an equal redistribution of refugees across and within countries. Second, the fear of losing popular support induces municipal governments to give up fiscal grants that could benefit the local economy.

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

JEL Classification: R23, J61, D72, C23.

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1 Introduction

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

International migration has also become a central topic in the economics literature, showing that immigration affects economic outcomes like labour market conditions (Card, 2001; Dustmann et al., 2012) and public finances (Dustmann and Frattini, 2014; Preston, 2014). Moreover, the most recent political economy literature has demonstrated that immigration influences electoral results (Barone et al., 2016; Becker and Fetzer, 2016; Dustmann et al., 2016), with rising voter support for extreme-right parties and anti-immigration policies. However, while the political economy literature has produced results about the behaviour of voters (i.e. the demand side), there is no much evidence on immigration policies nor on politicians behaviour with respect to immigration issues (i.e. the supply side).[1]

I address this gap in the literature by focusing on the supply side, analysing the potential political determinants of immigration policies. More specifically, I study how electoral incentives affect governments immigration policies, and in particular the reception of refugees

[1] As far as I know, the only exception is Folke (2014), who, using data from Swedish municipalities, shows that party representation has an effect on immigration and environmental policies. My paper differs from Folke (2014) because the focus is on electoral incentives rather than party representation. I also provide evidence that the effect of electoral incentives on the reception of refugees is not driven by the political orientation of the coalition in power (see section 8.1 and Table A4 for more details).

and asylum seekers. In fact, as immigration has an impact on electoral outcomes (Barone et al., 2016; Becker and Fetzer, 2016; Dustmann et al., 2016), and given that politicians can anticipate voters reactions, we can expect governments to manipulate immigration policies to gain votes or to avoid losing popularity. Hence, in this paper I address the following question: do electoral incentives affect immigration policy decisions?

I use data from all Italian municipalities for the years 2005-2017, taking advantage of a peculiar refugee allocation policy promoted by the Italian Home Office, called "The Protection System for Asylum Seekers and Refugees" (SPRAR). Based on this policy, centres for refugees and asylum seekers (SPRAR centres) are allocated at municipal level through tenders launched by the Home Office. Municipalities that open a SPRAR centre receive substantial fiscal grants from the central government. Thus, for a municipal government, opening a reception centre may be an investment, with benefits for the local economy. In fact, there is abundant anecdotal evidence that describes how municipalities that participate in the program benefit from receiving refugees and from the fiscal grants attached to the program.[2]

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

Combining the exogenous timing of SPRARs tenders and the staggered timing of municipal elections[3] enables me to compare mayors who are in the final year of their term (i.e.

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

[3]Municipal elections are staggered for historical reasons, due to past government crises interrupting

just before elections) when the Home Office launches a tender, with mayors in other years of their term. Following the literature (Labonne, 2016), I interpret the parameter estimated through this comparison as the effect of electoral incentives on the probability of opening a reception centre. The main results reveal that the probability of opening a reception centre in a municipality is 24 per cent lower when the Home Office launches a tender in the final year of the term (i.e. just before new elections), compared to municipalities in other years of the term. The main results are robust to different specifications and survive a series of robustness checks.[4]

The results suggest that municipal governments decline to host refugees in response to electoral incentives. This intuition is reinforced by the evidence that opening a refugee centre in the final year of the term is negatively correlated with the vote share of the incumbent at the next election. By contrast, opening a refugee centre in other years of the term is not correlated with the vote shares at the following elections (i.e. the coefficient is positive, but not statistically different from zero). This evidence suggests that opening a refugee centre in the final year of a term may have electoral costs for the incumbent, and is consistent with the idea that voters seem to be more influenced by more recent events when evaluating politicians (Fair, 1978, 2002; Healy and Lenz, 2014; Labonne, 2016).

I investigate the main factors driving the negative effect of electoral incentives on the reception of refugees. First, I show that the effect is driven by voters' misinformation about the presence of immigrants. More specifically, combining survey data about the perceived

electoral mandates across municipalities. As these crises were heterogeneous in their impact, today Italian municipalities do not all vote at the same time. Such interruptions are less frequent today, possibly because of an electoral law introduced in 1993 which mandates new elections if the municipal council wants to dismiss the mayor. For example, in the data studied in this paper, early interruptions account for approximately the 5 per cent of all electoral mandates. In section 8.2, I show that these early interruptions are not a threat to the identification strategy used in this paper. Finally, Coviello and Gagliarducci (2017) and Repetto (2017) discuss the exogeneity of municipal election dates in Italy.

[4]More specifically, the results survive the following robustness checks: first, I show that the effect of electoral incentives on the reception of refugees is not driven by the political orientation of the mayor. Second, I show that the results are not driven by city size effects. Finally, I show that the results are robust to the following checks: 1) the results are unaffected if I control for early interruptions of the electoral mandate; 2) the results are not driven by differences across mayors in terms of previous and perspective careers in the private sector; 3) the results are not driven by municipalities in which the Home Office opens refugee centres through channels alternative to the SPRAR allocation system (see section 2 for more information); 4) the results are unchanged if I drop SPRAR tenders for which the assignment to a specific electoral year is not clear. These robustness checks are described in section 8.

presence of immigrants ("Transatlantic Trends: immigration 2010"[5]) and the actual share of the foreign population at municipal level, I provide evidence that the main results are driven by those municipalities in which voters overestimate more the presence of immigrants. This result suggests that providing voters with more accurate information about the actual presence of immigrants can potentially lead to more open immigration policies.

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

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

In the second part of the empirical analysis, I produce indirect evidence that, by refusing to

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

host refugees, municipal governments may impose an economic cost on the local community. This cost is represented by the missed opportunity to attract SPRAR fiscal grants that the central government makes available to fund the activities of the reception centres (see section 2.2 for more details). More specifically, using a difference-in-differences analysis that enables to control for unobservable shocks that drive the decision to open a centre (see section 6 for more details), I show that opening a reception centre is associated with substantial fiscal grants from the central government. These grants are used to increase social expenditures, with potential benefits for the local economy. In fact, it is widely reported in the press that the money transferred by the central government and spent to fund the SPRAR centres has benefitted the local economy, in particular firms, cooperatives and professionals that work for the reception centre or provide services to it.

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

This evidence suggests that being associated with the arrival of refugees, which voters do not seem to approve of on average, makes these fiscal grants less attractive for municipal governments and costly from a political point of view. Thus, the results of this paper could be interpreted as a reverted political budget cycle, characterized by a different type of inefficiency to that described by the political budget cycle literature. In fact, while in the standard political budget literature the inefficiency is in general represented by a strategic increase or manipulation of expenditures just before elections (Akhmedov and Zhuravskaya, 2004; Drazen and Eslava, 2010; Alesina and Paradisi, 2017; Repetto 2017), in this set up the inefficiency is represented by the missed opportunity to attract fiscal resources that could benefit the economy.

Finally, I show that the effect of electoral incentives on the reception of refugees may

persist in the medium and long run.[6] This additional evidence suggests that past inefficiencies generated by electoral incentives can potentially affect refugee intake in the medium and long run too.

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

This paper is connected to two strands of literature: the first is the political economy of immigration, which shows that immigration has a positive impact on the support for extreme-right parties and anti-immigration policies (Barone et al., 2016; Becker and Fetzer, 2016; Dustmann et al., 2016). As already anticipated above, while this literature provides evidence about the behaviour of voters (i.e. the demand side), there is no much evidence about the behaviour of politicians dealing with immigration issues (i.e. the supply side). This paper contributes to the political economy of immigration by providing evidence about the supply side. The second strand of literature is the political economy of electoral incentives, which has studied how electoral incentives can affect various outcomes, for example corruption (Ferraz and Finan, 2011), employment (Labonne, 2016), conditional welfare programs (Brollo et al., 2017) and environmental policies (List and Sturm, 2006). I contribute to this literature by showing how electoral incentives can affect immigration policies.

Finally, three papers are close to mine: the first is Bracco et al. (2017), who, using data on Italian municipalities and regression discontinuity design, show that the location of migrants at municipal level is influenced by the election of extreme-right mayors (i.e. mayors affiliated to the Lega Nord party). My paper differs from their paper on two dimensions: 1) they focus on the behaviour of migrants, while the focus of my paper is on the behaviour of politicians and on one specific immigration policy (i.e. receiving refugees); 2) they study the

[6] As described in more detail in section 7, this evidence is provided following the intuition and the methodology of Labonne (2016).

effect of extreme-right parties, while I study the effect of electoral incentives. The second paper is Bratti et al. (2017), who show how receiving SPRAR refugees influenced the vote at the 2016 Italian Constitutional Referendum. My paper differs from their paper because, while they focus on the behaviour of voters, I study the behaviour of politicians dealing with immigration issues. The third paper is Genovese, Belgioioso and Kern (2016), who, using survey data from Italy, study how public opinion is affected by exposure to centres where refugees are received. My analysis is different from their analysis because, while they study the effect of refugee centres on public opinion, I study the behaviour of municipal governments on the question of whether to receive refugees.

The paper proceeds as follows. Section 2 describes the institutional setting. Section 3 describes the data used in the paper. Section 4 lays out the empirical strategy and section 5 reports the result for the effect of electoral incentives on whether refugees are accepted. Section 6 studies how the reception of refugees affects fiscal outcomes. Section 7 reports the analysis of the long run consequences of electoral incentives regarding the opening of refugee centres. Section 8 shows the results are robust to alternative explanations. Section 9 concludes.

2 Institutional Setting

2.1 Italian municipalities

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

Municipalities manage approximately 10 per cent of total public expenditures. For a certain fraction of the period studied in this paper (i.e. 2005-2017), municipal expenditures have been largely financed thorugh grants from higher levels of government. More specifically,

municipalities can receive grants from the central state, regions and provinces. The fiscal dependence on grants has been historically heterogeneous across different parts of Italy, with the South of Italy being much more dependent on grants from higher level of governments. For example, at the beginning of the years 2000, municipalities in the South were covering approximately 70 per cent of their expenditures with grants from higher level of governments. For municipalities in the North of Italy, the same percentage was approximately 30 per cent. However, it is imporant to recall that, following the 2008 financial crisis and the 2011 public debt crisis, the importance of grants has diminished, given that the central state has cut many of the funds ususally transferred to municipalities.

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

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

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

Finally, across Italian municipalities it is possible to distinguish three broad types of political orientation and party affiliation: 1) centre-left coalition; 2) centre-right coalition;

3) independent mayors, which are mayors supported by "Civic Lists" (i.e. local parties autonomous from national coalitions).

2.2 The allocation system for refugees

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

In the first level of reception we find the three types of reception centres: first, we have the so called "Centri di primo soccorso e accoglienza", i.e. First aid and hospitality centres (CPSA). CPSA host migrants that have just arrived to Italy. In these centres, migrants receive medical assistance, they are identified and the can apply for asylum. Then, we have a second type of centres called "Centri di accoglienza", i.e. Hospitality centres (Cda). The function of CDA is to give a first reception to migrants, identify them and certify the regularity of their presence on the Italian territory. Finally, we have the CARA ("Centri di accoglienza per richiedenti asilo", i.e. Reception centres for asylum seekers) centres, which host migrants coming from CPSA that applied for asylum. In practice CDA and CARA can have very similar functions, and in a certain sense represent already a second level of reception compared to CPSA, which host migrants that have just arrived to Italy. CPSA, CDA and CARA centres are essentially managed by the central government, and municipalities do not have any power over them. As the list of CPSA, CDA and CARA is made available by the Home Office, in all the regressions below I control for a dummy variable equal to one for municipality that host any of these centres [7]. This enables to exclude that the main results are driven by the presence of these first level reception centres.

Since the beginning of the refugees' crisis (i.e. since 2014), CPSA, CDA and CARA have been receiving the support of a new type of reception centre called "Centri di accoglienza straordinaria", i.e. Centres for extraordinary reception (CAS). CAS have been introduced

[7] See the information reported at this link: http://www.interno.gov.it/it/temi/immigrazione-e-asilo/sistema-accoglienza-sul-territorio/centri-limmigrazione

by the central government in 2014, with the goal of limiting the emergency created by the refugees' crisis. These centres are managed by provincial offices ("Prefetture") of the Home Office, which allocate refugees and asylum seekers across the provincial territory. CAS are normally managed by private cooperatives and firms, and municipal governments do not have any power over them. As the location of CAS centres is not publicly available, in the empirical analysis, to make sure that the baseline effect is not driven by these centres, I repeat the baseline analysis dropping all the years starting from 2014 (i.e. the year in which CAS have been introduced). This enables me to rule out that the baseline results are determined by the presence of these reception centres.

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

SPRAR centres represent the only type of refugees' centre over which mayors have a direct power. In fact, as already explained above, the SPRAR reception system is characterized by the following features that I exploit in the paper: 1) when the Home Office wants to allocate a new wave of refugees and asylum seekers within the second level of reception, it launches a tender, which has the goal to create new SPRAR reception centres at municipal level; 2) mayors can decide whether to participate in the tender, and thus open a SPRAR reception centre; 3) the timing of the tenders is decided by the Home Office, and normally there is a temporal lag between the timing of the tender and the timing the reception centre is opened. See Table A1 for more information about this.

Municipalities that open a SPRAR centre receive grants from the central government. These grants are used to cover the costs of the refugees' centre and to pay firms and cooperative that directly or indirectly deal with the refugees' centre. In the past years, these grants were covering approximately 80 per cent of the costs. However, since 2016 the percentage has been extended to 95 per cent and the central government is thinking to further extend it, even above 100 per cent of the costs. The reason for this is that the central government wants to incentivize the participation of municipalities to the SPRAR system.

Finally, it is worth to mention that in 2011, to deal with the wave of migrants coming from North Africa, the Italian government created another type of temporary reception centres called ENA (Emergency North Africa). As the list of ENA centres is not publicly available, below I repeat the baseline analysis excluding the year after 2010. This enables to rule out that the baseline effect is driven by these ENA centres.

3 Data

The analysis developed in this paper is done using data on all Italian municipalities for the years 2005-2017. The dataset used has been built merging data from different sources. The first set of data contains information on the SPRAR tenders launched by the Home office in the periods 2005-2017. This data has been collected from three different sources: 1) the Home Office webpage [8]. The Home Office has the obligation to publish all the tenders that organizes and it must also publish the list of the winners of the tenders. This is also the case for the SPRAR tenders; 2) The official webpage of SPRAR [9]. I have downloaded from this webpage the official SPRAR reports, which are published every year by the Home Office and the Association of Italian Municipalities (ANCI); 3) the "Briguglio archive" [10]. This is a web archive that contains information about topics relative to immigration. This webpage has been used to double-check the information coming from the Home Office and the SPRAR official webpage.

The second set of data contains information about municipal characteristics. These data are provided by the Italian Statistical Office (ISTAT) and the Home Office. In the data from ISTAT is possible to find the following information [11]: 1) educational level of the municipal population; 2) percentage of children and elderly; 3) municipal total population; 4) economic variables like number of firms, income and unemployment rate; 5) geographical coordinates; 6) information about the foreign population legally resident in Italy and registered at municipal level [12]. The Home Office provides data about the municipal balance sheets [13]. In these

[8] http://www.interno.gov.it/it/amministrazione-trasparente/bandi-gara-e-contratti.
[9] http://sprar.it/.
[10] http://briguglio.asgi.it/immigrazione-e-asilo/index.html.
[11] http://dati.istat.it/
[12] http://demo.istat.it/.
[13] http://finanzalocale.interno.it/.

data, it is possible to find information about all municipal expenditures and revenues.

Data on municipal politicians are provided by the Home Office [14]. These data contain information about the following politicians' characteristics: 1) past professional background; 2) past political experience and entire political career; 3) age; 4) gender; 5) level of education.

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

4 Empirical Strategy

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

The exogenous timing of SPRAR's tenders can be combined with the the staggered time schedule of municipal elections (see section 2 for more information) [15]. This enables to compare mayors who are differently affected by electoral incentives when the Home Office launches a tender. More specifically, the staggered dates of municipal elections enable to compare mayors who, when a SPRAR's tender is launched, are in the final year of the

[14] http://amministratori.interno.it/.

[15] Refer to Coviello and Gagliarducci (2017) and Repetto (2017) for a discussion about the exogeneity of municipal election dates in Italy

electoral mandate (i.e. just before election) with mayors in other years of the electoral term.

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

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

where the dependent variable $Refugees\_Centre_{it}$ is equal to one if municipality i opens a refugees' centre during tender t. The main variable is $Final_{it}$, which is equal to one for mayors who are in the final year of their mandate (i.e. just before election) when tender t is launched, and equal to zero for mayors in the other years of the term. The parameter of interest is β_1, which is estimated controlling for municipal fixed effects γ_i, for tender fixed effects λ_t and for municipal and mayoral characteristics, which are collected in X_{it}. The inclusion of municipal and tender FE enables to identify the effect of electoral incentives on refugees' reception by comparing mayors who during tender t are in the final year of the electoral term with mayors who during tender t are not in the final year of the mandate.

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

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

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

In model 2, the parameter β_1 captures the effect of $Final_{it}$ on $Refugees\_Centre_{it}$ when $Char_i$ is equal to zero, while $\beta_1+\beta_2$ estimates the effect of electoral incentives on refugees' reception when $Char_i$ is equal to one. Hence, β_2 represents the difference between the effect of $Final_{it}$ when $Char_i$ is equal to zero and the effect when $Char_i$ is equal to one.

5 The effect of electoral incentives on the reception of refugees

5.1 Baseline effect

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

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

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

terms of number of migrants arriving from other countries (see Figure 3).

The baseline results reported in columns 1-3 of Panel A, Table 2, clearly show that electoral incentives have a negative effect on refugees' reception. These results are obtained using 3 different specifications, with the most robust one reported in column 3, in which I am controlling for mayoral and municipal time varying covariates and tender and municipal fixed effects. The estimated coefficients are stable across the 3 columns, and indicate that mayors in the final year of the term during tender t have a probability of opening a refugees' centre which is around 0.8 percentage points lower, compared to mayors in the other years of the electoral term. The coefficients are all statistically significant at the 1 per cent level of significance and, compared to the mean outcome, they indicate an effect of electoral incentives on refugees' reception which is economically significant. In fact, compared to the mean outcome measured at the baseline level (i.e. in years 1-4 of the electoral mandate), the estimated coefficients indicate that mayors in the final year of the term have a probability of opening a refugees' centre which is approximately 24 per cent lower. A similar picture emerges if we consider only the sub-sample of mayors who open at least one refugees' centre during the period 2005-2017: mayors in the final year of the term have a probability of voluntary bringing refugees in their territory which is approximately 23.5 per cent lower, compared to mayors in year 1-4 of the term.

Finally, the results in column 1-6 of Panel B, Table 2, show that the effect of electoral incentives on refugees' reception is completely concentrated in the final year of the term. In fact, only mayors who are in year 5 of the term when the Home Office launches a tender behave differently from mayors who have just been elected (i.e. mayors in year 1 of the electoral mandate) [16]. This reinforces the idea that electoral incentives can have a detrimental effect on refugees' reception, as only mayors who are closer to the next election exhibit a lower willingness of hosting refugees in their municipalities. As described in section 5.3, this behaviour seems to enable mayors to avoid potential electoral costs associated with refugees' reception.

[16]Except for the small share of electoral mandates interrupted before the natural deadline, mayors in year 5 of the term are in the final year of their mandate. In the data studied in this paper, less than 5 per cent of the electoral mandates are interrupted before the natural deadline. As described in subsection 8.2, controlling for early interruptions leave the main results unchanged.

5.2 Heterogeneity analysis

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

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

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

As suggested by the literature, this misinformation about immigrants may affect the behaviour of both voters and politicians, potentially leading to less open immigration policies (Facchini, Margalit and Nakata, 2016). This could also be true for a salient policy like the reception of refugees. To investigate whether misinformation about the presence of immigrants is a driver of the negative effect of electoral incentives on the reception of refugees, I

have built a variable measuring how much voters in a specific municipality overestimate the presence of immigrants. To build this variable, I have collected data from a survey run in 2010 called "Transatlantic Trends: immigration". [17] In this survey, participants coming from different countries were asked to answer different questions about migration. One specific question was asking to guess the share of the total foreign population living in the country of the respondent.

Average data about the answers of Italian participants are available at regional level. To build a municipal level variable capturing the overestimation of the presence of immigrants by part of voters, I have combined the average estimate available at regional level with the actual share of migrants living in a specific municipality in 2010 (i.e. at the time of the survey). More specifically, the variable *Overestimate* used to measure the misinformation of voters about the presence of immigrants is equal to the difference between the average estimated share obtained from the survey and the actual share of migrants living in a specific municipality. Thus, higher values of *Overestimate* indicate a greater misperception about the migratory phenomenon by part of voters.

Thus, I have interacted $Overestimate_i$ with $Final_{it}$. The results obtained can be found in columns 2 and 3 of Table 3. As we can see from column 2, when the interaction between $Final_{it}$ and $Overestimate_i$ is the only one introduced in the model, the baseline effect of $Final_{it}$ is mostly unaffected, and the coefficient of *Overestimate* is positive and not statistically different from zero. However, adding to the same regression the variable capturing the pre-existing presence of migrants at municipal level (i.e. $Shareforeign_{it}$, see next paragraph for a more detailed description) and its interaction with $Final_{it}$ (column 3), the coefficient of the interaction between *Overestimate* and $Final_{it}$ becomes negative and statistically different from zero. [18] This result is robust to the inclusion of the interactions between $Final_{it}$ and other municipal political and socio-economic characteristics (column 6). [19]

The results in column 2 and 3 of Table 3 suggest that misinformation about the presence

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

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

[19] The notes below Table 3 report the list of the additional interaction terms added in column 6.

of immigrants is an important driver of the negative effect of electoral incentives on the reception of refugees. More specifically, the coefficients in these two columns indicate that a 10 per cent increase in $Overestimate_i$ exacerbates in absolute terms the negative effect of electoral incentives by approximately 0.5 percentage points in column 3 and by approximately 0.76 percentage points in column 6. This represents a reduction in the probability of opening a refugees' centre which is between 15 and 23 per cent of the outcome mean reported in Table 3. Finally, the policy implication of these results is that providing voters with accurate information about the actual presence of immigrants can potentially lead to more open immigration policies. This policy implication is consistent with the results found by the existing literature (Facchini, Margalit and Nakata, 2016; Grigorieff, Roth and Ubfal, 2018).

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

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

Second, psychologists, political scientists and sociologists have produced a series of theories which indicate that inter-groups competition for economic resources and social and cultural dominance could lead to the emergence of negative attitudes across groups, such that one group perceive the other as a threat. The entire set of these theories goes under the label of realistic group conflict theories (Campbell, 1965; Dustmann et al., 2016). The most recent versions of these theories indicate that natives tend to perceive a new inflow of migrants as a bigger threat the larger is the pre-existing fraction of migrants already in the country (Quillian, 1995; Lahav, 2004; Dustmann et al., 2016). This also suggests that a new inflow of migrants is more salient for voters in those areas where the exposure to the foreign population is higher (Taylor, 1998; Dustmann et al., 2016). However, it is worth reporting

that, at the same time, the psychology literature has produced an opposing theory called "contact theory", which states that the continuous contact between different groups could lead to more understanding and thus to more acceptance (Allport 1954; Pettigrew 1998; Dustmann et al., 2016). Thus, the exercise reported in this subsection can also be seen as an empirical test between these two competing theories.

Thus, to test whether the pre-determined share of migrants is a driver of the main results of this paper, I interact $Final_{it}$ with the pre-existing share of the total foreign population over the total municipal population ($Shareforeign_{it}$). This variable is measured at the beginning of every electoral mandate and takes continuous values between 0 and 1. $Shareforeign_{it}$ is meant to capture the pre-determined presence of the total foreign population at municipal level [20].

The results of this exercise are reported in columns 4 and 6 of Table 3. The interaction term is negative and statistically significant at the standard levels of significance in both columns. Besides that, the estimated coefficient is robust to the introduction of additional interaction terms between $Final_{it}$ and the other municipal variables in column 6. The coefficient of $Final_{it}$X$Shareforeign_{it}$ indicates that a 10 per cent increase in the pre-existing share of migrants exacerbates in absolute terms the negative effect of electoral incentives by approximately 1.2 percentage points in column 4 and by approximately 1.5 percentage points in column 6. This represents a reduction in the probability of opening a refugees' centre which is between 27 and 45 per cent of the outcome mean reported in Table 3.

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

Political preferences. The most recent political economy literature shows that immigration has a positive impact on the support for extreme-right parties and anti-immigration policies (Barone et al., 2016; Becker and Fetzer, 2016; Dustmann et al., 2016). However, the literature does not show how this shift toward anti-immigration preferences affects immigration policies implemented by politicians. In practice, the literature provides evidence about the demand

[20] If I repeat this exercise replacing $Shareforeign_{it}$ with the pre-determined share of migrants from refugees' countries only, I get similar estimates. Results available upon request.

side, but not about the supply side. In this subsection, I show that the strategic manipulation of immigration policies by part of politicians driven by electoral incentives is stronger in municipalities with a higher share of voters with extreme-right political preferences.

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

To build the variable that captures the relative weight of extreme-right preferences at municipal level, I have collected and aggregated the data on the vote shares taken by extreme-right political parties at municipal level [21]. In this way, I have built a variable, called $Extreme\text{-}right\ voting_{it}$, which in municipality i and year t is equal to the total share taken by extreme right parties at the most recent European election. Thus, $Extreme\text{-}right\ voting_{it}$ takes values from 0 to 1, where a value of 0 indicates that extreme-right parties did not receive any support at the most recent European election, while a value of 1 means that extreme-right parties got 100 per cent of the votes at the last European election. Finally, to implement the analysis, I have interacted $Extreme\text{-}right\ voting_{it}$ with $Final_{it}$.

The results from this exercise are reported in columns 5 and 6 of Table 3. The estimated

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

coefficients of the interaction term between $Final_{it}$ and $Extreme\text{-}right\ voting_{it}$ are negative and statistically significant at the 1 per cent level of significance in both columns 5 and 6. This indicates that the estimated coefficients are robust even after controlling for the interactions terms between $Final_{it}$ and the other municipal characteristics. Once I control for $Final_{it}$X$Extreme\text{-}right\ voting_{it}$, the coefficient of $Final_{it}$ becomes insignificant. This indicates that electoral incentives do not affect refugees' reception in municipalities in which extreme-right parties do not receive any support.

The negative coefficient in front of the interaction term indicates that an increase in the support for extreme-right parties strengthen the negative effect of electoral incentives on refugees' reception. More specifically, given that $Extreme\text{-}right\ voting_{it}$ takes values from 0 to 1, the estimated coefficients indicate that an increase by 10 per cent in the support for extreme-right parties increases in absolute terms the negative effect of electoral incentives on refugees' reception by approximately 0.4 percentage points. This is approximately a 12 per cent increase compared to the outcome mean reported in Table 3. This suggests that, if we compare two mayors in the final year of the term, the one elected in the municipality where extreme-right preferences are more diffused is less willing to host refugees.[22] Thus, the results of this subsection suggests that the negative effect of electoral incentives is amplified by extreme-right and anti-immigration preferences, and that the interaction between electoral incentives and anti-immigration ideas can be detrimental for immigration policies.

The role of political competition. The last heterogeneity mechanism investigated in this paper is the role of political competition. The motivation for this analysis comes from Barone et al. (2016), who, using data from Italian municipalities, show that the positive effect of migration on voting for extreme-right parties is reduced in municipalities characterized by a high level of political competition. The reason for this result is that where political competition is high, political parties need to attract the support of centrist swing voters, who normally care more about non-ideological issues such as economic growth (Besley, Persson and Sturm, 2010), rather than more divisive issues like migration.

[22]This result could also reflect the fact that municipalities with more extreme-right preferences may elect a right-wing mayor with a higher probability. However, the magnitude and the significance of the coefficient on $Final_{it}$x$Extreme\text{-}right\ voting_{it}$ are unchanged if I repeat the same exercise controlling for the interaction terms between $Final_{it}$ and the political orientation of the mayor (i.e. left, right. independent). Results availble upon request. Besides that, as described in subsection 8.1, when dealing with refugees' reception, left-wing, right-wing and independent mayors tend to react to electoral incentives in a similar way.

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

The results of this analysis are reported in columns 7 and 8 of Table 3.[23] The estimated coefficients of the interaction term are positive and statistically significant at the 5 per cent level of significance in both columns 7 and 8. The result of column 8 indicates that the estimated coefficient is robust even after controlling for the interactions terms between $Final_{it}$ and the other municipal characteristics. The estimated coefficients in columns 7 and 8 suggests that in areas characterized by a high level of political competition the negative effect of electoral incentives on the reception of refugees is reduced in absolute terms by approximately 0.7 percentage points. This represents a reduction in the negative effect which is approximately 21 per cent compared to the outcome mean reported in Table 3.

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

5.3 Does refugees' reception have electoral costs?

The results in section 5.1 show that Italian mayors deal with the reception of refugees in a strategic way. More specifically, the results reported in section 5.1 show that Italian mayors

[23]The lower number of observations in columns 7 and 8 of Table 3 is due to missing values in electoral data. Thus, adding the variable $Political\ competition_i$ to the regression leads to a reduction in the number of observations.

exhibit a lower probability of opening a refugees' centre in the final year of the electoral term. This suggests that opening a refugees' reception centre may have potential electoral costs for the mayors. In this section, I provide some suggestive evidence about these electoral costs.

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

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

where $Vote_{it}$ is the vote share taken by the mayor or, when the mayor is term limited, by any member of the municipal government (e.g. vice-mayor or minister who re-runs as mayoral candidate at the next election) at the next election. The main variables studied are: 1) $Refugees\_Final_{it}$, which is equal to the number of refugees' centre opened by the mayor during the final year of the term; 2) $Refugees\_Term_{it}$, which is equal to the number of refugees' centre opened in the year 1-4 of the electoral mandate. The coefficients of interest are β_1 and β_2, which are estimated controlling for provincial fixed effects γ_p, for term fixed effects λ_t and for municipal and mayoral characteristics collected in X_{it}.

The results of this exercise are reported in Table 4, in which the first two columns refer to the vote share taken by the mayor at the next election. Columns 3 and 4 refer instead to the cases in which the mayor is term limited (i.e. the mayor cannot re-runs for another term), and thus they report the correlation between the vote share taken by any member of the municipal government at the next election and the number of refugees' centre opened during the term. The results in Table 4 indicates that there is a negative correlation between the number of refugees' centres opened in the final year of the term and the vote share taken at the next election. On the opposite, the coefficients that estimate the correlation between the number of refugees' centre opened during years 1-4 of the term and the vote share taken

at the next election are positive, although not statistically different from zero.

Thus, the evidence reported in Table 4 indicates that there are some electoral costs associated with refugees' reception. This explains why Italian mayors deal with the timing of refugees' reception in a strategic way. Finally, the negative correlation between refugees' reception and vote shares found for the cases in which the mayor is term limited (columns 3 and 4 of Table 4 is consistent with the evidence in the Appendix Table A3. In fact, Table A3 shows that even term limited mayors deal with the timing of refugees' reception in a strategic way.

6 The effect of the reception of refugees on fiscal outcomes

The goal of section 6 is to provide indirect evidence that, by refusing to host refugees, municipal governments may impose an economic cost on the local community. This cost is represented by the missed opportunity to attract SPRAR fiscal grants that the central government makes available to fund the activities of the reception centres. In fact, as described in section 2, municipalities that open a refugees' centre receive grants from the central government. These grants are used to pay firms, cooperatives and professionals that work for the reception centre or provide services to it. Thus, in subsection 6.1, I provide evidence about the increase in grants and expenditures that derive from the opening of a refugees' centre.

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

$$Y_{it} = \beta_0 + \beta_1 Centre\_open_{it} + \delta_1 X_{it} + \lambda_t + \gamma_i + \eta_{it} \tag{4}$$

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

The main parameter of interest estimated in equation 4 is β_1, which captures the effect

of having a refugees' centre in municipality i and year t. The main threat to equation 4 is that the decision of opening a refugees' centre is taken by the mayor. Thus, the variable $Centre\_open_{it}$ is endogenous in this model. For example, a mayor who opens a refugees' centre may have been elected in a municipality in which the voters are more open minded. Or, the decision of opening a refugees' centre may be driven by some shocks that happen in the year in which the decision is taken. As this type of preferences and shocks are normally unobservable, estimate β_1 by OLS may lead biased estimates.

To deal with this threat, following the intuition developed by Gadenne (2017), I run this modified version of model 4:

$$Y_{it} = \beta_0 + \beta_1 Centre\_open_{it} + \beta_2 Application\_centre_{it-1} + \beta_3 Year\_before\_application_{it-2} + \delta_1 X_{it} + \lambda_t^s + \gamma_i + \eta_{it} \tag{5}$$

where $Application\_centre_{it-1}$ is equal to 1 in the year in which a municipality participates to a SPRAR tender and thus decides to open a refugees' centre for the first time (i.e. $Application\_centre_{it-1}$ is the same as the variable $Refugees\_Centre_{it}$ in equation 1, but only for the first time a municipality opens a refugees' centre), and zero otherwise [24]. The variable $Year\_before\_application_{it-2}$ is a dummy variable equal to 1 in the year before a SPRAR tender is launched and if and only if a mayor participates to the tender the year after.

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

Thus, there is a lag between the decision taken by the mayor and the effective opening of the refugees' centre. Following the intuition developed by Gadenne (2016), I argue that this

[24] N.B. I am running equation 5 using all the years between 2005 and 2015 (i.e. I am not dropping the years in which there are no tenders). The variable $Application\_centre_{it-1}$ can be equal to 1 only in years in which the Home Office launches a tender and if a municipality participates to a tender for the first time.

lag enables to estimate the effect of the refugees' centre on the dependent variables, while ruling out any influence determined by unobservable time-varying preferences and shocks behind the decision of opening the centre. In this context, the variable $Application\_centre_{it-1}$ has two important purposes: 1) given that $Application\_centre_{it-1}$ is measured one year before the opening of a refugees' centre and given that it is equal to 1 only for municipalities that open a centre for the first time, $Application\_centre_{it-1}$ enables to test for parallel trends before the opening of the refugees' centre; 2) given that $Application\_centre_{it-1}$ is equal to 1 only for municipalities that open a centre for the first time, $Application\_centre_{it-1}$ enables to test whether unobservable time-varying preferences and shocks behind the decision of opening the centre affect also the dependent variables. In fact, if the unobservable time-varying preferences and shocks that determine the self-selection into the SPRAR program affect also the dependent variables, this effect should materialize at the time the mayor decides to open the centre, even if the centre has not been opened yet.

Finally, the empirical strategy described by the equation 5 is further reinforced in two ways: first, I test for differential parallel trends even one year before the mayor decides whether to open a refugees' centre or not. This is done adding $Year\_before\_application_{it-2}$ to model 5.

Second, in equation 5 municipalities treated in year t are compared to two types of control groups: 1) municipalities that do not open a refugees' centre at time t, but that open at least one refugees' centre in the other years observed in the data; 2) municipalities that never open a refugees' centre. As described by Table 1 and Figure 3, municipalities that open at least one refugees' centre are quite different from municipalities that never open a refugees' centre. This is true both in terms of observable municipal and mayoral characteristics (see Table 1) and both in terms of number of migrants arriving from other countries (see Figure 3). For this reason, I add to equation 5 group specific time dummy variables λ_t^s, which enable to control for differential unobservable trends between municipalities that open at least one refugees' centre and municipalities that never open a refugees' centre.

In practice, controlling for λ_t^s, it is equivalent to running equation 5 only on the subsample of municipalities that open at least one refugees' centre during the period studied. As shown in subsection 6.1, controlling for λ_t^s is important for the reliability of the identification strategy described in this section. In fact, as shown in subsection 6.1, once the group specific time

dummy variables λ_t^s are added to model 5, the estimated effect on fiscal policies is reduced. This suggests that part of the effect was driven by differential trends between municipalities that open at least a refugee centres and those that never open a refugee centre, which may not constitute an adequate control group in this context. On the opposite, municipalities that do not open a refugees' centre at time t, but that open at least one refugees' centre in the other years, seem to represent a more reliable control group for municipalities treated at time t.

Given the structure of regression 5, and given some constraints in the data, this exericise is implemented using the period 2005-2015 only (i.e. years 2016 and 2017 are excluded). More specifically, as described in Table A1, tender number 8 is the only tender for which the year during which the decision of opening a refugees' centre is taken coincides with the year during which the refugees' centre is actually opened. This would not enable to separately estimate the effect of $Centre\_open_{it}$ and $Application\_centre_{it-1}$ for this tender. For this reason, year 2016 is excluded from this exercise. On the other hand, data about foreign population, total population and fiscal policies are not available for 2017.

Finally, the fact that this exercise is developed excluding years 2016 and 2017 explains why in Tables 5, 6 and 7 (see subsections 6.1) the number of municipalities considered (i.e. 640) when using only municipalities that open at least a refugees' centre is smaller than the number of municipalities observed with the same subsample (i.e. 1334) in the first part of the paper (e.g. see Table 2). This is also illustrated by Figures 4 and 5 and Table A2, which show the evolution of the number of municipalities that participate to the SPRAR program.

6.1 The effect of refugees' reception on fiscal policies

In this subsection, I describe the results about the effect of refugees' reception on fiscal outcomes. As described in section 2, municipalities that participate in the SPRAR program receive grants from the central government. These grants are used to pay firms and cooperatives that are appointed by the mayor to manage the refugees' centre and to fund services that are needed to host the refugees. Thus, these grants represent resources that benefit firms, cooperatives and professionals that work for the reception centre or provide services to it.

Table 5 describes the impact of refugees' reception on SPRAR fiscal grants. Regressions

in columns 1-3 are run using the entire sample of Italian municipalities, while results in columns 4-5 have been obtained using only the subsample of municipalities that open at least a refugees' centre. In all columns of Table 5, I am controlling for municipal and mayoral characteristics, and municipal and year fixed effects. The group specific time dummy variables λ_t^s described in subsection 6 are introduced in column 3. The results of Table 5 suggest that the reception of refugees is associated to substantial grants transferred by the central government.

In Table 6, I then investigate how the reception of refugees, through SPRAR fiscal grants, affects the following two fiscal outcomes: 1) total current grants from the central government; 2) social expenditures. The results in Table 6 indicate that refugees' reception has a positive impact on current grants (column 2 of Table 6), which represent resources that can be used to increase expenditures, and in particular social expenditures (column 3 of Table 6). As we can see from column 1 of Table 6, this increase in current grants is entirely determined by SPRAR grants, which are transferred by the central government to those municipalities that participate to the SPRAR program.

Finally, Table 7 shows how the composition of social expenditures changes after the opening of a refugee centre. More specifically, columns 1-3 shows the effect of opening a refugee centre on bureaucratic expenditures (i.e. expenditures for interest payments, for taxes, administrative exenditures), while columns 4-6 provides evidence about the effect on types of expenditures that could have a positive effect on the local economy (i.e. transfers to firms, personell expenditures and expenditures for the purchase of services). As we can see from Table 7, bureaucratic expenditures are not affected by the opening of a refugee centre, while transfers to firms, personell expenditures and expenditures for the purchase of services are all positively affected. These results suggest that opening a refugee centre could have positive economic consequences for the local economy.

The results of this subsection show that opening a refugees' centre enables the mayor to attract grants from the central government, which can be used to give benefits to firms, cooperatives and professional that work for the reception centre or provide services to it. The evidence that electoral incentives have a negative impact on refugees' reception suggests that mayors are willing to give up these resources to avoid the electoral costs associated with refugees' reception. The results of this paper suggest that governments seem to weight

the electoral costs of immigration policies more than the potential electoral benefits of fiscal resources associated with immigration policies.

7 Long-run consequences of electoral incentives on refugees' reception

A final question is whether the baseline effect of electoral incentives identified in section 5.1 has long-run consequences on refugees' reception. As a long-run exogenous variation in the intensity of the effect of electoral incentives on refugees' reception is not available, in this section I can answer to this question only providing suggestive evidence. This is done applying the intuituion and the methodoloy implemented by Labonne (2016), who has studied whether political business cycles are detrimental to development in the Philippines. Thus, this section studies the long-run correlation between the magnitude of the effect of electoral incentives on refugees' reception in the past, and the probability of opening a refugees' centre today. The goal is to provide suggestive evidence about whether the inefficiencies generated by electoral incentives in the past can still affect refugees' reception in the future.

The procedure used in this section is developed in two steps: first, I get a municipality-specific estimate of the magnitude of the effect of electoral incentives on refugees' reception for the tenders launched in the years 2005-2013. This is done estimating the following equation:

$$No\_refugees\_Centre_{it} = \alpha + \delta_i Final_{it} + \beta_1 X_{it} + \lambda_t + \gamma_i + \eta_{it} \tag{6}$$

where $No\_refugees\_Centre_{it}$ is equal to one if municipality i does not open a refugees' centre during tender t, while $Final_{it}$ is one for mayors in the final year of the term (i.e. just before election) when tender t is launched, and equal to zero otherwise. The parameter of interest is δ_i, which is a municipality-specific estimate of the magnitude of the effect of electoral incentives on refugees' reception. In practice, the estimated parameter $\hat{\delta}_i$ measures the magnitude of the effect of electoral incentives on the probability of not opening a refugees' centre for municipality i during the period 2005-2013. This estimated parameter has a mean of 0.005 and a standard deviation of 0.10, where positive values refer to municipalites in which electoral incentives had a negative impact on the probability of opening a refugees' centre, while negative values indicate that electoral incentives increased the probability of

hosting refugees.

Second, I estimate the correlation the correlation between $\hat{\delta}_i$ and the probability of opening a refugees' centre in the final year available in the data (i.e. 2016). This is done running the following equation using the cross-section of all municipalities in 2016:

$$Refugees\_Centre_{it} = \alpha + \gamma\hat{\delta}_i + \beta_1 X_i + \lambda_p + \eta_{it} \tag{7}$$

where $Refugees\_Centre_{it}$ is equal to one if municipality i opens a refugees' centre in the last tender observed in the data, X_i are municipal and mayoral characteristics and λ_p captures province fixed effects. The parameter of interest in equation 7 is γ, which estimates the correlation between the magnitude of the effect of electoral incentives on refugees' reception in the years 2005-2013 and the probability of opening a refugees' centre in 2016. As δ_i gets positive values for municipalities in which electoral incentives had a detrimental effect on refugees' reception in the years 2005-2013, a negative coefficient in front of γ would indicate that the inefficiencies of the past still negatively affects refugees' reception today.

The results obtained running equation 7 on the cross-section of all Italian municipalities in 2016 are reported in Table 8. The coefficients reported in columns 1-3 are obtained running equation 7 on the cross-section of all Italian municipalities, while the coefficients in columns 4-6 are obtained considering only the subsample of municipalities which opened at least one refugees' centre in the period 2005-2013.

The results in Table 8 suggest that there is a negative correlation between the magnitude of the effect of electoral incentives on refugees' reception in the years 2005-2013 and the probability of opening a refugees' centre in 2016. More specifically, looking at the estimates in column 3, an increase by 10 percentage points in the intensity of the effect of electoral incentives in the period 2005-2013 descreases the probability of opening a refugees' centre in 2016 by 2.8 percentage points. The results are qualitatively confirmed if model 7 is run on the subsample of municipalities which opened at least one refugees' centre in the period 2005-2013. In conclusion, these results suggest that the past inefficiencies generated by electoral incentives have some persistency over time and that they can potentially affect refugees' reception also in the long-run.

8 Alternative stories and robustness checks

8.1 Alternative stories

I this subsection, I show that the main results of the paper are not driven by two potential alternative stories: first, in Table A4 I show that the effect of electoral incentives on refugees' reception is not driven by the political orientation of the mayor. In fact, while on average centre-left mayors have a higher probability of hosting refugees, both centre-left, centre-right and independent mayors experience a reduction in the probability of opening a refugees' reception centre toward the end of the term. This suggests that mayors with different political orientations respond in a similar way to electoral incentives.

Second, I can show that the results are not driven by city size effects in two ways: first, controlling for population and for the interaction between population and the dummy variable for the final year of the term leaves the results unchanged. Besides that, in Table A5 I can show that the results are driven by small and medium sized municipalities, while it is completely absent in big cities. This is consistent with the political economy literature, which indicates that the effect of immigration on extreme-right voting is stronger in small and medium municipalities than in big cities (Dustmann et al., 2016).

8.2 Additional robustness checks

In this subsection, I show that the results are robust to the following additional robustness checks: 1) the results are unchanged if I control for early interruptions of the electoral mandate (see Table A6); 2) the results are not driven by differences across mayors in terms of career perspectives in the private sector (see Table A7 and Table A8); 3) the results are not driven by municipalities in which the Home Office open refugees' centres through channels alternative to the SPRAR allocation system (see section 2 for more information and see Tables A9 for the results); 4) the results are unchanged if I drop SPRAR tenders for which the assignment to a specific electoral year is not clear (see Table A10).[25]

[25]This is due to the fact that for some tenders the starting and ending dates for applications are in two different years. See Table A1.

9 Conclusion

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

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

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

In the second part of the empirical analysis, I show that by refusing to host refugees, Italian mayors impose an economic cost on their municipality. This cost is the missed opportunity to attract fiscal grants that could benefit firms, cooperatives and professionals that work for the reception centre or provide services to it.

Finally, I show that the effect of electoral incentives on the reception of refugees potentially persists in the medium and long run.

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

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

	(1) Open at least one centre	(2) obs	(3) Never open a centre	(4) obs	(5) p-value
Politicians characteristics					
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	0.059	1334	0.041	6691	0.000
Term limit	0.228	1334	0.210	6691	0.007
Municipal characteristics					
area	56.626	1334	33.479	6691	0.000
longitude	12.326	1334	11.355	6691	0.000
latitude	42.563	1334	43.532	6691	0.000
altitude	307.498	1334	365.246	6691	0.000
Islands	0.106	1334	0.093	6691	0.139
South	0.306	1334	0.205	6691	0.000
Centre	0.164	1334	0.113	6691	0.000
North-East	0.079	1334	0.202	6691	0.000
North-West	0.342	1334	0.385	6691	0.003
Population	20721	1334	4416	6691	0.000
Population density	409.470	1334	252.671	6691	0.000
No-profit associations	0.004	1334	0.005	6691	0.000
Number of firms per capita	0.073	1334	0.078	6691	0.000
Unemployment	0.124	1334	0.096	6691	0.000
Income	13267	1334	13571	6691	0.001
% children	0.044	1334	0.043	6691	0.000
% elderly	0.203	1334	0.214	6691	0.000
% graduate	0.053	1334	0.045	6691	0.000

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

Table 2: Effect of electoral incentives on refugees' reception

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor opens a refugees' centre						
Panel A: treatment is final year of electoral term						
Sample	All municipalities			Open at least one refugees' centre		
Final	-0.008***	-0.009***	-0.008***	-0.046***	-0.050***	-0.048***
	(0.001)	(0.002)	(0.002)	(0.007)	(0.008)	(0.008)
Mean outcome	0.033	0.033	0.033	0.204	0.204	0.204
R-squared	0.163	0.328	0.329	0.184	0.304	0.348
Observations	78,112	78,112	78,112	12,988	12,988	12,988
# municipalities	8025	8025	8025	1334	1334	1334
Panel B: treatment years 2-5 electoral term						
Sample	All municipalities			Open at least one refugees' centre		
Year 2 term	0.001	-0.003	-0.003	-0.006	-0.004	-0.003
	(0.002)	(0.002)	(0.002)	(0.012)	(0.012)	(0.012)
Year 3 term	0.004**	-0.000	0.001	0.005	-0.004	0.009
	(0.002)	(0.002)	(0.002)	(0.011)	(0.010)	(0.011)
Year 4 term	-0.002	-0.004*	-0.003	-0.001	-0.007	0.012
	(0.002)	(0.002)	(0.002)	(0.013)	(0.013)	(0.012)
Year 5 term	-0.006***	-0.011***	-0.009***	-0.047***	-0.057***	-0.044***
	(0.002)	(0.002)	(0.002)	(0.013)	(0.013)	(0.013)
Mean outcome	0.035	0.035	0.035	0.231	0.231	0.231
R-squared	0.163	0.328	0.329	0.184	0.304	0.349
Observations	78,112	78,112	78,112	12,988	12,988	12,988
# municipalities	8025	8025	8025	1334	1334	1334
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	No	Yes	Yes	No	Yes	Yes
Controls	Yes	No	Yes	Yes	No	Yes

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

Table 3: Heterogeneity analysis

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Outcome =1 mayor opens a refugees' centre							
Final	-0.008***	-0.010***	0.009	-0.003	-0.001	0.082	-0.012***	0.054
	(0.002)	(0.003)	(0.005)	(0.002)	(0.003)	(0.091)	(0.002)	(0.092)
Final X Overestimate		0.011	-0.050**			-0.076**		-0.067**
		(0.018)	(0.023)			(0.030)		(0.031)
Final X Share foreign			-0.190***	-0.121***		-0.158***		-0.148***
			(0.049)	(0.038)		(0.052)		(0.052)
Final X Extreme-right voting					-0.039***	-0.045***		-0.047***
					(0.014)	(0.015)		(0.015)
Final X Political competition							0.007**	0.007**
							(0.003)	(0.003)
Mean outcome	0.033	0.033	0.033	0.033	0.033	0.033	0.034	0.034
R-squared	0.328	0.328	0.328	0.328	0.329	0.330	0.322	0.324
Observations	78,112	78,112	78,112	78,112	78,112	78,112	71,220	71,220
# municipalities	8025	8025	8025	8025	8025	8025	7296	7296
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Additional interactions	No	No	No	No	No	Yes	No	Yes

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

Table 4: Correlation between refugees' centre and votes at next election

	(1)	(2)	(3)	(4)
Sample	Term limit = 0		Term limit = 1	
Outcome	% Votes next election mayor		% Votes next election vice-mayor/minister	
# refugees' centre final year of the term	-2.369*	-2.398*	-7.181**	-7.411**
	(1.350)	(1.370)	(2.936)	(3.050)
# refugees' centre during the term		0.968		1.911
		(0.779)		(1.471)
Mean outcome	60.43	60.43	47.55	47.55
R-squared	0.143	0.253	0.106	0.174
Observations	6,347	6,347	2,038	2,038
Year of election FE	Yes	Yes	Yes	Yes
Province FE	Yes	Yes	Yes	Yes
Controls	No	Yes	No	Yes

Notes. All Italian municipalities, years 2005-2017. Treatment variables: # refugees' centre final year of the term = number of refugees' centres that the mayor decides to open in the final year of the term. As normally only one tender is launched in the final years observed in the data, this variable is generally equal to 1 for mayors who decide to open a refugees' center during tender t, and zero for mayors who do not open any refugees' centre. The treatment # refugees' centre during the term = number of refugees' centres that the mayors decides to open during years 1-4 of the term. The outcome variable is equal to the vote share taken by the incumbent coalition at the next election. In column 1-2 (i.e. mayor is not term limited), this is equal to the vote share taken by the mayor, while in column 3-4 (i.e. mayors is term limited) is equal to the vote share taken by the vice-mayor or by a minister, depending on who decides to run as mayoral candidate in place of the incumbent mayor, who is term limited in after two consecutive terms. Controls: share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, unemployment rate, 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 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 5: Sprar fiscal grants

	(1)	(2)	(3)	(4)	(5)
	Outcome = Sprar fiscal grants				
Sample	All municipalities			Open at least one refugees' centre	
Refugees' centre open	33.861***	33.918***	22.759***	22.642***	22.751***
	(3.266)	(3.307)	(3.121)	(3.127)	(3.203)
Application refugees' centre		0.337	-0.621	-0.692	-0.496
		(0.857)	(1.889)	(2.008)	(1.978)
Year before application					-0.616
					(1.535)
Mean outcome	0	0	0	0	0
R-squared	0.654	0.654	0.662	0.662	0.652
Observations	84,436	84,436	84,436	84,436	6,748
# municipalities	7947	7947	7947	640	640
Year FE	Yes	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes	Yes
Differential trends	No	No	Yes	No	No

Notes. All Italian municipalities, years 2005-2015. Treatment variables: Refugees' centre open = 1 if in municipality i and year t there is a functioining refugees' reception centre. Application refugees' centre = 1 if the mayor of municipality i decides to open for the first time a refugees' reception centre in year $t-1$. Year before application = 1 in year $t-2$ if in year $t-1$ the mayor of municipality i decides to open a refugees' centre for the first time. The outcome variables is measured in per capita terms. The outcome variable is equal to SPRAR specific grants per capita receive from the central government. Controls: population, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by *, at the 5% level by **, and at the 1% level by ***.

Table 6: Effect of refugees' reception on fiscal policies

	(1)	(2)	(3)
Outcome	Sprar Grants	Current Grants	Social Expenditure
Refugees' centre open	22.751***	22.106*	25.456***
	(3.203)	(13.414)	(6.303)
Application refugees' centre	-0.496	-6.898	8.048
	(1.978)	(18.050)	(6.837)
Year before application	-0.616	-8.987	0.738
	(1.535)	(12.628)	(7.084)
Mean outcome	0	321.7	95.82
R-squared	0.652	0.723	0.763
Observations	6,748	6,748	6,748
# municipalities	640	640	640
Year FE	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes
Controls	Yes	Yes	Yes

Notes. All Italian municipalities, years 2005-2015.Treatment variables: Refugees' centre open = 1 if in municipality i and year t there is a functioining refugees' reception centre. Application refugees' centre = 1 if the mayor of municipality i decides to open for the first time a refugees' reception centre in year $t-1$. Year before application = 1 in year $t-2$ if in year $t-1$ the mayor of municipality i decides to open a refugees' centre for the first time. The outcome variables are equal to: 1) SPRAR specific grants per capita in column 1; 2) current grants per capita in column 2; 3) social expenditures per capita in column 3. Controls: population, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by *, at the 5% level by **, and at the 1% level by ***.

Table 7: Effect of refugees' reception on the composition of social expenditures

	(1)	(2)	(3)	(4)	(5)	(6)
Sample	Open at least one refugees' centre					
Outcome	Interests Expenditures	Taxes Expenditures	Admin Expenditures	Transfers Firms	Personell Expenditures	Services
Refugees' centre open	0.056	0.047	0.460	10.306***	1.436*	11.755**
	(0.168)	(0.045)	(0.398)	(3.798)	(0.785)	(4.794)
Application refugees' centre	0.004	0.053	0.410	0.529	1.018	6.462
	(0.150)	(0.058)	(0.395)	(3.689)	(0.794)	(5.669)
Year before application	0.021	0.016	0.402	-4.469	0.244	5.396
	(0.129)	(0.038)	(0.345)	(5.531)	(0.574)	(4.431)
Mean outcome	1.993	0.708	0.513	31.79	15.67	40.96
R-squared	0.853	0.691	0.339	0.504	0.770	0.810
Observations	6,715	6,715	6,715	6,715	6,715	6,715
# municipalities	640	640	640	640	640	640
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes	Yes	Yes

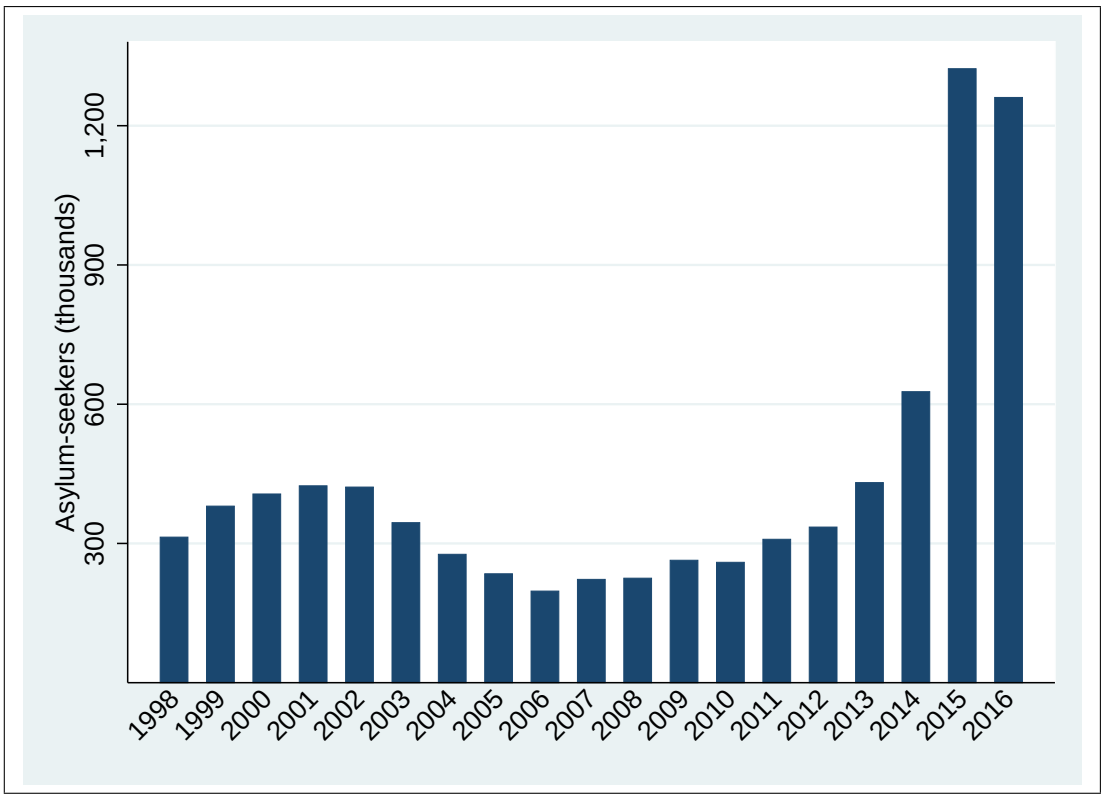
Notes. All Italian municipalities, years 2005-2015.Treatment variables: Refugees' centre open = 1 if in municipality i and year t there is a functioining refugees' reception centre. Application refugees' centre = 1 if the mayor of municipality i decides to open for the first time a refugees' reception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

Table 8: Long-run correlation between electoral incentives' magnitude and refugees' reception

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor opens a refugees' centre in 2016						
Sample	All municipalities			Open at least one refugees' centre		
Magnitude electoral incentives	-0.392***	-0.415***	-0.280***	-0.507***	-0.108*	-0.111*
	(0.054)	(0.074)	(0.055)	(0.062)	(0.065)	(0.067)
Mean outcome	0.096	0.096	0.096	0.539	0.539	0.539
R-squared	0.414	0.266	0.505	0.218	0.449	0.534
Observations	7027	7027	7027	1249	1249	1249
# municipalities	7027	7027	7027	1249	1249	1249
Province FE	No	Yes	Yes	No	Yes	Yes
Controls	Yes	No	Yes	Yes	No	Yes

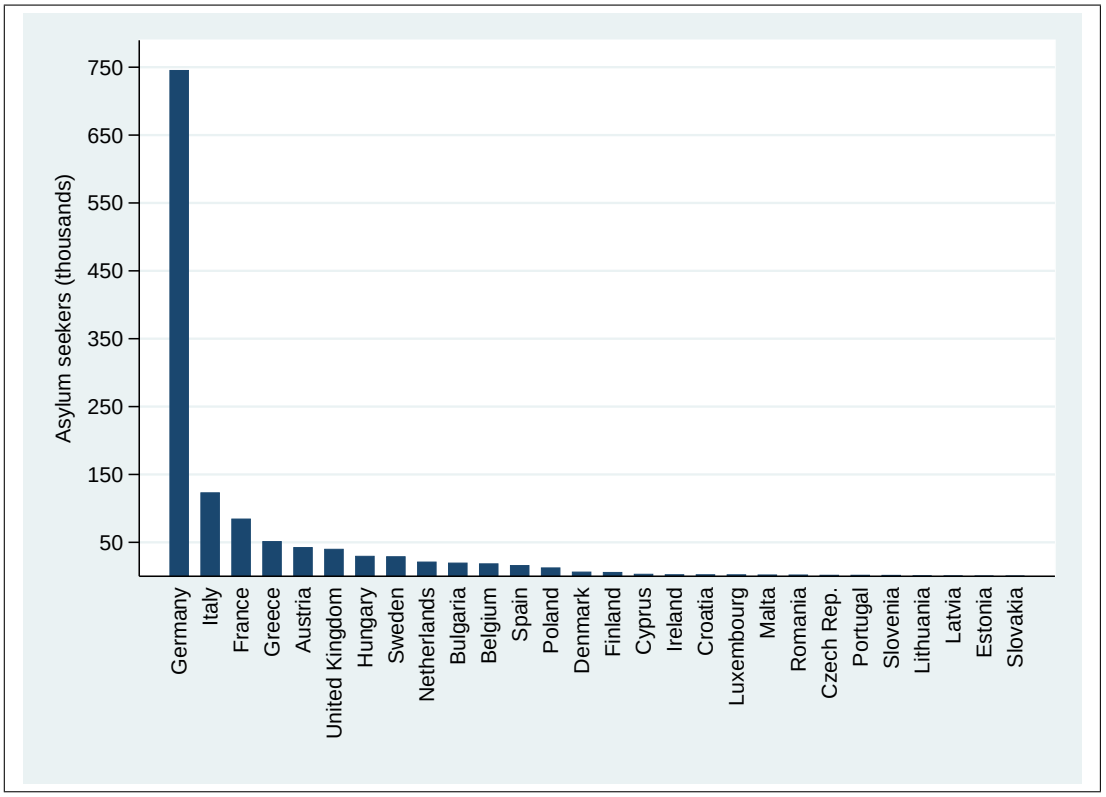
Notes. All Italian municipalities, years 2005-2017. Treatment variables: Magnitude electoral incentives = magnitude of the effect of electoral incentives on the probability of no opening a refugees' centre during the tenders in years 2005-2013. The outcome variable is equal to 1 if a mayor decides to open a refugees' centre in years 2016-2017. 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 ***.

Figure 1: Number asylum seekers in EU Countries



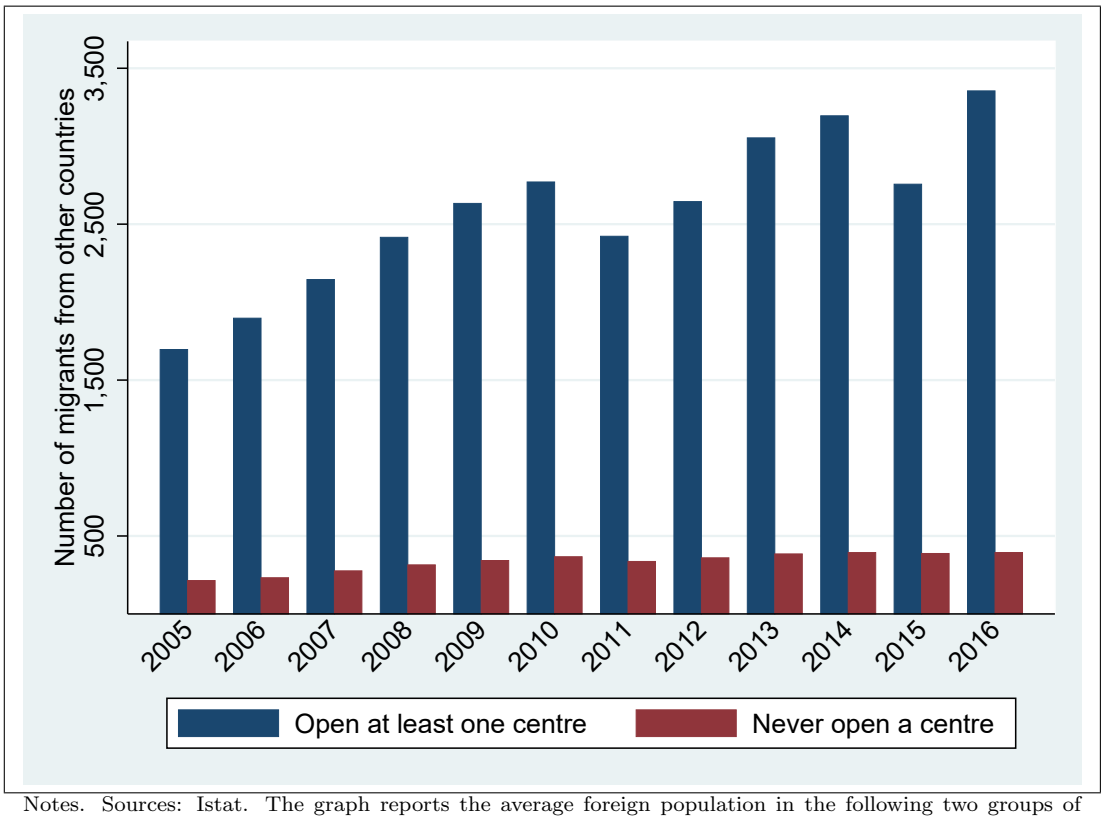
Notes. Asylum-seekers in EU Countries (thousands). Source: Eurostat.

Figure 2: Number asylum seekers in 2016 by Countries



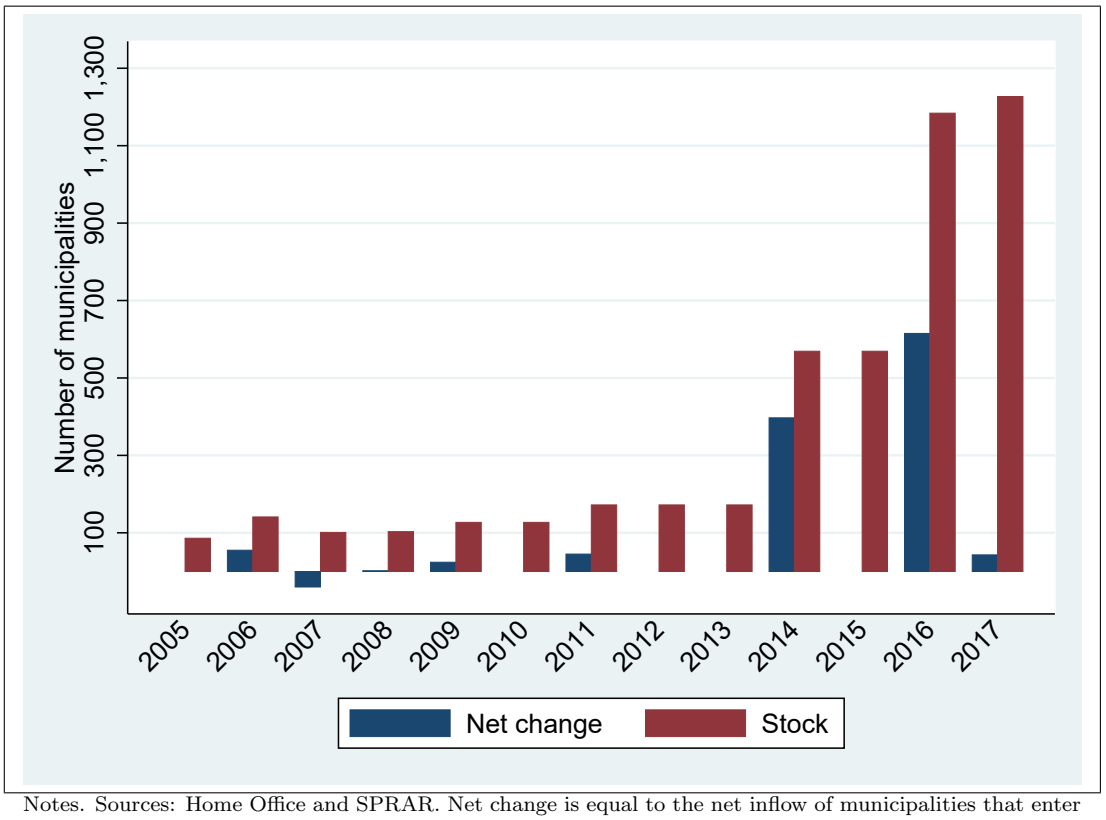
Notes. Asylum-seekers in EU Countries (thousands). Source: Eurostat.

Figure 3: Open at least one centre vs. never open a centre



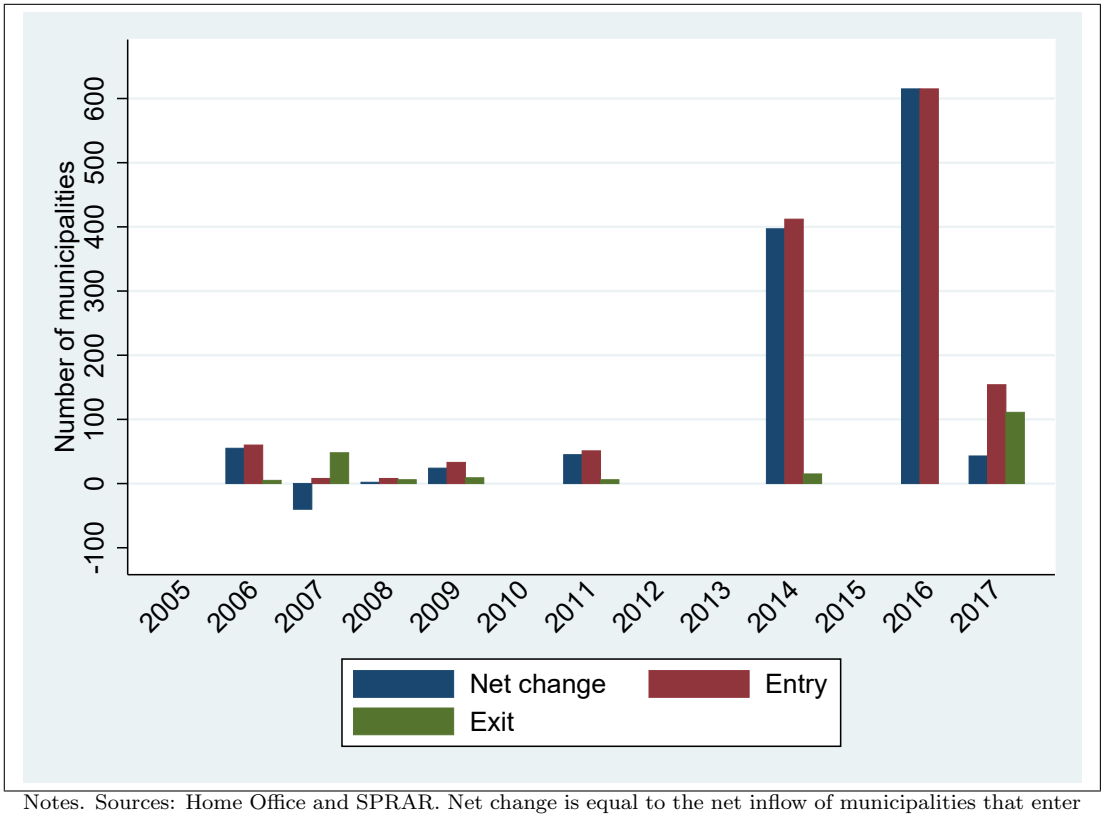
Notes. Sources: Istat. The graph reports the average foreign population in the following two groups of municipalities: 1) municipalities that opened at least a refugees' centre in the period studied; 2) municipalities that never opened a refugees' centre in the period studied.

Figure 4: Number of SPRAR municipalities



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

Figure 5: Net change number of SPRAR municipalities



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

Appendix

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

Table A1: The timing of SPRAR tenders

(1)	(2)	(3)	(4)	(5)
tender	Year tender	Date tender starts	Date tender ends	Refugees centre open
1	2005	05/12/2005	20/12/2005	2006
2	2006	01/07/2006	31/07/2006	2007
3	2007	01/07/2007	31/07/2007	2008
4	2008	06/08/2008	05/09/2008	2009-2010
5	2010	30/09/2010	30/10/2010	2011-2013
6	2013	04/09/2013	19/10/2013	2014-2016
7	2015	23/05/2015	22/07/2015	2016
8	2015-2016	14/10/2015	14/02/2016	2016-2017
9	2016	27/08/2016	30/10/2016	2017-2019
10	2016-2017	31/10/2016	31/03/2017	2017-2019

Notes. Sources: Home Office and SPRAR. Year tender is the year in which the tender is launched by the Home Office. The starting date of the tender is indicated in column 3, while the deadline is indicated in column 4. If municipality i participates to the tender, then the refugees' centre is open in the years indicated in column 5.

Table A2: Number of SPRAR municipalities

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

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

Table A3: Effect of electoral incentives on refugees' reception
Term-limited vs no term-limited

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor opens a refugees' centre						
Panel A: no term limit						
Sample	All municipalities			Open at least one refugees' centre		
Final	-0.007***	-0.008***	-0.007***	-0.043***	-0.046***	-0.043***
	(0.002)	(0.002)	(0.002)	(0.008)	(0.010)	(0.010)
Mean outcome	0.0330	0.0330	0.0330	0.206	0.206	0.206
R-squared	0.152	0.342	0.346	0.185	0.318	0.379
Observations	61,362	61,362	61,362	10,007	10,007	10,007
# municipalities	8025	8025	8025	1334	1334	1334
Panel B: term limit						
Sample	All municipalities			Open at least one refugees' centre		
Final	-0.010***	-0.012***	-0.009*	-0.053***	-0.054***	-0.045**
	(0.003)	(0.004)	(0.005)	(0.015)	(0.021)	(0.021)
Mean outcome	0.0343	0.0343	0.0343	0.196	0.196	0.196
R-squared	0.208	0.519	0.541	0.204	0.489	0.561
Observations	16,750	16,750	16,750	2,981	2,981	2,981
# 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* in Panel A is equal to 1 for mayors in the final year of the term, and 0 otherwise. The treatment variables in Panel B are: Year term 2 =1 for mayors in the second year of the term; Year term 3 =1 for mayors in third year of the term; Year term 4 =1 for mayors in fourth year of the term; Year term 5 =1 for mayors in the fifth year of the term. The outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender t. Controls: share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by *, at the 5% level by **, and at the 1% level by ***.

Table A4: The role of political orientation

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor opens a refugees' centre						
Sample	All municipalities			Open at least one refugees' centre		
Political orientation	Centre-left	Centre-right	Independent	Centre-left	Centre-right	Independent
Final	-0.017***	-0.012**	-0.004**	-0.042**	-0.047**	-0.042***
	(0.006)	(0.005)	(0.002)	(0.019)	(0.019)	(0.012)
Mean outcome	0.0704	0.0370	0.0252	0.242	0.179	0.182
R-squared	0.500	0.663	0.295	0.450	0.687	0.394
Observations	10,501	6,846	53,482	3,096	1,380	7,520
# 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* in Panel A is equal to 1 for mayors in the final year of the term, and 0 otherwise. The treatment variables in Panel B are: Year term 2 =1 for mayors in the second year of the term; Year term 3 =1 for mayors in third year of the term; Year term 4 =1 for mayors in fourth year of the term; Year term 5 =1 for mayors in the fifth year of the term. The outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender t. Controls: 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: Small vs big municipalities

	(1)	(2)	(3)	(4)
Outcome =1 mayor opens a refugees' centre				
Sample	All municipalities		Open at least one refugees' centre	
Municipality size	Small	Big	Small	Big
Final	-0.007***	0.007	-0.046***	0.013
	(0.002)	(0.030)	(0.008)	(0.032)
Mean outcome	0.0294	0.440	0.188	0.503
R-squared	0.287	0.563	0.348	0.541
Observations	77,328	784	12,304	684
# municipalities	7945	85	1265	74
Tender FE	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes

Notes. All Italian municipalities, years 2005-2017. Treatment variables: the treatment variable *Final* in Panel A is equal to 1 for mayors in the final year of the term, and 0 otherwise. The treatment variables in Panel B are: Year term 2 =1 for mayors in the second year of the term; Year term 3 =1 for mayors in third year of the term; Year term 4 =1 for mayors in fourth year of the term; Year term 5 =1 for mayors in the fifth year of the term. The outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender t. Controls: 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 refugees' reception
Control for early interruptions electoral mandate

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor opens a refugees' centre						
Panel A: fake treatment without interruptions						
Sample	All municipalities			Open at least one refugees' centre		
Final fake	-0.008***	-0.008***	-0.007***	-0.050***	-0.050***	-0.050***
	(0.002)	(0.002)	(0.002)	(0.007)	(0.008)	(0.008)
Mean outcome	0.0333	0.0333	0.0333	0.203	0.203	0.203
R-squared	0.163	0.327	0.328	0.184	0.304	0.348
Observations	78,112	78,112	78,112	12,988	12,988	12,988
# municipalities	8025	8025	8025	1334	1334	1334
Panel B: drop electoral mandates interrupted before natural deadline						
Sample	All municipalities			Open at least one refugees' centre		
Final	-0.007***	-0.008***	-0.007***	-0.046***	-0.052***	-0.048***
	(0.002)	(0.002)	(0.002)	(0.008)	(0.009)	(0.009)
Mean outcome	0.0329	0.0329	0.0329	0.204	0.204	0.204
R-squared	0.154	0.321	0.323	0.182	0.293	0.347
Observations	74,942	74,942	74,942	12,273	12,273	12,273
# 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: the treatment variable *Final* in Panel A is equal to 1 for mayors in the final year of the term, and 0 otherwise. The treatment variables in Panel B are: Year term 2 =1 for mayors in the second year of the term; Year term 3 =1 for mayors in third year of the term; Year term 4 =1 for mayors in fourth year of the term; Year term 5 =1 for mayors in the fifth year of the term. The outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender t. Controls: share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by *, at the 5% level by **, and at the 1% level by ***.

Table A7: Effect of electoral incentives on refugees' reception
Alternative story: political experience vs no political experience

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor opens a refugees' centre						
Panel A: political experience > median						
Sample	All municipalities			Open at least one refugees' centre		
Final	-0.007***	-0.008***	-0.007***	-0.044***	-0.044***	-0.046***
	(0.002)	(0.003)	(0.003)	(0.011)	(0.013)	(0.013)
Mean outcome	0.0334	0.0334	0.0334	0.194	0.194	0.194
R-squared	0.173	0.419	0.430	0.190	0.395	0.447
Observations	36,114	36,114	36,114	6,360	6,360	6,360
# municipalities	6062	6062	6062	1043	1043	1043
Panel B: political experience < median						
Sample	All municipalities			Open at least one refugees' centre		
Final	-0.009***	-0.008***	-0.007***	-0.047***	-0.050***	-0.048***
	(0.002)	(0.002)	(0.002)	(0.010)	(0.013)	(0.013)
Mean outcome	0.0332	0.0332	0.0332	0.213	0.213	0.213
R-squared	0.158	0.367	0.372	0.197	0.340	0.405
Observations	41,998	41,998	41,998	6,628	6,628	6,628
# 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* in Panel A is equal to 1 for mayors in the final year of the term, and 0 otherwise. The treatment variables in Panel B are: Year term 2 =1 for mayors in the second year of the term; Year term 3 =1 for mayors in third year of the term; Year term 4 =1 for mayors in fourth year of the term; Year term 5 =1 for mayors in the fifth year of the term. The outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender t. Controls: share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by *, at the 5% level by **, and at the 1% level by ***.

Table A8: Effect of electoral incentives on refugees' reception
Alternative story: postgraduate vs no-postgraduate

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor opens a refugees' centre						
Panel A: graduate mayor						
Sample	All municipalities			Open at least one refugees' centre		
Final	-0.012***	-0.011***	-0.010***	-0.056***	-0.049***	-0.045***
	(0.002)	(0.003)	(0.003)	(0.010)	(0.012)	(0.012)
Mean outcome	0.0433	0.0433	0.0433	0.226	0.226	0.226
R-squared	0.186	0.391	0.397	0.183	0.342	0.382
Observations	33,540	33,540	33,540	6,535	6,535	6,535
# municipalities	5470	5470	5470	1016	1016	1016
Panel B: non-graduate mayor						
Sample	All municipalities			Open at least one refugees' centre		
Final	-0.003	-0.005**	-0.004*	-0.030***	-0.043***	-0.042***
	(0.002)	(0.002)	(0.002)	(0.011)	(0.013)	(0.012)
Mean outcome	0.0258	0.0258	0.0258	0.182	0.182	0.182
R-squared	0.138	0.372	0.380	0.197	0.370	0.462
Observations	44,572	44,572	44,572	6,453	6,453	6,453
# 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* in Panel A is equal to 1 for mayors in the final year of the term, and 0 otherwise. The treatment variables in Panel B are: Year term 2 =1 for mayors in the second year of the term; Year term 3 =1 for mayors in third year of the term; Year term 4 =1 for mayors in fourth year of the term; Year term 5 =1 for mayors in the fifth year of the term. The outcome variable is equal to 1 for mayors who decide to open a refugees' reception centre during tender t. Controls: share of graduate, share elderly (>65), share children (<5), log of income per capita, number of firms per capita, population density, area, altitude, latitude, longitude, unemployment rate, dummy variable for first level reception centres, number no-profit organizations per capita, population, dummy variable for past participation to SPRAR, dummy female mayor, age mayor, dummy unemployed mayor, political experience mayor, dummy graduate mayor, dummy left mayor, dummy independent mayor, dummy term limit, dummy for early interruption mandate. Robust standard errors clustered at the municipality level are in parentheses. Significance at the 10% level is represented by *, at the 5% level by **, and at the 1% level by ***.

Table A9: Effect of electoral incentives on refugees' reception
Control for CAS and North-Africa emergency

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor opens a refugees' centre						
Panel A: control for CAS (year < 2014)						
Sample	All municipalities			Open at least one refugees' centre		
Final	-0.004**	-0.007***	-0.005***	-0.031***	-0.038***	-0.034***
	(0.002)	(0.002)	(0.002)	(0.008)	(0.008)	(0.008)
Mean outcome	0.0231	0.0231	0.0231	0.143	0.143	0.143
R-squared	0.343	0.587	0.588	0.391	0.626	0.631
Observations	47,086	47,086	47,086	7,759	7,759	7,759
# municipalities	8025	8025	8025	1334	1334	1334
Panel B: control for North-Africa emergency (year < 2011)						
Sample	All municipalities			Open at least one refugees' centre		
Final	-0.002*	-0.002***	-0.003***	-0.012*	-0.013***	-0.014***
	(0.001)	(0.001)	(0.001)	(0.006)	(0.005)	(0.005)
Mean outcome	0.0157	0.0157	0.0157	0.0970	0.0970	0.0970
R-squared	0.442	0.782	0.787	0.435	0.767	0.774
Observations	39,243	39,243	39,243	6,463	6,463	6,463
# municipalities	8025	8025	8025	1334	1334	1334
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	No	Yes	Yes	No	Yes	Yes
Controls	Yes	No	Yes	Yes	No	Yes

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

Table A10: Effect of electoral incentives on refugees' reception
Drop tenders with no clear assignments

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome =1 mayor opens a refugees' centre						
Sample	All municipalities			Open at least one refugees' centre		
Final	-0.005***	-0.007***	-0.006***	-0.035***	-0.042***	-0.037***
	(0.001)	(0.001)	(0.001)	(0.007)	(0.007)	(0.007)
Mean outcome	0.0301	0.0301	0.0301	0.184	0.184	0.184
R-squared	0.282	0.481	0.493	0.285	0.504	0.515
Observations	62,655	62,655	62,655	10,378	10,378	10,378
# municipalities	8025	8025	8025	1334	1334	1334
Tender FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipal FE	No	Yes	Yes	No	Yes	Yes
Controls	Yes	No	Yes	Yes	No	Yes

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