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Not Welcome Anymore: The Effect of Electoral Incentives on the Reception of Refugees

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Abstract

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

JEL-Codes: R230, J610, D720, C230.

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

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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 A1). Thus for the EU, and western countries in general, the reception of refugees is a hugely important challenge. Many national and local governments do not want to host refugees and asylum seekers, producing asymmetries in terms of "responsibility" or "burden sharing" across and within countries (Fernandez-Huertas Moraga and Rapoport, 2014; Thielemann et al., 2010). This unbalanced reception of refugees (see Figure A2) could be an issue for those countries that receive the largest intakes, especially given the fact 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., 2018). Given the high numbers of people fleeing war and political persecution, and uncertainty about how to respond among national and local governments, it is important to understand the political determinants of immigration policies.

International migration has also become a central topic in the economic research: researchers have shown how 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., 2018), 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 little evidence on immigration policies or on politicians' behaviour with respect to immigration issues (i.e. the supply side).

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

of refugees and asylum seekers. In fact, as immigration has an impact on electoral outcomes (Barone et al., 2016; Becker and Fetzer, 2016; Dustmann et al., 2018; Vertier and Viskanic, 2018), and given that politicians can anticipate voters' reactions, we can expect governments to manipulate immigration policies to gain votes or to avoid losing popularity. 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 the municipal level through tenders issued by the Home Office. Municipalities that open a SPRAR centre receive substantial fiscal grants from higher levels of government. Thus, for a municipal government, opening a reception centre may be an investment, with benefits for the local economy. In fact, there is abundant anecdotal evidence that describes how municipalities that participate in the program benefit from hosting refugees and from the fiscal grants received.[1]

The SPRAR system has two important features that I exploit. First, municipalities can choose whether to participate by opening a reception centre on their territory. Importantly, 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 cross-country institutional and cultural differences. In addition, 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 or not to open a reception centre, the timing of decisions vis a vis the timing of elections is out of their control.

[1]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"

Combining the exogenous timing of SPRAR's tenders and the staggered timing of municipal elections[2] enables me to compare mayors who are in the final year of their term (i.e. just before elections) when the Home Office launches a tender, with mayors in other years of their term. Following the literature (Labonne, 2016), I interpret the parameter estimated through this comparison as the effect of electoral incentives on the probability of opening a reception centre. I find 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. Qualitative findings are robust to different specifications and survive a series of robustness checks.[3]

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' misperceptions of the presence of immigrants. More specifically, I combine survey data about the perceived presence of immigrants ("Transatlantic Trends: immigration 2010"[4]) with the actual share of the municipal foreign population, to provide evidence that the main results are driven by those mu-

[2]Municipal elections are staggered for historical reasons, due to past government crises interrupting electoral mandates. As these crises were heterogeneous in their impact, today Italian municipalities do not all vote at the same time. Interruptions are less frequent today (only 5 per cent in the data studied), possibly because of an electoral law introduced in 1993, which mandates new elections if the municipal council wants to dismiss the mayor. In Table A9, I show that early interruptions are not a threat to the identification strategy. Finally, Coviello and Gagliarducci (2017) and Repetto (2017) discuss the exogeneity of municipal election dates in Italy.

[3]The results survive these robustness checks: first, I run a placebo test in which I show that other time-consuming policies are not negatively affected by the electoral cycle. This rules out the possibility that the baseline effect is driven by the fact that mayors are busy with the electoral campaign during the last year of the term. Second, I show that the effect of electoral incentives is not driven by the political orientation of the mayor. Finally, I show that: 1) the results are unaffected if I control for early interruptions of the 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 SPRAR (see section 2).

[4]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 Fundación BBVA. The data are provided by the Inter-university Consortium for Political and Social Research (ICPSR, https://www.icpsr.umich.edu/icpsrweb/).

nicipalities in which voters overestimate the presence of immigrants by more. This evidence is in line with recent experimental work, which shows that misperceptions of immigrants can affect immigration and redistribution policies (Facchini, Margalit and Nakata, 2016; Alesina, Miano and Stantcheva, 2018). It suggests that providing voters with more accurate information about the actual presence of immigrants may lead to more open immigration policies.

Second, I show that the detrimental effect of electoral incentives on the reception of refugees is even worse 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 suggests that the "contact theory" (Allport 1954; Pettigrew 1998; Dustmann et al., 2018), which claims that the continuous contact between different groups should lead to more acceptance, must be refined. This result is also consistent with the political economy research that 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., 2018).

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).[5]

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

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 positively correlated with the vote shares at the following election. This result indicates that there are electoral costs only for mayors who open a reception centre just before elections, and it suggests that the electoral punishment may be driven by voters' misperception of immigrants. More specifically, this result is consistent with the evidence that the negative effect of electoral incentives is driven by voters' misperceptions of immigrants and by municipalities in which a bigger foreign population induces voters to perceive the arrival of new migrants as a threat. This evidence suggests that voters may change views about the reception of refugees if given enough time to understand what hosting refugees means. This evidence is consistent with the results about learning described above.

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

[5]In the Appendix A1, I report results about other potential heterogeneity mechanisms. Interestingly, other potential mechanisms like labour market concerns (i.e. unemployment) and competition for public services (i.e. schools and hospitals) do not seem to play any role in this context.

refugees can persist beyond the end of the electoral term and that it may have medium and long run consequences. More specifically, I provide evidence that municipalities in which electoral incentives affected the reception of refugees more strongly in the past host a smaller share of refugees and have a lower probability of opening a refugee centre in the last year available in the data.[6] I also provide suggestive evidence that this medium run persistence may be driven by municipalities in which voters overestimate the presence of migrants and by municipalities with higher shares of migrants and higher shares of extreme-right voters. Conversely, political competition seems to attenuate this medium run persistence of the negative effect. This suggests that the effect of electoral incentives can lead to an unbalance reception of refugees in the medium and long run.

In addition, in the Appendix A2, using a difference-in-differences strategy that controls for unobservable shocks that drive the decision to open a centre, I show that the reception of refugees is associated with an increase in total municipal expenditures, which seems to be funded by grants from higher levels of government, and not by local taxes. I show that this increase in expenditures is redistributed toward types of expenditures that could benefit the local economy, in particular firms, cooperatives and professionals that work for the reception centre or provide it services. This is consistent with the anecdotal evidence reported in the press, which indicates that the money spent to fund SPRAR centres benefits the local economy.[7]

This result, combined with the evidence that electoral incentives reduce the probability of opening a refugee 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 attracting these resources from higher levels of government could increase mayor's

[6] As described in section 4, this evidence is provided following Labonne (2016).

[7] In Appendix A3, I use the same empirical strategy to show that the reception of refugees may have some benefits in terms of population growth. I also show that receiving refugees does not seem to create competition for public services like schools. This evidence seems to rule out the possibility that the negative effect of electoral incentives may be due to the fact that hosting refugees creates competition for public services like schools and hospital.

popularity. Moreover, the literature finds that politicians typically increase expenditures and attract more fiscal grants just before elections (Akhmedov and Zhuravskaya, 2004; Drazen and Eslava, 2010; Brollo and Nannicini, 2012; Repetto 2017; Bracco et al. 2015; Alesina and Paradisi, 2017; Repetto 2017).

In sum, these results suggest two potential drawbacks of elections in relation to immigration policies. First, the heterogeneity behind the negative effect of electoral incentives on the reception of refugees may explain why is difficult to redistribute refugees evenly 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., 2018; Vertier and Viskanic, 2018). As highlighted above, while this literature provides evidence about the behaviour of voters (i.e. the demand side), there is little evidence about the behaviour of politicians dealing with immigration issues (i.e. the supply side). As far as I know, the only exceptions are Folke (2014), Facchini and Steinhardt (2011), Casarico, Facchini and Frattini (2018) and Morelli and Negri (2018). Folke (2014) shows that party representation affects immigration and environmental policies in Swedish municipalities. My paper differs from Folke (2014) in that its focus is on electoral incentives rather than party representation.[8] Facchini and Steinhardt (2011) and Casarico, Facchini and Frattini (2018) study the determinant of the voting behaviour of U.S. Congressmen in relation to the legalization of undocumented migrants. Differently from them, the focus here is on the behaviour of governments and on a different type of immigration policy. Morelli and Negri (2018) theoretically study which electoral systems lead to more open immigration policies. My paper investigates a similar topic from an empirical perspective.

The second strand of literature is the political economy of electoral in-

[8]In Table A7, I also provide evidence that the effect of electoral incentives is not driven by the political orientation of the mayor.

centives, which studies how electoral incentives 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 affect immigration policies.

Finally, three papers study immigration in Italy. Bracco et al. (2018) uses data on Italian municipalities and a regression discontinuity design to 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 on two dimensions: first, they focus on the behaviour of migrants, while the focus here is on the behaviour of politicians and on one specific immigration policy (i.e. receiving refugees); second, they study the effect of extreme-right parties, while I study the effect of electoral incentives. Bratti et al. (2017) show how receiving SPRAR refugees influenced the vote at the 2016 Italian Constitutional Referendum. My paper differs from theirs in that they focus on the behaviour of voters, while I study the behaviour of politicians dealing with immigration issues. Genovese, Belgioioso and Kern (2016) use survey data from Italy to study how public opinion is affected by exposure to refugee centres. My analysis differs in that they study the effect of refugee centres on public opinion, while I study the behaviour of municipal governments deciding 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 concludes. In addition, the Online Appendix is divided in four parts: first, Appendix A1 reports institutional information about the SPRAR system, descriptive statistics and robustness checks. Second, Appendix A2 studies how the reception of refugees affects fiscal outcomes, while Appendix A3 shows the relationship between the reception of refugees and population growth and public services like schools. Finally, Appendix A4 reports additional Figures that support the main analysis.

2 Institutional Setting

2.1 Italian municipalities

In Italy, municipalities[9] are the lower level of government, where the highest one is the national parliament, regions are the second tier and provinces the third.[10] Above all there is the European parliament. Municipalities handle 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 public expenditures. For most of the period studied (i.e. 2005-2017), municipal expenditures have been financed thorugh grants from the central state, regions and provinces. The fiscal dependence on grants has been historically heterogeneous across different parts of Italy, with the South being more dependent on grants.[11] However, following the 2008 financial crisis and the 2011 public debt crisis, the importance of grants has diminished, given that the central state has cut many funds transferred to municipalities. Other municipal revenues are taxes and fees on public services. Among these, the most important taxes are: 1) the property tax, initially introduced in 1993 with the name of "ICI", and which has evolved over the years changing name many times (today is called "IMU"); 2) a surcharge on the national personal income tax ("Addizionale Irpef").

The focus of the paper is on mayors, which is justified by their power at municipal level. In fact, since 1993, following a reform[12] that replaced the

[9]There are around 8000 municipalities in Italy, and most of them have less than 5000 inhabitants.

[10]In some specifications, I use Labour market areas (LMA) fixed effects. LMA are geographical areas where most of the labour force lives and works, and where firms can find the labour force needed. Thus, LMAs are sub-regional areas constituted by municipalities with similar economic and social characteristics. I use the 2001 LMA codification (i.e. 685 LMAs are considered). LMAs does not correspond to any level of government.

[11]At the beginning of the years 2000, municipalities in the South were covering approximately 70 per cent of their expenditures with grants. For municipalities in the North, the percentage was approximately 30 per cent.

[12]See Law 81 in 1993

old proportional electoral law with a majoritarian system, mayors are directly elected by the voters.[13] This reform created a direct accountability mechanism between the mayor and the electorate. Besides that, the new electoral law gave mayors the power to choose the vice-mayor and the ministers of the municipal government, 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 threshold. Mayors are elected for five years and for a maximum of two consecutive terms.

Finally, three types of political orientation and party affiliation can be found in Italian municipalities: 1) centre-left coalition; 2) centre-right coalition; 3) independent mayors supported by "Civic Lists".[14]

2.2 The allocation system for refugees

In Italy, the reception of refugees and asylum seekers is organized along two levels, and there are different types of reception centres. In the first level of reception, we find the three types of centres: first, we have the "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 they can apply for asylum. The second type of centres are called "Centri di accoglienza", i.e. Hospitality centres (CDA). CDA identify migrants and certify the regularity of their presence in Italy. 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.[15] CPSA, CDA and CARA centres are managed by the central government, and municipalities do not have powers on them. [16]

[13] Before 1993, the mayor was selected by the municipal council.

[14] "Civic Lists" are local parties autonomous from national coalitions.

[15] In practice, CDA and CARA can have similar functions, and in a certain sense represent already a second level of reception compared to CPSA.

[16] As the list of CPSA, CDA and CARA is made available by the Home Office, in all the regressions, I control for a dummy variable for municipalities that host these centres. See the

Since the beginning of the refugee crisis, CPSA, CDA and CARA have been supported by new centres called "Centri di accoglienza straordinaria", i.e. Centres for extraordinary reception (CAS). CAS have been introduced by the central government in 2014, to limit the emergency created by the refugee 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 powers on them.[17] Besides CAS, other temporary centres that can be found in Italian municipalities are the ENAs (Emergency North Africa). ENAs were introduced in 2011 to deal with the wave of migrants coming from North Africa.[18]

SPRAR centres represent the second level of the reception, the one studied in this paper. SPRAR centres host refugees coming from the first level of reception and their goal is to provide integration services, and help refugees and asylum seekers to learn Italian, find a job and integrate in the society. SPRAR centres have the following characteristics: first, when the Home Office wants to allocate refugees within the second level of reception, it issues a tender, which has the goal to create new SPRAR centres at municipal level. Second, mayors can decide whether to participate to the tender and open a SPRAR centre.[19] Third, the timing of the tenders is decided by the Home Office, and it depends on the need to move refugees and asylum seekers from the first to the second level of reception.[20] [21]

information reported at: http://www.interno.gov.it/it/temi/immigrazione-e-asilo/sistema-accoglienza-sul-territorio/centri-limmigrazione. This dummy enables me to exclude that the main results are driven by these reception centres.

[17] As the location of CAS is not available, to make sure that the effect is not driven by these centres, Table A12 repeats the analysis dropping the years after 2014.

[18] As the list of ENAs is not available, Table A12 repeats the analysis excluding the year after 2010. This enables me to rule out that the effect is driven by these centres.

[19] Participation is open to all municipalities in all the tenders studied, with the exception of tenders 8 and 10, which were restricted to new municipalities, as indicated in column 8 of Table A1. Table A13 shows that the results are unchanged if these two tenders are dropped from the analysis.

[20] There is a temporal lag between the timing of the tender and the opening of the centre. See Table A1.

[21] Table A1 shows that, for tenders 8 and 10, the starting and ending dates for applications

During the period studied, three types of centres have been opened: 1) ordinary centres, for refugee and asylum seekers with not specific issues; 2) refugee centres for unaccompanied minors; 3) refugee centres for disable refugees and asylum seekers. Municipalities that apply to a tender can open only one centre. For some tenders, an exception is made if a municipality wants to open a centre for unaccompanied minors or a centre for disable refugees in addition to an ordinary centre. The number of places that must be available in a centre are decided by the Home Office through the tender and depend on population.[22] Figure A3 reports the aggregate number of places made available by all SPRAR municipalities by year.

Municipalities that open a SPRAR centre receive grants from the central government. These grants are used to cover the costs of the centre and to pay firms and cooperatives that work with the centre. Thus, these funds can potentially benefit the local economy, with positive effects in terms of employment.[23] Table A1 shows that these grants were covering approximately 80 per cent of the costs for tenders 1-7. Since tender 8, the percentage has been extended to 95 per cent and the central government is thinking to further extend it, even above 100 per cent.[24] The reason for the increase in the percentage of costs covered is that the central government wants to incentivize the partici-

are in two different years. This makes the assignment of these two tenders to a specific electoral year more discretionary. Table A13 shows that the results are unchanged if I drop them.

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

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

[24]In Appendix A2, I demonstrate that the fact that SPRAR municipalities were asked to partially contribute to the costs of the centre does not explain the results. In fact, I show that, even if municipalities were supposed to receive funds for less than 100 per cent of the costs, municipalities that opened a centre managed to receive grants that exceeded the initially planned amount. To reinforce this idea, Table A14 shows that the results are unchanged if the analysis is repeated keeping only the last tender (i.e. tender 10). In fact, Law 225 (1st December 2016) introduced a benefit of 500 euros per refugee hosted to be spent freely by part of the municipal government, in addition to the grants transferred to cover 95 per cent of the costs. This means that municipalities that opened a centre in tender 10 received an amount of funds that exceeded the initially planned amount.

pation to the SPRAR system, which has been historically low and below the targets.[25] Figure A3 reports the number of refugee and asylum seekers hosted in SPRAR centres over the past years[26], while Figures A4-A5 and Table A2 report the number of municipalities in the SPRAR system.

3 Data

I use data on all Italian municipalities for the years 2005-2017, obtained from different sources. The first set of data contains information about the SPRAR tenders issued in the period 2005-2017. This data comes from three different sources: 1) the Home Office webpage [27]; 2) The official webpage of SPRAR [28]; 3) the "Briguglio archive" [29], which is a online archive with material about migration. This webpage has been used to double-check the information from the official sources.

The second set of data contains information about municipalities' characteristics. These data are provided by the Italian Statistical Office (ISTAT) and the Home Office. ISTAT provides the following data[30]: 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

[25]While official numbers about the targets of the Home Office are not available, the anecdotal evidence suggests that the targets have not been met regularly. See Linkiesta (in Italian) 28-12-2015:"Il bando per i rifugiati c'e', ma le amministrazioni locali fanno finta di niente." The consequence of not meeting the targets is that refugees remain hosted in first level centres, and specifically in the CAS, whose numbers has exploded in recent years. For example, accordingly to the Home Office, at the end of 2015, 76,683 (i.e. 73 per cent of the total) migrants were hosted in CAS centres, and 19,715 (i.e. 19 per cent of the total) in SPRAR centres. This imbalance is problematic for both the migrants and the hosting municipalities, given that CAS centres are bigger and less able to provide the necessary integration services.

[26]The number of persons hosted exceeds the number of places because some refugees and asylum seekers may stay in one centre for less than one year.

[27]The Home Office must publish all the tenders issued and the list of the winners. See the link: http://www.interno.gov.it/it/amministrazione-trasparente/bandi-gara-e-contratti.

[28]Link: http://sprar.it/. The official SPRAR reports, which are published every year by the Home Office and the Association of Italian Municipalities (ANCI), can be dowloaded from this webpage.

[29]http://briguglio.asgi.it/immigrazione-e-asilo/index.html.

[30]Link: http://dati.istat.it/

unemployment rate; 5) geographical coordinates; 6) information about the foreign population legally resident in Italy and registered at municipal level [31]. The Home Office provides data about the municipal balance sheets [32], in which it is possible to find information about all municipal expenditures and revenues.

Data on municipal politicians are from the Home Office [33] and contain the following information: 1) past professional background; 2) past political experience; 3) age; 4) gender; 5) education.

The final dataset contains information about 8025 municipalities for the period 2005-2017. Descriptive statistics are reported in Table A3.[34]

4 Empirical Strategy

The empirical strategy exploits the timing of the SPRAR tenders, which is decided by the Home Office and is exogenous to municipal circumstances and elections. This exogenous timing is combined with the staggered schedule of municipal elections, which are not held all at the same time.[35] This combination enables me to compare mayors who are in the final year of the term (i.e. just before election) when a tender is issued, with mayors in other years of the term (i.e. mayors who are differently affected by electoral incentives when a tender is issued). The following model is estimated using data at municipality and tender level, and clustering standard errors at municipality level[36] [37]:

[31] Link: http://demo.istat.it/.

[32] Link: http://finanzalocale.interno.it/.

[33] Link: http://amministratori.interno.it/.

[34] In Table A3, municipalities are divided in 2 groups: 1) municipalities that opened at least one centre in the period 2005-2017; 2) municipalities that never opened a centre. As explained below, this distinction is useful for the empirical analysis.

[35] Figure 1 shows the share of municipalities in the final year of the term by tender.

[36] Table A15 shows that if standard errors are clustered at provincial or at labour market areas (LMA) levels the results are unchanged.

[37] Columns 1-2 of Table A16 show that the results are unchanged if I control for linear and quadratic labour market areas (LMA) trends. Columns 3-4 of Table A16 show that the results do not change if I control for linear and quadratic electoral groups trends. In fact, as described by Table A17, municipalities can be divided in five electoral groups, depending on the first election date found in the data.

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

where $Refugees_Centre_{it}$ is equal to 1 if municipality i opens a centre during tender t. $Final_{it}$ is equal to 1 for mayors who are in the final year of the term when tender t is issued, and equal to 0 for mayors in other years of the term. The 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 collected in X_{it}. The inclusion of municipal and tender FE enables me to identify the effect of electoral incentives by comparing mayors who are in the final year of the term during tender t, with mayors who are in the other years of the term during the same tender. Finally, adding an interaction term between $Final_{it}$ and various municipal pre-determined characteristics described in section 5.2, model 1 is extended to study the heterogeneity behind the baseline effect.

5 The effect of electoral incentives on the reception of refugees

5.1 Baseline effect

I estimate equation 1 using the entire sample of Italian municipalities over the period 2005-2017. During this period, the Home Office issued ten tenders for the opening of refugee centres. Given that the analysis is developed excluding years with no SPRAR tenders, and given the presence of missing values, model 1 is estimated using an unbalanced panel of 78,112 observations.

Panel A of Table 1 reports the baseline results obtained running model 1, while Panel B reports the results of an alternative specification in which the main variable $Final_{it}$ is replaced by four different dummy variables for the years 2-5 of the electoral term. Both Panel A and B of Table 1 are composed by six columns: columns 1-3 report the results obtained using the entire sample of 8025 Italian municipalities over the period 2005-2017, columns 4-6

the results obtained considering only the municipalities that open at least one refugee centre during the period 2005-2017. The reason for keeping only the municipalities that open at least a centre is that these municipalities differ from the other municipalities in terms of observable characteristics (see Table A3) and in terms of foreign population (see Figure A6).[38]

The results in columns 1-3 of Panel A, Table 1, show that electoral incentives have a negative effect on the reception of refugees. The coefficients are statistically significant at the 1 per cent level of significance and are stable across three different specifications. The results indicate that mayors in the final year of the term have a lower probability of opening a refugee centre, compared to mayors in the other years of the term, with a reduction of approximately 24 per cent of the mean of the outcome variable. A similar picture emerges if we consider the sub-sample of mayors who open at least one refugee centre in the period 2005-2017.

Finally, the results in column 1-6 of Panel B, which are also plotted in Figure 2, show that the effect is concentrated in the final year of the term.[39] As section 5.4 explains, this behaviour enables mayors in the final year of the term to avoid potential electoral costs associated with the reception of

[38]Table A3 and Figure A6 suggest that municipalities that open a centre are bigger than municipalities that never open a centre. In fact, Table A8 shows that the negative effect of electoral incentives on the reception of refugees is driven by small and medium sized municipalities, while it is absent in big cities. This is consistent with the literature, which shows that the effect of immigration on extreme-right voting is stronger in small and medium municipalities than in big cities (Dustmann et al., 2018).

[39]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 the term. In the data, less than 5 per cent of the terms are interrupted before the deadline. As reported in TableA9, controlling for early interruptions leaves the results unchanged.

refugees.[40] [41]

5.2 Heterogeneity analysis

This subsection investigates the heterogeneity behind the baseline effect of electoral incentives. This is done adding to model 1 an interaction term between $Final_{it}$ and various pre-determined municipal characteristics, which allows to understand which factors drive the negative effect and which factors reduce it. In this way, it is possible to get policy implications about the reception of refugees.

Following the literature and the anecdotal evidence, I study four heterogeneity mechanisms: a) voters' misperceptions of the presence of migrants; b) the pre-existing presence of migrants at municipal level; c) the political preferences of the municipal population; d) the role of electoral competition. The results of this exercise are all reported in Table 2 and Figure 3.[42]

[40] An alternative interpretation for the results is that mayors in the final year of the term are busy because they are running the electoral campaign. Therefore, mayors in the final year of the term would not have time to prepare the application for the refugee centre. To rule out this possibility, the placebo test in Table A5 shows that other time-consuming policies are not affected in the same way by the electoral cycle. First, column 1 shows that the percentage of separate waste collection, a policy that requires coordination between the municipal government and the citizens, is unaffected by the electoral cycle. Second, I investigate how fiscal grants are affected by the electoral cycle. In fact, grants have a certain degree of discretion (Bracco et al., 2015), and municipal governments need to negotiate to get more grants. In addition, for grants from the European Union (EU), municipal governments need to apply through tenders issued by the EU, similarly to what they do for SPRAR centres. Columns 2-4 show that grants from the EU are unaffected by the electoral cycle, while current grants from national, regional and provincial governments are positively affected, the opposite of what happens to immigration policies. Finally, columns 5-6 show that mayors usually put more effort in implementing policies at the end of the term, as they increase both current and investment expenditures. Table A5 suggests that other policies are not negatively affected by the lack of time of mayors in the final year of the term and reinforces the idea that the negative effect on immigration policies is due to electoral incentives.

[41] Another explanation for the results is that mayors in the final year of the term may be concern for their career in the private sector. To rule out this possibility, Tables A10 and A11 show that the results do not differ between mayors with different political and educational backgrounds, and thus with potentially different career perspectives in the private sector.

[42] In Table A19, I report the interaction terms between $Final_{it}$ and other potential heterogeneity mechanisms. It is interesting to notice how other potential mechanisms like labour

Misperceptions of the presence of immigrants. Although migration is a central topic in modern politics, voters remain highly uninformed about it (Citrin and Sides, 2008; Blinder, 2015; Grigorieff, Roth and Ubfal, 2018). For example, voters tend to overestimate the presence of migrants in their country.[43] This misperception may lead to less open immigration policies (Facchini, Margalit and Nakata, 2016) and less support for redistribution (Alesina, Miano and Stantcheva, 2018). To investigate whether misperceptions of the presence of immigrants is a driver of the negative effect of electoral incentives, I have built a variable measuring how much voters overestimate the presence of migrants. To do so, I have collected data from a 2010 survey called "Transatlantic Trends: immigration"[44], in which participants from different countries were asked questions about migration. One question was about guessing the share of the foreign population living in the country of the respondent.

Average data on the answers of Italian participants are available at regional level. To build a municipal level variable, I have combined the average estimate at regional level with the actual share of migrants in a municipality in 2010 (i.e. at the time of the survey). The variable $Overestimate_i$ is the difference between the average estimated share from the survey[45] and the actual share of migrants in a municipality and it takes values between 0 and 1, where higher values indicate greater misperceptions of the presence of immigrants.[46]

market concerns (see interaction with unemployment) and competition for public services like schools and health (see interaction with shares of elderly and children) do not play any role. The result on competition for public services is consistent with the evidence provided in Appendix A3, which shows that the reception of refugees is no associated with an increase in the number of students per class.

[43]In Italy, the share of the foreign population in 2010 was approximately 7 %, but Italian participants to surveys were on average suggesting that migrants were around 25 % of the total population (Transatlantic Trends: immigration, 2010). Similar figures can be found for other western countries.

[44]This survey is a project of the German Marshall Fund of the United States, the Lynde and Harry Bradley Foundation, the Compagnia di San Paolo, and the Barrow Cadbury Trust, with additional support from the Fundación 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/).

[45]The estimate used is a weighted average obtained weighting the observations according to age, gender and education of the respondents.

[46]The main limitation of *Overestimate* is that the estimate from "Transatlantic Trends:

Then, I have interacted $Overestimate_i$ with $Final_{it}$. The results are in columns 2-3 of Table 2.[47] As we can see from column 2, when the interaction between $Final_{it}$ and $Overestimate_i$ is the only one in the model, the coefficient of $Overestimate$ is negative, but not statistically different from zero. However, adding the interaction between the pre-existing share of migrants at municipal level (i.e. $Shareforeign_{it}$, see next paragraph for a description) and $Final_{it}$, the coefficient of $Overestimate$X$Final_{it}$ becomes statistically different from zero (column 3).[48] This result is robust to the inclusion of the interactions between $Final_{it}$ and other municipal political and socio-economic characteristics[49] (see column 6 of Table 2).[50]

The results in column 3 and 6 of Table 2 suggest that misperceptions of the presence of migrants is a driver of the negative effect of electoral incentives. The coefficients in these two columns indicate that a 10 per cent increase in $Overestimate_i$ exacerbates the negative effect of electoral incentives, through a reduction in the probability of opening a refugee centre between 14 and 20 per cent of the mean of the outcome variable. The policy implication of these results is that providing voters with information about the presence of migrants can potentially lead to more open immigration policies. This implication is consistent with the results found by the literature (Facchini, Margalit and Nakata, 2016; Grigorieff, Roth and Ubfal, 2018).

immigration" is at regional level. However, to give a reality check, Table A4 shows that municipalities with values of $Overestimate_i$ above the median are those in which the population is less informed (i.e. lower newspapers circulation) and where the share of migrants is effectively lower. This evidence suggests that $Overestimate_i$ captures in a good way the misperception of the presence of immigrants by part of voters.

[47]Given that the survey was run between the 27/08/2010 and the 13/09/2010, the regressions in columns 2-3 have been run using the tenders issued after the survey (i.e. tenders 5-10), so that $Overestimate$ can be considered as a pre-determined variable.

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

[49]The notes below Table 2 report the list of the additional interaction terms in column 6.

[50]The regression in column 6 of Table 2 is run using all tenders, and not only tenders 5-10. As reported in column 6 of Table A18, the results are robust if the same regression is run using only tenders 5-10.

Pre-existing presence of migrants. The second heterogeneity mechanism investigated is the pre-determined share of migrants living in a specific municipality. The suggestion that this variable could exacerbate anti-immigration positions comes from both the political economy and sociology literatures. First, the political economy literature shows that immigration positively affects the support for anti-immigration policies and extreme-right parties (Barone et al., 2016; Becker and Fetzer, 2016; Dustmann et al., 2018).[51] 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) and the most recent version suggests that natives may perceive a new inflow of migrants as a bigger threat the larger is the pre-existing fraction of migrants living in their area (Quillian, 1995; Taylor, 1998; Lahav, 2004; Dustmann et al., 2018).[52]

To test whether the pre-determined share of migrants is a driver of the main results, I interact $Final_{it}$ with the pre-existing share of the municipal 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.[53] The results are in columns 4 and 6 of Table 2. The estimated coefficients are negative, statistically significant, robust to the introduction of additional interaction terms between $Final_{it}$

[51]The evidence 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. (2018) show that in Denmark the effect of refugee allocation on voting for extreme-right parties is amplified by the pre-existing share of immigrants already in the country.

[52]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., 2018). Thus, the exercise reported in this subsection represents an empirical test between these two competing theories.

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

and other municipal variables (column 6), and they indicate that a 10 per cent increase in the pre-existing share of migrants exacerbates the negative effect of electoral incentives, through a reduction in the probability of opening a refugee centre between 36 and 39 per cent of the mean of the outcome variable. These results confirm the idea that the negative effect of electoral incentives 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".

Political preferences. The political economy literature shows that immigration has a positive impact on the support for extreme-right parties (Barone et al., 2016; Becker and Fetzer, 2016; Dustmann et al., 2018). However, the literature does not show how this shift in preferences affects immigration policies. This subsection shows that the negative effect of electoral incentives is stronger in municipalities with higher shares of voters with extreme-right political preferences. To build a variable that measures extreme-right preferences in a municipality, I have collected data on the vote shares taken by extreme-right parties at municipal level during the European elections held in the years 2004, 2009 and 2014.[54] [55] Then, I have built the variable $Extreme\text{-}right\ voting_{it}$, which is the share taken by extreme-right parties at the most recent European election and it takes values from 0 to 1, where 0 indicates that extreme-right

[54]The reason why the vote shares of parties at the European elections are useful to build a measure of extreme-right preferences at municipal level is that the electoral system at the European elections is a proportional system, which has the following nice features: 1) voters tend to votes in a sincere way, chosing the party closer to their preferences; 2) political parties usually run alone, without forming coalitions. These features allow to get data on the vote shares taken by every single party running at the European elections.

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

parties did not receive any support, while 1 means that extreme-right parties got 100 per cent of the votes.

Columns 5-6 of Table 2 report the coefficients of the interaction term $Final_{it}$X$Extreme\text{-}right\ voting_{it}$. The coefficients are negative, significant, robust to the introduction of additional interaction terms (column 6), and they indicate that a 10 per cent increase in the support for extreme-right parties exacerbates the negative effect of electoral incentives, through a reduction in the probability of opening a refugee centre which is between 11 and 14 per cent of the mean of the outcome variable.[56] These results suggest that the negative effect of electoral incentives is amplified by extreme-right preferences and that the interaction between electoral incentives and anti-immigration preferences can be detrimental for immigration policies.

The role of political competition. The last heterogeneity mechanism is the role of political competition. This analysis is motivated by Barone et al. (2016), who show that in Italian municipalities the positive effect of migration on voting for extreme-right parties is reduced where political competition is high. The explanation is that political competition forces political parties to attract the support of centrist swing voters, who normally care about non-ideological issues such as economic growth (Besley, Persson and Sturm, 2010), rather than divisive issues like migration.

I test whether political competition reduces the negative effect of electoral incentives, 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, with lower values indicating a higher political competition. Then, I have created a dummy variable called *Political*

[56]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 coefficients on $Final_{it}$x$Extreme\text{-}right\ voting_{it}$ are unchanged if I repeat the exercise controlling for the interactions between $Final_{it}$ and the political orientation of the mayor (i.e. left, right. independent). Results availble upon request. Besides that, Table A7 shows that, when dealing with the reception of refugees, centre-left, centre-right and independent mayors react to electoral incentives in a similar way.

$competition_i$, which is equal to 1 for municipalities with an index of political competition below the median (i.e. high political competition), and 0 otherwise.

Columns 7-8 of Table 2 report the coefficients of the interaction term $Final_{it}$X$Political\ competition_i$.[57] The postive coefficients indicate that in areas where political competition is higher the negative effect is smaller, with a reduction which is approximately 21 per cent compared to the mean of the dependent variable. These results indicate that political competition can play an important role in reducing the negative effect of electoral incentives and suggest that 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 of Barone et al. (2016).

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

This subsection studies whether voters and politicians learn from experience and whether this can be reflected in a change in policies. More specifically, I study whether the baseline effect of electoral incentives and the heterogeneity behind it change if I modify the dependent variable in two ways: first, I use a dummy variable called *First opening* which is 1 for municipalities that open a refugee centre for the first time during tender t, and 0 otherwise. Analysing *First opening* enables me to understand how electoral incentives affect the decisions about immigration polices taken by municipalities that did not go through the experience of a SPRAR centre. Second, I use a dependent variable called *Renewal*, which is 1 for municipalities that decide to keep open an existing refugee centre during tender t, and 0 otherwise.[58] Studying the

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

[58] As described by Table A1, SPRAR centres are normally opened for an established period of time that goes from one to three years depending on the tender (see column 5 of Table A1). This means that if a municipality wants to keep open an existing SPRAR centre that it is close to its deadline, it needs to participate to the next available tender and confirms that it wants to keep it open.

effect of electoral incentives on *Renewal* enables me to understand whether the behaviour of voters and politicians changes after they went through the SPRAR experience.

The results are reported in Figure 4 and Table 3. In columns 1-2, the dependent variable is $First\ opening$, while in columns 3-4 is *Renewal*. Columns 1 and 3 report the results relative to the baseline effect, while columns 2 and 4 the results relative to the heterogeneity analysis. If we look at the baseline effect, we can notice that electoral incentives have a negative effect on both $First\ opening$ and *Renewal*. This evidence seems to suggest that nothing changes in the behaviour of voters and politicians after going through the experience of a refugee centre. However, columns 2 and 4 provide a different story: while the heterogeneity mechanisms studied in section 5.2 are all driving the results on $First\ opening$, in the case of *Renewal* the only mechanism driving the results is the share of extreme-right voters. In fact, in column 4, the coefficients of the other interaction are not statistically different from zero.

The results of column 4 suggest that the behaviour of voters and politicians may change after hosting refugees for the first time, and that this can be reflected in a change in policies. These results can be interpreted in the following ways: first, the drop in the magnitude of the coefficient of $Final_{it}$X$Overestimate_i$ may suggest that voters, going through the SPRAR experience and entering in contact with refugees and asylum seekers, receive more information about the migratory phenomenon and thus learn about their previous misperception of the presence of migrants. This seems to reinforce the idea that providing voters with information about migration can potentially lead to more open migration policies, and it is consistent with the results found by the literature (Facchini, Margalit and Nakata, 2016; Grigorieff, Roth and Ubfal, 2018).

Second, the coefficient of $Final_{it}$X$Shareforeign_{it}$ becomes statistically indistinguishable from zero. This result may indicate that, in those municipalities where the pre-existing share of migrants was higher, voters, after hosting new refugees and asylum seekers, learn that the arrival of new migrants does not constitute a threat, as claimed by the "realistic group conflict theories".

This result seems to suggest that a potentially positive contact with refugees and asylum seekers, as it may happen in the case of SPRAR centres[59], may reduce pre-existing fears and lead to more open migration policies. Third, the loss of significance for the coefficient of $Final_{it}$X$Political\ competition_i$ may indicate that after hosting refugees the migration topic loses its relevance in the electoral competition.

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

5.4 Does the reception of refugees have electoral costs?

The evidence above suggests that opening a refugee centre may have electoral costs. In this section, to provide suggestive evidence about these costs, I study whether there is a negative correlation between the vote shares at the next election and the decision of opening a centre.[60] To provide this evidence, I run the following model on data at municipal and electoral term levels:

$$Vote_{it} = \beta_0 + \beta_1 Refugees_Final_{it} + \beta_2 Refugees_Term_{it} + \beta_3 X_{it} + \gamma_t + \lambda_{lma} + \eta_{it} \tag{2}$$

where $Vote_{it}$ is the vote share taken by the mayor or by any member of the municipal government who replaces the mayor at the next election.[61] The main variables studied are: 1) $Refugees_Final_{it}$, which is 1 if the mayor

[59] See the anecdotal evidence cited in the introduction.

[60] Obtaining causal evidence about the electoral consequences of the reception of refugees is not straightforward, especially in absence of exogenous variations in the decision of opening a refugee centre.

[61] Second-term mayors are term-limited, and they are normally replaced by the vice-mayor or by ministers of the municipal government.

opens a refugee centre in the final year of the term, and 0 otherwise; 2) $Refugees_Term_{it}$, which is 1 if a refugee centre is opened in years 1-4 of the mandate, and 0 otherwise. The coefficients of interest are estimated controlling for labour market areas (LMA) fixed effects λ_{lma} [62], for electoral term fixed effects γ_t and for municipal and mayoral characteristics collected in X_{it}.

The results are reported in Table 4, in which columns 1-2 refer to the vote share taken by the mayor, while columns 3-4 to the vote share taken by the vice-mayor or by the minister who replaces the term-limited mayor. The results indicate a negative correlation between refugee centres opened in the final year of the term and the vote share taken at the next election.[63] On the opposite, the correlation between refugee centres opened in years 1-4 of the term and the vote share at the next election is positive and significant.

Table 4 indicates that there are some electoral costs associated with the reception fo refugees. However, this is true only for refugee centres opened in the final year of the term, given that opening a centre in the other years seems to bring electoral benefits to the municipal governments. This evidence suggests that the electoral punishment inflicted to mayors that open a refugee centre just before elections may be driven by voters' misperception of immigrants. This intuition is consistent with the evidence that the negative effect of electoral incentives is driven by municipalities in which voters are misinformed about the presence of migrants and by municipalities in which a bigger foreign population induces voters to perceive the arrival of new migrants as a threat. This evidence suggests that voters may change ideas about the reception of refugees if given enough time to understand what hosting refugees means. This evidence is also consistent with the results about learning described above.[64]

[62] For data limitation most of the municipalities have only one observation in this exercise. Thus, I am not able to control for municipality FE.

[63] The negative correlation found for term-limited mayors is consistent with the evidence in Table A6, which shows that even for term-limited mayors electoral incentives have a negative effect on the reception of refugees.

[64] Besides that, this evidence is also consistent with the idea that, as shown in the Appendix A2 and A3, the reception of refugees may be associated with some economic benefits, but that voters may need time to become aware of these benefits.

5.5 Unbalance reception of refugees in the medium run

A possible criticism of the results above is that mayors who do not open a refugee centre in the final year of the term are just postponing the opening after the elections. If this were the case, the results would not be an issue for the reception of refugees in the medium run, given that eventually all municipalities will open a centre. This subsection provides suggestive evidence that the effect of electoral incentives can persist beyond the end of the term and have consequences in the medium and long run. More specifically, I study the correlation between the magnitude of the effect of electoral incentives on the reception of refugees in the past, and the reception of refugees in the last year available in the data.[65] I follow two steps: first, I get a municipality-specific estimate of the magnitude of the effect of electoral incentives on the reception of refugees for tenders 1-8 (i.e. the last two tenders are excluded, see Table A1):

$$No_refugees_Centre_{it} = \alpha + \delta_i Final_{it} + \beta_1 X_{it} + \lambda_t + \gamma_i + \eta_{it} \qquad (3)$$

where $No_refugees_Centre_{it}$ is 1 if municipality i does not open a refugee centre during tender t, while $Final_{it}$ is 1 for mayors in the final year of the term when tender t is issued, and 0 otherwise. The parameter of interest δ_i is a municipality-specific estimate of the magnitude of the effect of electoral incentives on the reception of refugees during tenders 1-8.[66]

Second, I estimate the correlations between $\hat{\delta}_i$ and the municipal share of refugees every 1000 inhabitants measured in 2017[67] [68], and between $\hat{\delta}_i$ and the

[65] This evidence is provided following Labonne (2016), who has studied whether electoral cycles are detrimental to development in the Philippines.

[66] In practice, $\hat{\delta}_i$ measures the magnitude of the effect of electoral incentives on the probability of not opening a refugee centre for municipality i during tenders 1-8. This parameter has a mean of 0.009 and a standard deviation of 0.12, where positive values refer to municipalities in which electoral incentives had a negative impact on the probability of opening a refugee centre, while negative values refer to municipalities in which the impact was positive.

[67] For those municipalities for which the 2017 observation is missing, I have replaced it with the 2016 observation. Dropping these cases does not affect the results.

[68] As data on refugees are not available at municipal level, I have used data on the

probability that a mayor opens a SPRAR centre during the last two tenders available (i.e. tenders 9-10).[69] These correlations allow to understand whether a higher magnitude of the effect of electoral incentives on the probability of not opening a SPRAR centre in the past can lead to an unbalance reception of refugees in the last year available in the data. They are estimated running the following regression on the cross-section of all Italian municipalities in 2017:

$$Y_{it} = \alpha + \gamma\hat{\delta}_i + \beta_1 X_i + \lambda_{lma} + \eta_{it} \tag{4}$$

where Y_{it} is equal to one of the two variables described above, X_i are municipal and mayoral characteristics, λ_{lma} captures labour market areas (LMA) fixed effects, and γ is the parameter of interest.[70] The results are reported in Table 5. The dependent variable in columns 1-2 is the share of refugees every 1000 inhabitants in 2017, while in column 3 is the share of refugees every 1000 inhabitants measured in 2004 (i.e. the year before the starting point of the dataset used in this paper). [71] The dependent variable in columns 4-5 is equal to 1 if a mayor opens a refugee centre in the last two tenders available.

municipal foreign population provided by the Italian Statistical Office (ISTAT) as a proxy for the presence of refugees and asylum seekers in a municipality. In fact, ISTAT reports the number and the nationalities of the migrants legally resident in Italian municipalities. Combining the ISTAT data with information about the main nationalities of refugees and asylum seekers hosted in SPRAR centres, and exploiting the fact that refugees and asylum seekers are legal residents, I have built a variable that measure the share of migrants every 1000 inhabitants arrived from the countries of origin of refugees and asylum seekers. At the same time, to implement a placebo test, I have built a variable that measures the share of migrants arrived from all the other countries. Information about the nationalities of the refugees hosted in the SPRAR centres has been taken from the "Atlante SPRAR" report published every year on the SPRAR webpage (https://www.sprar.it/)

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

[70] The parameter γ estimates the correlation between the magnitude of the effect of electoral incentives on the reception of refugees in the past and the reception of refugees in 2017. As δ_i gets positive values for municipalities in which electoral incentives had a detrimental effect on the reception of refugees in the past, a negative coefficient in front of γ would indicate that the inefficiencies of the past still negatively affects the reception of refugees today.

[71] This dependent variable is used to implement a placebo test that allows to rule out pre-existing differences in the share of refugees hosted between municipalities with different values of $\hat{\delta}_i$.

Columns 1-2 indicate that the an increase by 10 percentage points in the intensity of the effect of electoral incentives in the past brings to a decrease in the share of refugees every 1000 inhabitants in 2017, with a reduction which is approximately 1.3 per cent compared to the mean of the outcome variable. Column 3 shows that this unbalance reception was not in place in 2004.[72] Columns 4-5 show that an increase by 10 percentage points in the intensity of the effect of electoral incentives in the past decreases the probability of opening a refugee centre during the last two tenders by 1.6 percentage points.[73]

This evidence suggests that the effect of electoral incentives can persist beyond the end of the term, given that municipalities in which electoral incentives affected the reception of refugees more strongly in the past host a smaller share of refugees in 2017 and have a lower probability of opening a refugee centre in the last two tenders available. Interestingly, Table A23 shows that the heterogeneity dimension $Overestimate_i$, $Shareforeign_{it}$ and $Extreme\text{-}right\ voting_{it}$ are positively correlated with $\hat{\delta}_i$, while $Political\ competition_i$ is negatively correlated with it.[74] This evidence suggests that $Overestimate_i$, $Shareforeign_{it}$ and $Extreme\text{-}right\ voting_{it}$ contributes to generate an unbalance reception of refugees even in the medium run, while

[72]In Table A20, I have implemented a placebo test in which I have repeated the same analysis using as dependent variable the share of migrants from all the other countries. As we can see, I do not find any correlation between the magnitude of the effect of electoral incentives and this dependent variable.

[73]This result can be explained by the fact that participation to the SPRAR system during the last two available tenders is positively correlated with participation in the past tenders, as shown by Table A24. This is consistent with the fact that exits from the SPRAR system are not frequent (see Table A2 and Figures A4 and A5), and thus municipalities tend to remain in the system once they have entered it. Consequently, those municipalities that did not open a SPRAR centre in the past are also less likely to open a reception centre today.

[74]The variable $Overestimate_i$ is positively correlated with the magnitude of the effect of electoral incentives on the reception of refugees, but the coefficient is not statistically different from zero (see column 1 of Table A23). However, this can be explained by the fact that $Overestimate_i$ is measured in 2010, while the magnitude of electoral incentives is measured over the years starting from 2005. In fact, if I calculate the magnitude of the effect of electoral incentives on the reception of refugees over the years starting from 2010, I find that the coefficient on $Overestimate_i$ becomes statistically different from zero. Tables A21 and A22 show that the results are similar if this medium run exercise is run using as independent variable the magnitude of the effect of electoral incentives on the reception of refugees estimated keeping only the years starting from 2010.

Political competition$_i$ seems to reduce the imbalance.

6 Conclusion

I study how electoral incentives affect the reception of refugees. The main results show that municipal governments refuse to host refugees in response to electoral incentives. I analyse four mechanisms: first, I show that the effect is driven by municipalities in which voters overestimate the presence of migrants. Second, I demonstrate that the negative effect of electoral incentives is even more negative in municipalities where the pre-treatment share of migrants is higher. Third, I show that the effect is stronger in municipalities with a higher share of extreme-right voters. Finally, I show that political competition reduces the negative effect of electoral incentives on the reception of refugees.

Then, distinguishing between the opening of new reception centres and the renewal of existing centres, I show that, going through the SPRAR experience, voters can learn about their misperception of immigrants and they can understand that the arrival of new migrants may not be a threat. Conversely, extreme-right voters do not change their position after hosting refugees. Besides that, I show that there are electoral costs associated with the opening a refugee centre in the final year of the term. In addition, I show that the negative effect of electoral incentives can persist beyond the end of the term, leading to an unbalanced reception of refugees in the medium and long run. Finally, in the Appendix A2, I show that, by refusing to host refugees, Italian mayors give up fiscal resources that could benefit firms, cooperatives and professionals that work for the reception centre or provide services to it.[75]

In sum, the results suggest two potential drawbacks of elections. First, the heterogeneity behind the negative effect of electoral incentives may explain why is difficult to redistribute refugees evenly 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.

[75] Appendix A3 also demonstrates that the reception of refugees does not increase competition for public services like schools.

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

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

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

Table 2: Heterogeneity analysis

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

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

Table 3: First opening vs. Renewal

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

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

Table 4: Correlation refugee centre and votes at next election

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

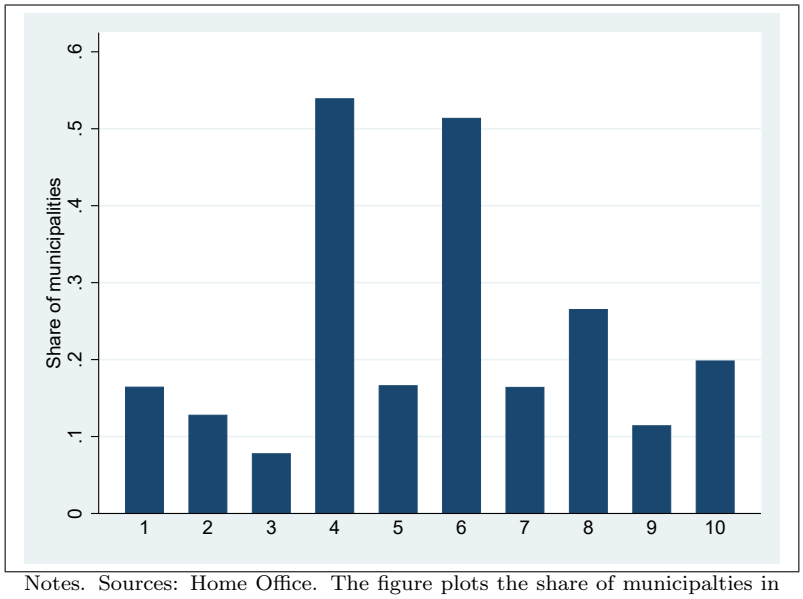
Notes. All Italian municipalities, electoral years 2005-2017. The outcome variable is equal to the vote share taken by the incumbent coalition at the next election. In column 1-2 (i.e. mayor is not term limited), this is equal to the vote share taken by the mayor, while in column 3-4 (i.e. mayors is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

Table 5: Correlation magnitude electoral incentive and the reception of refugees in 2017

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

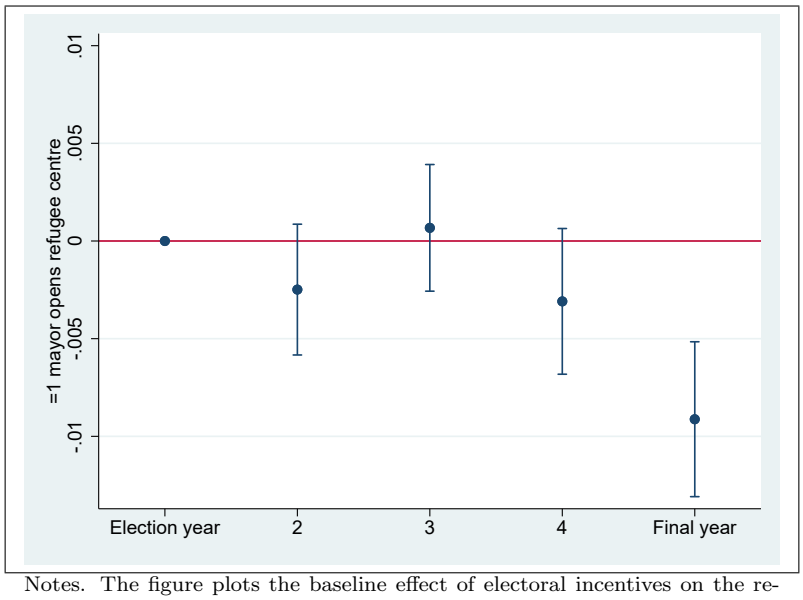
Notes. All Italian municipalities, year 2017. Treatment variables: Magnitude electoral incentives = magnitude of the effect of electoral incentives on the probability of no opening a refugee centre during the tenders in years 2005-2016. Outcome variables: 1) in columns 1-2, Share refugees in 2017 = migrants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

Figure 1: Share municipalities in the final year of the term by tender



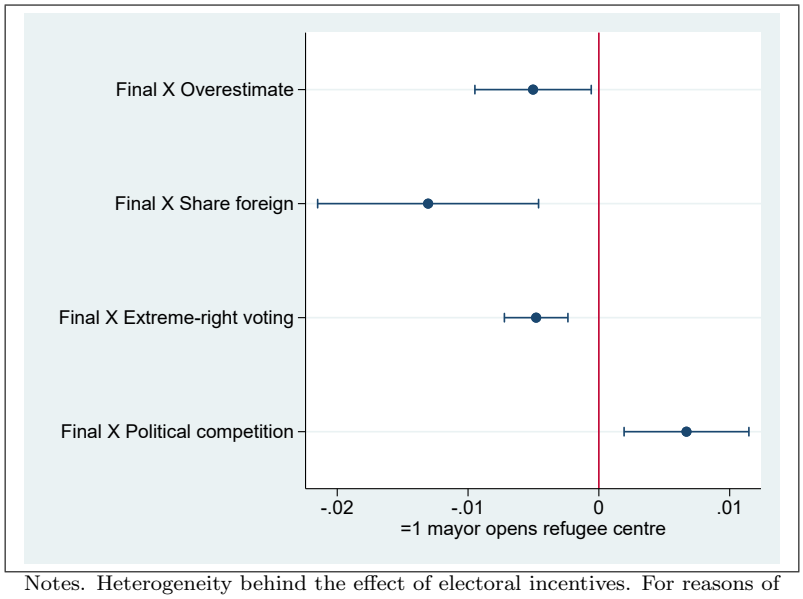
Notes. Sources: Home Office. The figure plots the share of municipalties in the final year of the term by tender.

Figure 2: The effect of electoral incentive on the reception of refugees



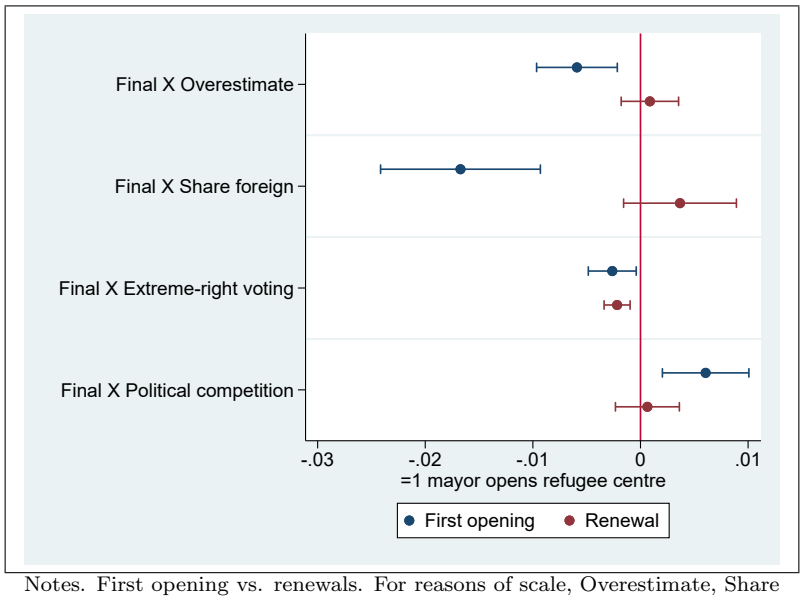
Notes. The figure plots the baseline effect of electoral incentives on the reception of refugees.

Figure 3: Heterogeneity mechanisms



Notes. Heterogeneity behind the effect of electoral incentives. For reasons of scale, Overestimate, Share foreign and Extreme-right voting have been multiplied by 10. Thus, the magnitude of the coefficients needs to be interpreted as an effect that follows a 10 per cent increase. See Table 2 for a description of the variables.

Figure 4: First opening vs Renewal



Notes. First opening vs. renewals. For reasons of scale, Overestimate, Share foreign and Extreme-right voting have been multiplied by 10. Thus, the magnitude of the coefficients needs to be interpreted as an effect that follows a 10 per cent increase. See Table 2 for a description of the variables.

A1 Appendix Tables [For Online Publication]

Table A1: The timing of SPRAR tenders

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

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

Table A2: Number of SPRAR municipalities

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

Notes. Sources: Home Office and SPRAR. Year=calendar year. Stock (column 2) indicates the total number of municipalities that in a specific year have an active refugees' centre in their territory. Net change (column 3) is equal to the net inflow of municipalities that enter the SPRAR program in a specific year (i.e. net change=entry-exit). Entry (column 4) is the number of municipalities that enter the SPRAR program in a specific year (i.e. municipalities that open a refugees' centre), while exit (column 5) indicates the number of municipalities that leave the SPRAR program in a specific year (i.e. municipalities that close refugees' centre). See also Figures A4 and A5.

Table A3: 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	0.048	1334	0.035	6691	0.000
Term limit	0.252	1334	0.243	6691	0.168
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 A4: Descriptive statistics Overestimate:
Above median vs. below median

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

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

Table A5: Effect of electoral incentives on other policies
Placebo test

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

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

Table A6: Effect of electoral incentives on the reception fo refugees
Term-limited vs no term-limited

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

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

Table A7: The role of political orientation

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

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

Table A8: Small vs big municipalities

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

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

Table A9: Effect of electoral incentives on the reception fo refugees
Control for early interruptions electoral mandate

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

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

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

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

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

Table A11: Effect of electoral incentives on the reception fo refugees
Alternative story: postgraduate vs no-postgraduate

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

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

Table A12: Effect of electoral incentives on the reception fo refugees
Control for CAS and North-Africa emergency

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

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

Table A13: Drop tenders with no clear assignment and restricted only to new municipalities

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

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

Table A14: Effect of electoral incentives on the reception fo refugees
Keep last tender only

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

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

Table A15: Effect of electoral incentives on the reception fo refugees
Different standard errors

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

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

Table A16: Geographical and groups trends

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

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

Table A17: Descriptive statistics by electoral groups

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

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

Table A18: Heterogeneity analysis

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

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

Table A19: Heterogeneity analysis, other interaction terms

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

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

Table A20: Correlation magnitude electoral incentives and migrants from other countries in 2017

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

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

Table A21: Correlation magnitude electoral incentives and reception of refugees in 2017. Magnitude electoral incentives estimated in years 2010-2016

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

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

Table A22: Correlation magnitude electoral incentives and migrants from other countries in 2017. Magnitude electoral incentives estimated in years 2010-2016

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

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

Table A23: Correlation magnitude electoral incentives and heterogeneity dimensions

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

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

Table A24: Correlation past and present participation to SPRAR

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

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

A2 The effect of the reception of refugees on fiscal policies [For Online Publication]

A2.1 Empirical strategy

In section A2, I study the effect of the reception of refugees on fiscal policies. More specifically, I show that the reception of refugees is associated with an increase in total municipal expenditures which could benefit both the local economy and the municipal government from an electoral point of view. I also show that this increase in expenditures is completely funded by an increase in grants from higher levels of government, and not by an increase in local taxes.

There are three reasons to provide this evidence: first, the fact that the reception of refugees is associated with an increase in total municipal expenditures may explain why a fraction of mayors voluntarily decide to host of refugees. In fact, there is abundant anecdotal evidence that describes how municipalities that participate to the SPRAR program can benefit from an economic point of view.[76] This increase in expenditures may be beneficial especially for firms, cooperatives and professionals that work for the reception centre, and it may have a positive effect on employment.[77] The existence of economic benefits associated to the reception of refugees can also explain why mayors that open a refugee centre far away from elections seems to benefit from an electoral point of view (see section 5.4 and Table 4).[78]

Second, studying the effect of the reception of refugees on fiscal policies enables to provide indirect evidence that, by refusing to host refugees, municipal governments may impose an economic cost on the local community. This cost is represented by the missed opportunity to attract fiscal grants from higher levels of government and to give up an increase in total municipal expenditures that may benefit the local economy. The intuition here is that mayors in the final year of the term seems to weight the electoral costs associated with the reception of refugees more than the potential electoral benefits associated with an increase in expenditures.[79]

Third, analysing in detail the change in fiscal policies that follows the opening of a refugee centre enables to exclude the possibility that the main results of this paper are determined by a fiscal loss

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

[77] For example, the social cooperative In Migrazione has calculated that for every 20 refugees approximately 8 professionals are hired. See the report "Accoglienza rifugiati: un'ordinaria emergenza" that can be downloaded from their webapge inmigrazione.it.

[78] In addition, in the Appendix section A3, I show that the reception of refugees seems to have some benefits in terms of population growth. I also show that receiving refugees does not seem to create competition for public services like schools.

[79] In fact, Table 4 shows that total municipal expenditures are positively correlated with the share votes taken by the incumbent at the next election.

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

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

$$Y_{it} = \beta_0 + \beta_1 Centre_open_{it} + \delta_1 X_{it} + \lambda_t + \gamma_i + \eta_{it} \tag{5}$$

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 varying characteristics.

The main parameter of interest estimated in equation 5 is β_1, which captures the effect of having a refugees' centre in municipality i and year t. The main threat to equation 5 is that the decision of opening a refugee centre is taken by the mayor. Thus, the variable $Centre_open_{it}$ is endogenous in this model. For example, a mayor who opens a refugee centre may have been elected in a municipality in which the voters are more open minded. Or, the decision of opening a refugee centre may be driven by some shocks that happen in the year in which the decision is taken. As this type of preferences and shocks are normally unobservable, estimate 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 5:

$$Y_{it} = \beta_0 + \beta_1 Centre_open_{it} + \beta_2 Application_centre_{it-1} + \delta_1 X_{it} + \lambda_t^s + \gamma_i + \eta_{it} \tag{6}$$

where $Application_centre_{it-1}$ is equal to 1 in the year in which a municipality participates to a SPRAR tender and thus decides to open a refugee centre for the first time (i.e. $Application_centre_{it-1}$ is the same as the variable $Refugees_Centre_{it}$ in equation 1, but only for the first time a munici-

[80]To further reinforce this idea, in Table A14, I show that the main results are robust by repeating the main analysis keeping only the last tender available in the data (i.e. tender 10). In fact, Law 225 (1st December 2016) introduced a benefit of 500 euros per refugee hosted to be spent freely by part of the municipal government. This provision means that municipalities that opened a refugee centre in tender 10 received this benefit in addition to the SPRAR grants transferred to cover 95 per cent of the reception costs. This means that municipalities that opened a SPRAR centre in tender 10 received an amount of money that exceeded the initial planned costs.

pality opens a refugee centre), and zero otherwise [81].

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

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

Finally, the empirical strategy described by the equation 6 is further reinforced by controlling for differential trends between municipalities that open at least one refugee centre and municipalities that never open a refugee centre. In fact, in equation 6 municipalities treated in year t are compared to two types of control groups: 1) municipalities that do not open a refugee centre at time t, but that open at least one refugee centre in the other years observed in the data; 2) municipalities that never open a refugee centre. As described by Table A3 and Figure A6, municipalities that open at least one refugee centre are quite different from municipalities that never open a refugee centre. This is true both in terms of observable municipal and mayoral characteristics (see Table A3) and both in terms of number of migrants arriving from other countries (see Figure A6). For this reason, I add to equation 6 group specific time dummy variables λ_t^s, which enable to control for differential unobservable trends between municipalities that open at least one refugee centre

[81] N.B. I am running equation 6 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.

and municipalities that never open a refugee centre.

In practice, controlling for λ_t^s, it is equivalent to running equation 6 only on the subsample of municipalities that open at least one refugee centre during the period studied. Controlling for λ_t^s seems important for the reliability of the estimates found. In fact, as shown below, once the group specific time dummy variables λ_t^s are added to model 6, the estimated effect on fiscal policies is reduced. This suggests that part of the effect was driven by differential trends between municipalities that open at least a refugee centres and those that never open a refugee centre, which may not constitute an adequate control group in this context. On the opposite, municipalities that do not open a refugee centre at time t, but that open at least one refugee centre in the other years, seem to represent a more reliable control group for municipalities treated at time t. Finally, given the structure of regression 6, and given some constraints in the data, this exercise is implemented using the period 2005-2015 only (i.e. years 2016 and 2017 are excluded).[82]

A2.2 The effect of the reception of refugees on fiscal policies

In this subsection, I describe the results about the effect of the reception of refugees on fiscal outcomes. The main results are reported in Table A25, which is divided in two Panels: Panel A reports the results about expenditures, while Panel B describes the results about revenues. All the regressions in the Table are run using model 6, which controls for the differential trends between municipalities that open at least one refugee centre and municipalities that never open a refugee centre. All the dependent variables are measured in per capita terms and in 2010 prices.[83]

As we can see from column 1 of Panel A, the opening of a refugee centre is associated with an increase in total municipal expenditures which is around 74 euros per capita. This increase is approximately 4 per cent compared to the mean of total expenditures. The coefficient in front of $Application_centre_{it-1}$ suggests that this difference in expenditures was not in place before the activation of the centre and at the time when the mayors took the decision of opening the centre. For what concerns the revenues, the estimates reported in Panel B of Table A25 indicate that most of the revenues come from transfers from higher levels of government[84], while taxes are not statistically different between treatment and control municipalities at the time when the refugee

[82] As described in Table A1, tender number 8 is the only tender for which the year during which the decision of opening a refugee centre is taken coincides with the year during which the refugee centre is opened. This would not enable to separately estimate the effect of $Centre_open_{it}$ and $Application_centre_{it-1}$ for this tender. For this reason, year 2016 is excluded from this exercise. On the other hand, data about fiscal policies are not available for 2017.

[83] Tables A26 and A28 reports the results on total expenditures and total revenues using different specifications of the model, including a regression run only on the sub-sample of municipalities that open at least a refugee centre in the years studied.

[84] In this Table, total transfers are equal to current transfers plus capital transfers. I consider transfers from all levels of government, including the national, the regional and the provincial governments.

centre is activated.[85]

Columns 2 and 3 of Panel A in Table A25 indicate that this increase in expenditures is redistributed between current and investment expenditures. Table A30[86] shows that this change in current and investment expenditures are redistributed mainly in social and administrative expenditures (although the coefficient on administrative expenditures is not statistically different from zero).[87] In addition, Table A31 shows that the increase in social expenditures (i.e. the main fiscal outcome affected by the opening of a refugee centre) is mainly driven by an increase in current social expenditures that could have a positive effect on the local economy (i.e. transfers to firms, personnel expenditures and expenditures for the purchase of services), while administrative current social expenditures (i.e. expenditures for interest payments, for taxes, administrative exenditures) are not affected.

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

In addition, the evidence provided in this section shows that those municipal governments who refuse to host refugees impose an economic cost on the local community, given that they are giving up an increase in total expenditures funded by resources transferred by higher levels of government. This suggests that mayors in the final year of the term seems to weight the electoral costs associated with the reception of refugees more than the potential electoral benefits associated with an increase in expenditures. This idea is further reinforced by the results reported in Table A27, which show that the increase in expenditures happens immediately during the first year of opening of a refugee centre. The result of Table A27, combined with the fact that refugee centres normally open in January (see Table A1) and that municipal elections are usually run in April/May, suggests that mayors in the final year of the term, for the fear of losing popular support, are giving up an increase

[85] In column 2 of Panel B, Table A25, the coefficient in front of $Application_centre_{it-1}$ is positive and statistically different from zero. This evidence may raise the concern that the higher taxes before the opening of the centre drive the negative effect of electoral incentives on the reception of refugees. I have repeated the heterogeneity analysis controlling for the interaction term between $Final$ and taxes per capita. Adding this interaction term does not change the result, and the coefficient of this interaction term is not statistically different from zero. In addition, in Table 4, the negative correlation between opening a refugee centre in the final year of the term and vote shares at the next election is robust controlling for taxes per capita, which are included in the regression. All these results can be made available upon request.

[86] In Table A30, I consider current and capital expenditures together.

[87] The coefficient for school expenditures is also positive and statistically different from zero, even though schools expenditures were different between treatment and control groups even before the opening of a refugee centre.

in total expenditures that could benefit the municipal government from an electoral point of view.

Finally, the evidence provided in this section enables to exclude the possibility that the main results of this paper are driven by a fiscal loss determined by the opening of the reception centre. In fact, the analysis presented in this section shows that the increase in expenditures that follows the opening of a refugee centre is mainly funded by transfers from higher levels of government, and not by local taxes. This suggests that mayors who opened refugee centres in the past years have been able to attract an amount of resources which was bigger than the initial planned SPRAR grants that they were supposed to receive to cover between 80 and 95 per cent of the costs associated with the reception of refugees.[88] The motivation of why this happened is not investigated here and it goes beyond the scope of this paper.

[88]Table A29 shows the results of the regressions run using as dependent variable the SPRAR grants initially planned and reported on the official SPRAR documents published by the Italian Home Office. As we can see, the amount per capita initially assigned is lower than both the increase in total expenditures and total transfers found in the data.

Table A25: Effect reception of refugees on fiscal policies

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

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

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

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

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

Table A27: Effect of the reception of refugees on total expenditures. First opening vs. Renewal

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

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

Table A28: Effect of the reception of refugees on total revenues

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

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

Table A29: Sprar fiscal grants

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

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

Table A30: Effect of the reception of refugees on the composition of total expenditures

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

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

Table A31: Effect of the reception of refugees on the composition of social expenditures

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

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

A3 The effect of the reception of refugees on schools and population growth [For Online Publication]

One potential explanation for the negative effect of electoral incentives on the reception of refugees is that hosting refugees may create competition for public services like schools and hospital. In this section, I use model 6 described in section A2 to provide evidence that seems to rule out this possibility. This evidence is produced studying the effect of the reception of refugees on schools, and specifically on the number of students per class measured at municipal and year level. In addition, I also show how hosting refugees can create some benefits in terms of population growth, given that opening a refugee centre can be used to counterbalance the population decline.

The first evidence about the relationship between the reception of refugees and the number of students per class is reported in Table A32. The number of students per classes is provided by the Italian Statistical Office. Regressions in columns 1-3 of Table A32 are run using the entire sample of Italian municipalities, while results in column 4 have been obtained using only the subsample of municipalities that open at least a refugee centre. Column 3 controls for differential time trends between municipalities that open at least a refugee centre and municipalities that never open a refugee centre. The results of Table A32 seems to rule out the possibility that hosting refugees create competition for public services, given that opening a refugee centre is associated with a decline in the number of students per class rather than with an overcrowding. In addition, the sign and the magnitude of the coefficient in front of $Application_centre_{it-1}$ may suggest that the municipalities that decide to open a refugee centre are those that are experiencing a decline in the number of students, even though the coefficient is not statistically different from zero.

The idea that the municipalities that open a refugee centre are those that are experiencing a decrease in the number of students is consistent with the evidence provided in column 5 of Table A33, which shows that the municipalities that open a refugee centre are those that are experiencing a decline in the total native population (i.e.Italians only). This evidence is produced using as dependent variable the yearly change in the native population (i.e.Italians only) every 1000 inhabitants. The other columns of Table A33 provide the following evidence: column 1 shows that the opening of a refugee centre has a positive impact on net foreign migration inflow. More specifically, refugee reception increases net migration from other countries by 1.9 persons every 1000 inhabitants. Columns 2 and 3 show that this effect is driven by migrants coming from the countries of origin of refugees and asylum seekers.[89] [90] Finally, column 4 studies the effect of refugee reception

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

[90] Tables A34, A35 and A36 report the results on the change in total foreign population, in number of migrants from the countries of origin of refugees and in the number of migrants from other countries using different

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

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

specifications, including the regression run on the sub-sample of municipalities that open at least a refugee centre.

Table A32: Effect of the reception of refugees on number of students

	(1)	(2)	(3)	(4)
	Outcome = number of students per class			
Sample	All municipalities			Open at least one refugees' centre
Refugee centre open	-0.278	-0.366*	-0.380*	-0.386*
	(0.188)	(0.221)	(0.231)	(0.230)
Application refugee centre		-0.292	-0.331	-0.334
		(0.220)	(0.226)	(0.225)
Mean outcome	25.86	25.86	25.86	27.09
R-squared	0.903	0.903	0.903	0.899
Observations	56,555	56,555	56,555	4,630
# municipalities	7320	7320	73201	604
Year FE	Yes	Yes	Yes	Yes
Municipal FE	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes
Differential trends	No	No	Yes	No

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

Table A33: Contribution of the reception of refugees to population growth

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

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

Table A34: Effect of the reception of refugees on total foreign population

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

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

Table A35: Effect of the reception of refugees on migration from countries of origin of refugees

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

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

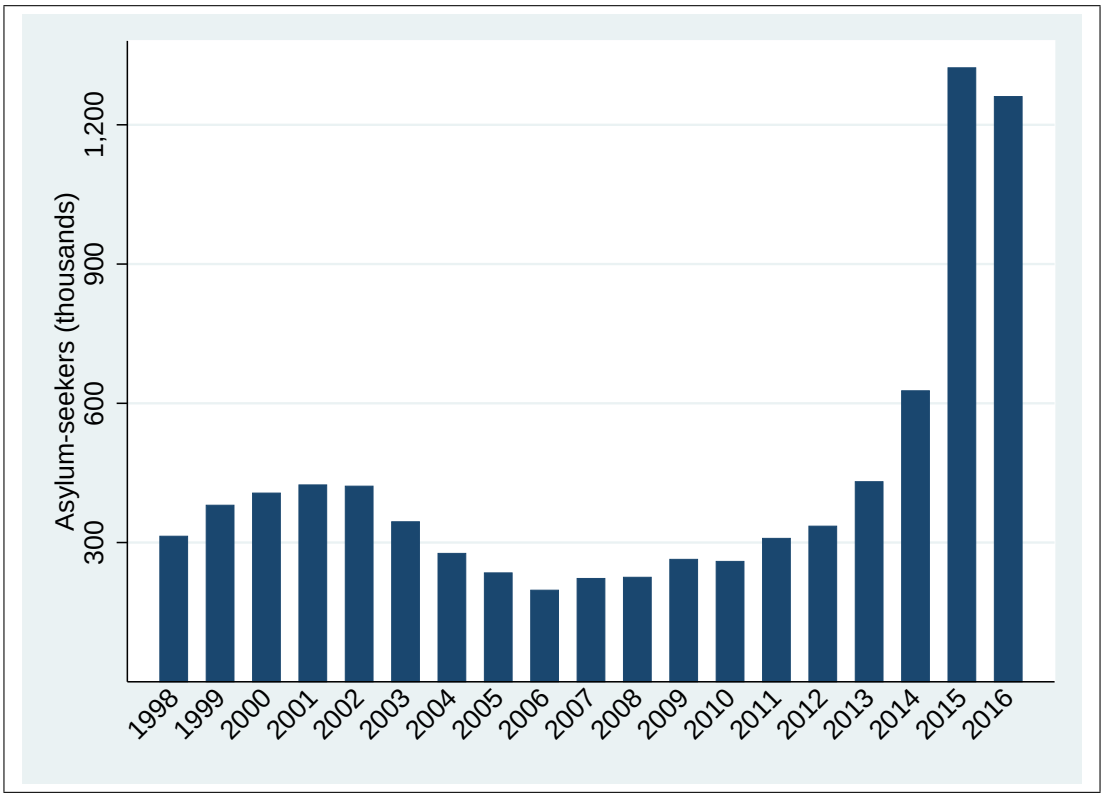
Table A36: Effect of the reception of refugees on migration from other countries

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

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

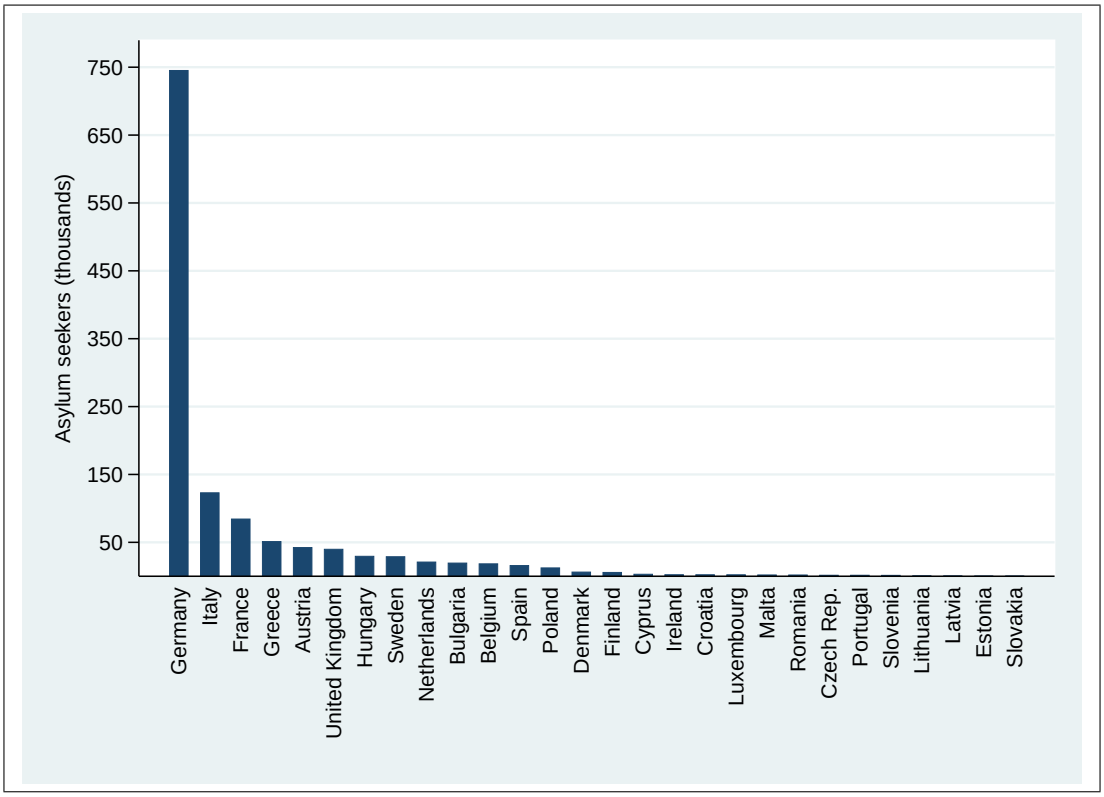
A4 Appendix Figures [For Online Publication]

Figure A1: Number asylum seekers in EU Countries



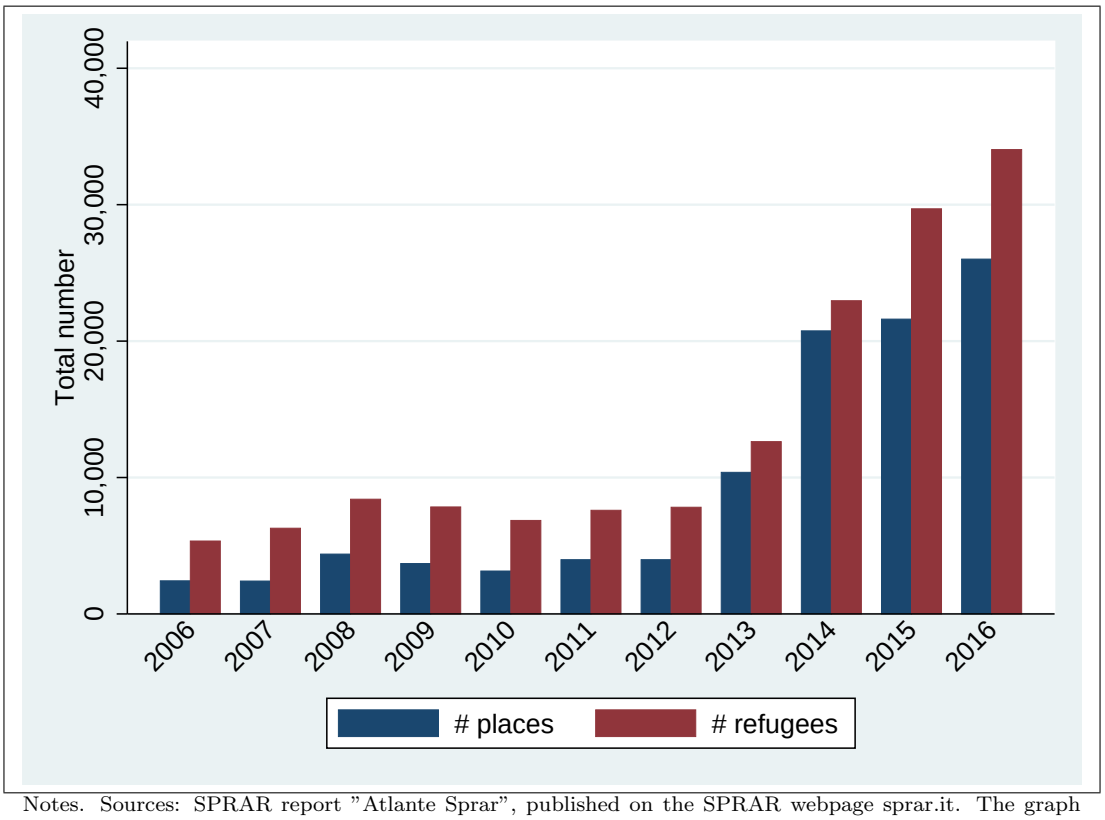
Notes. Asylum-seekers in EU Countries (thousands). Source: Eurostat.

Figure A2: Number asylum seekers in 2016 by Countries



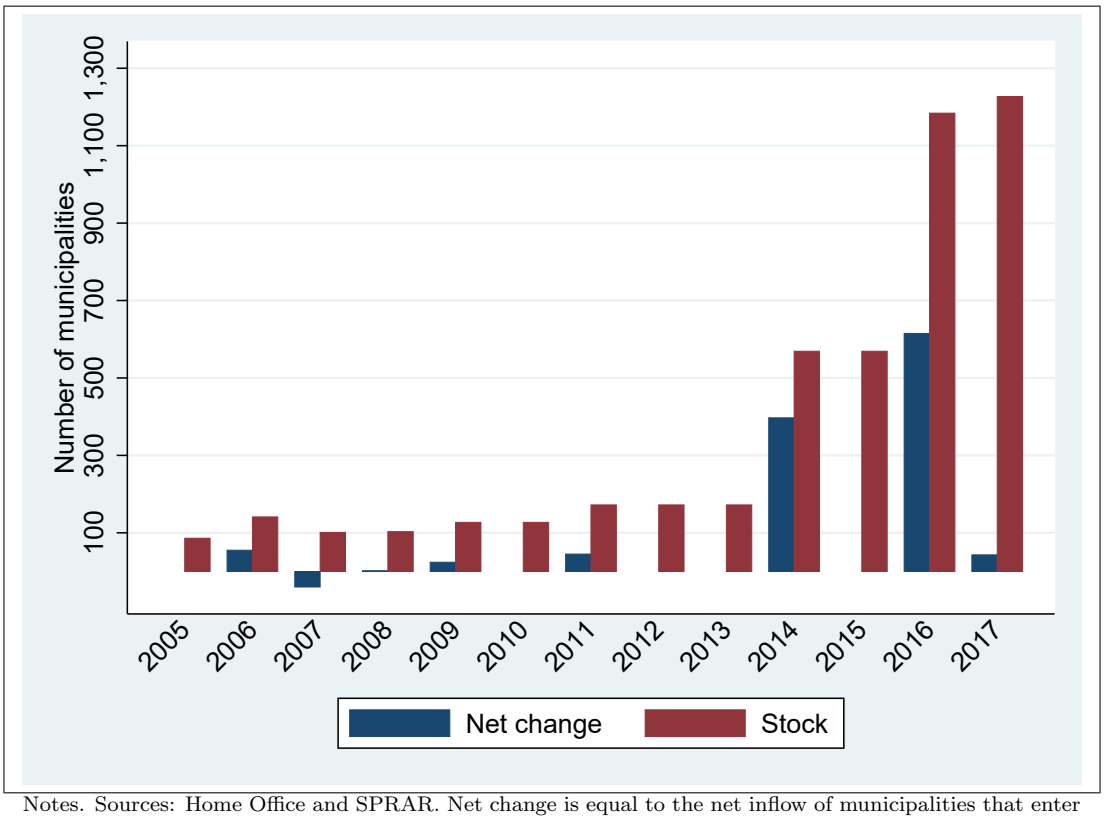
Notes. Asylum-seekers in EU Countries (thousands). Source: Eurostat.

Figure A3: Number of places and refugees in SPRAR centres



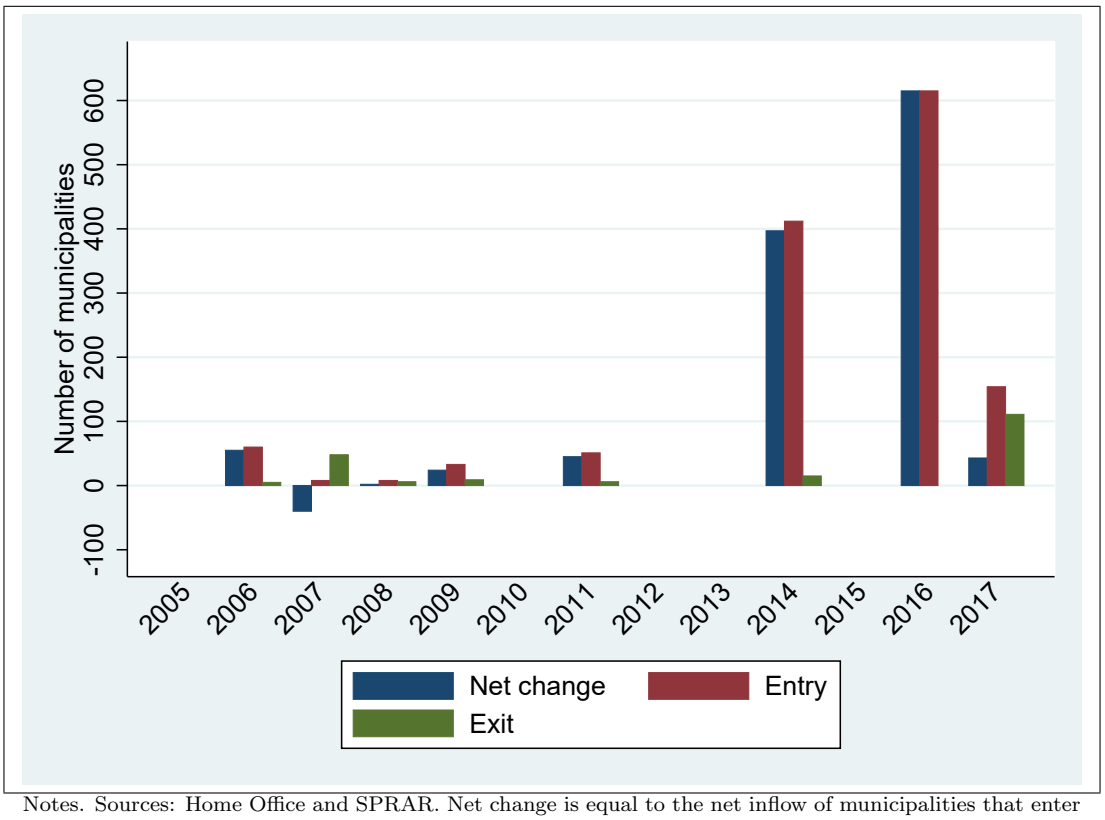
Notes. Sources: SPRAR report "Atlante Sprar", published on the SPRAR webpage sprar.it. The graph reports the number of places made available and the number of refugees and asylum seekers hosted every year from 2006 up to 2016.

Figure A4: Number of SPRAR municipalities



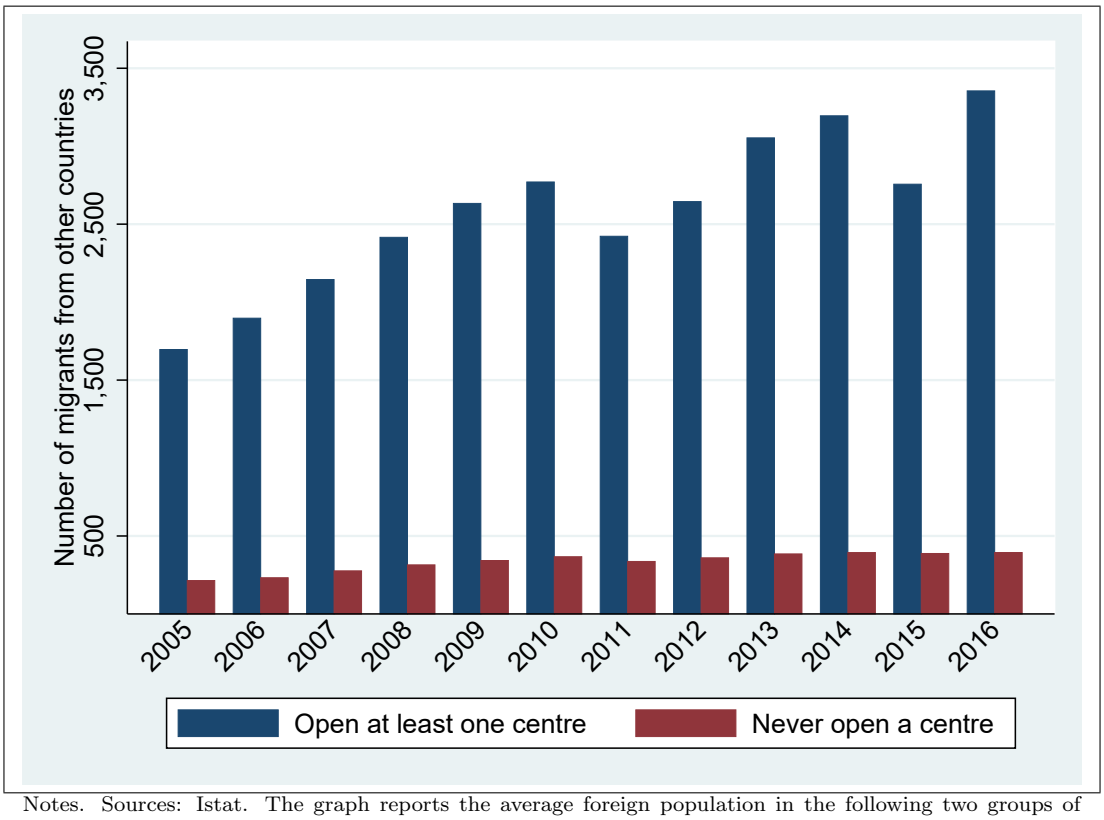
Notes. Sources: Home Office and SPRAR. Net change is equal to the net inflow of municipalities that enter the SPRAR program in a specific year (i.e. net change = entry - exit). Stock indicates the total number of municipalities that in a specific year have an active refugees' centre in their territory.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

Figure A5: Net change number of SPRAR municipalities



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

Figure A6: 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.