

Wennström, Johan; Öner, Özge

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IFN Working Paper No. 1266, 2019

Political Hedgehogs: The Geographical Sorting of Refugees in Sweden

Johan Wennström and Özge Öner

Political Hedgehogs: The Geographical Sorting of Refugees in Sweden

Johan Wennström* and Özge Öner**

Abstract: This study shows that in Sweden, contrary to other European countries, refugees have been disproportionately placed in peripheral and rural areas with high unemployment and rapid native depopulation where the prospects for integration, both socially and economically, are poor. We explore and evaluate some potential reasons for this outcome. Factors such as an intimidating political and intellectual climate in favor of receiving large numbers of asylum seekers and immigrants and the economic support given by the central government to municipalities that accept refugees are not sufficient to understand the actions of rural local governments. Instead, we argue that Tetlock's seminal work on "expert political judgment" may provide a useful approach for understanding the seemingly irrational actions of local politicians in rural and peripheral municipalities.

Keywords: Immigration, Social capital, Political judgment, Rational choice, Urbanization.

JEL-codes: J15; J61; O15; R58.

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* Corresponding author. Email: johan.wennstrom@ifn.se. Address: Research Institute of Industrial Economics (IFN), P.O. Box 55665, SE-102 15 Stockholm, Sweden. Telephone: +46 730 87 25 26. ORCID: 0000-0003-3727-2723

** Email: oo263@cam.ac.uk. Address: University of Cambridge, Department of Land Economy, 19 Silver Street, CB3 9EP, Cambridge, UK, and Research Institute of Industrial Economics (IFN), P.O. Box 55665, SE-102 15 Stockholm, Sweden.

1. Introduction

In the last few years, Sweden has received unusually large numbers of refugees. The number of refugees peaked in 2015, reaching 162,900, which corresponds to 1.6 percent of the total population and exceeds the number of native births by almost 50 percent. In this paper, we explore the geographical patterns by which refugees who have been granted a residence permit have been sorted into Swedish municipalities.¹ We show that in Sweden, in contrast to other European countries,² refugees have been disproportionately placed in peripheral and rural areas with high unemployment and rapid native depopulation where the prospects for integration, both socially and economically, are poor. Relative to their populations, peripheral and rural municipalities with declining populations have received more refugees than growing urban municipalities with expanding employment opportunities.

This pattern seems both counterintuitive and counterproductive given that labor market integration is more likely to be achieved in larger and more diverse labor markets. We can trace this pattern back to 2006, and it can be partly explained by the fact that Swedish municipalities have far-reaching autonomy and, in effect, decide themselves whether to accept refugees who have been granted permission by the central government to stay in Sweden and await placement in a municipality. Indeed, in “international comparisons Sweden has been ranked in the group with the politically and functionally strongest local government forms in Europe” (Wollmann, 2004, p. 647), and larger, metropolitan municipalities have chosen to accept fewer refugees per capita than the national average. There was no law forcing all municipalities to accept annual refugee quotas before 2016 (Government Bill 2016:38), and even since then, no sanctions for

¹ The group is termed “new arrivals” (*nyanlända*) in official Swedish.

² For example in Germany, refugees are concentrated in the most densely populated and urban areas in the country (Katz et al., 2016).

noncompliance have been imposed. The question remains why governments of peripheral and rural municipalities would accept more refugees per capita than governments of urban municipalities with better labor market prospects.

The purpose of this study is to explore and evaluate some potential reasons for this outcome. We first consider whether rational choice theory can be accepted as an exhaustive explanation. However, we argue that factors such as the intimidating political and intellectual climate in favor of receiving large numbers of asylum seekers and immigrants during the 2000s and 2010s and the economic support given by the central government to municipalities that accepted refugees—clearly considerations that rational agents would need to address in this context—are not sufficient for understanding the actions of rural local governments, particularly if the assumed rationality of politicians is interpreted in non-egotistic terms. Indeed, given what the vast literature on urbanization and social capital predicts regarding the chances of refugees being integrated into villages and small towns, it appears irrational for local politicians in rural and peripheral municipalities to accept disproportionate numbers of refugees.

We maintain that the chosen course of action is better explained by the sharp divergence between the views of the general public and the views of elected politicians on refugee reception. While roughly half the Swedish population has consistently favored accepting fewer refugees, typically, a mere 6 to 7 percent of elected politicians favored accepting fewer refugees during the period covered by our study. Astonishingly, for many years, only one party—the immigration-critical Sweden Democrats (SD)—adopted the same position as large voter groups on refugee immigration.

However, most existing theories within political science fail to offer an account of how ideas can cause irrational behavior in politicians. Due the multitude of possible alternatives within other fields, we focus on one promising attempt that we have

encountered: Tetlock's (2005) seminal work within political psychology on "expert political judgment," in which he demonstrates that experts in academia and government are often remarkably inaccurate in their forecasts. Drawing on Berlin's essay *The Hedgehog and the Fox* (1953),³ Tetlock classified experts along a continuum between "hedgehogs" and "foxes" and found that hedgehogs are the poorest forecasters because they make bold predictions stemming from a "single central vision" (Berlin, 1953, p. 1) rather than think critically about the evidence (Silver, 2012; Tetlock, 2005). Foxes perform better because they are more cautious and flexible in their thinking. Somewhat speculatively, we argue that Tetlock's (2005) work may provide a useful approach for understanding the seemingly irrational actions of local politicians in rural and peripheral municipalities.

This descriptive and exploratory study's contribution is threefold. First, it provides a detailed presentation and analysis of the practices guiding the reception and geographical assignment of refugees in Sweden, a country that in recent years has accepted more refugees per capita than any other EU member country. Second, it complements previous studies on the effect of increased shares of immigrants on the electoral support for immigration-critical or far-right parties (Edo et al., 2018; Halla et al., 2017; Harmon, 2017; Lubbers & Scheepers, 2001; Otto & Steinhardt, 2014; Rydgren & Ruth, 2011). Third, the study contributes to more general discussions on the power and role of ideas in public policy and on how to understand political behavior beyond the analytical confines of rational choice theory.

³ The title is drawn from a fragment from the archaic poet Archilochus: "The fox knows many things, but the hedgehog knows one big thing."

2. Asylum Immigration to Sweden

In 2016, asylum seekers granted permission to stay in Sweden corresponded to 0.72 percent of the population.⁴ While this percentage may seem relatively minor from a psychological perspective, it nevertheless exceeds net immigration during one of the world's largest immigration waves—0.67 percent annually in the United States during the 1880s (Taeuber & Taeuber, 1971, p. 751).

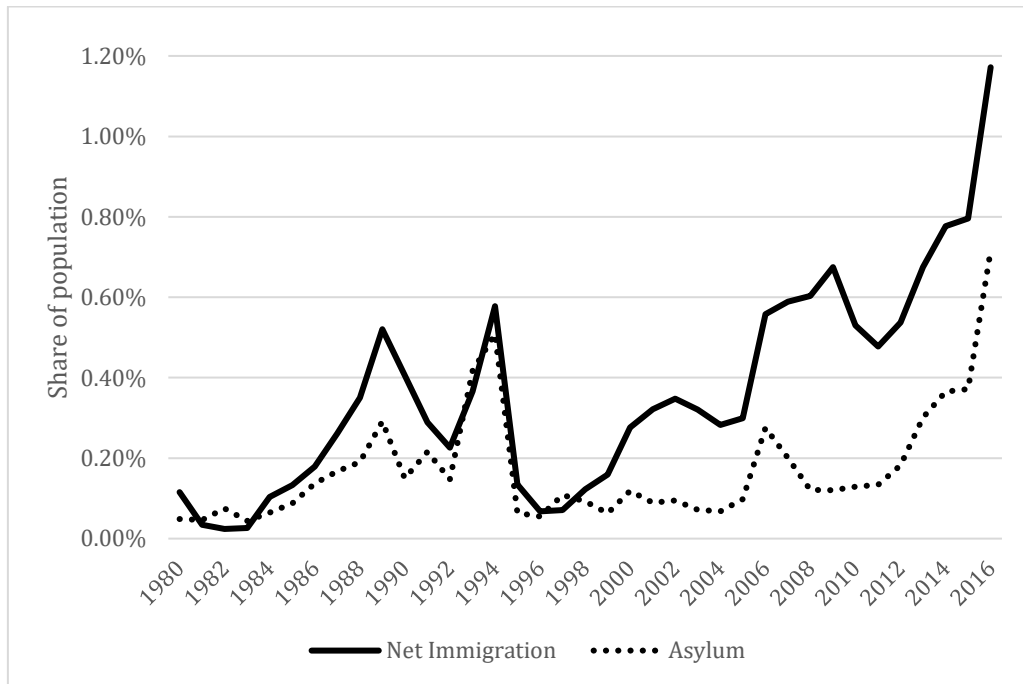


Figure 1. Net immigration and asylum immigration to Sweden, 1980–2016. *Source:* Swedish Migration Agency.

Figure 1 displays net immigration and asylum immigration (corresponding to granted asylum applications) to Sweden between 1980 and 2016. The trends for net immigration and the influx of asylum seekers in recent decades are strikingly similar. As Figure 2 demonstrates, other immigrant groups do not follow the same trend as asylum seekers (and refugees who arrived for family reunification).

⁴ Refugees do not enter the immigration statistics before they are granted residence permits. Hence, the year 2016 reflects the growth trend of the top year of 2015.

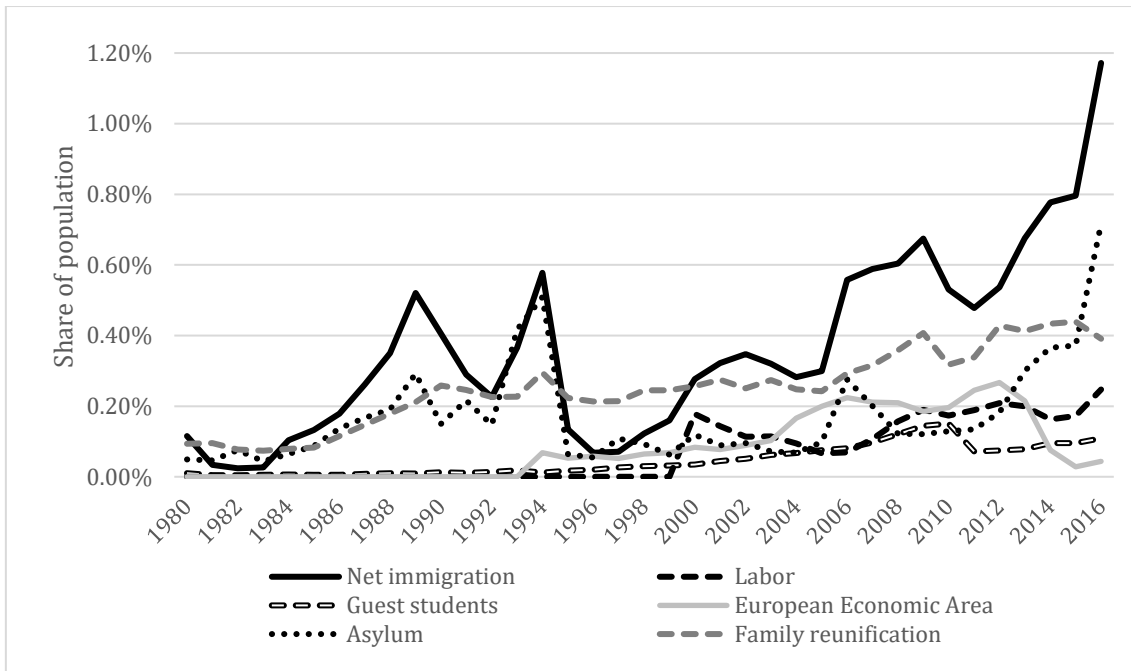


Figure 2. Immigration to Sweden as share of population—by type of immigration, 1980–2016. *Source:* Swedish Migration Agency.

Specific points in this period are particularly notable. The first is a peak in asylum immigration to Sweden in 1989, which resulted in the temporary so-called “Lucia decision” of December 13. This decision restricted the granting of residence permits to Convention refugees only after more than 20,000 Bulgarian Turks applied for asylum during the second half of 1989, and it stopped the flow of non-Convention asylum seekers almost immediately (repealed in 1991). A second immigration peak was a result of the war in Yugoslavia, which generated a large inflow of refugees from the Balkans between the years 1992 and 1994. Then, asylum immigration returned to previous levels, making the surge in Balkan migration a temporary surge. There was a third surge in immigration between 2005–2008, peaking in 2006, due to the increase in migration from the Middle East into Europe following the Iraq War. This surge was followed by a plateau that lasted until turmoil again erupted in the Middle East in 2011 when the number of refugees began to climb sharply, reaching unprecedented levels. One contributing reason for the surge in

refugees post-2011 was likely the then center-right minority government's (2010–2014) choice to seek parliamentary support for its migration policy from the Green Party. The agreement struck between the government and the Green Party in March 2011 included the right to healthcare for undocumented immigrants and the right to elementary education for their children, which was a strong signal that Sweden encouraged immigration.

Until 2016, the number of asylum seekers continued to increase drastically, from 29,000 in 2011 to approximately 44,000 in 2012, 54,000 in 2013 and 81,000 in 2014. In 2015, 162,900 asylum seekers arrived in Sweden. During the autumn of 2015, more than 9,000 people applied for asylum each week. The largest group was Syrian refugees. However, the numbers came to a halt the following year and dropped to 28,939 after Sweden strengthened its border controls and enacted new temporary legislation in the summer of 2016 that makes it more difficult for asylum seekers to obtain a permanent residence permit and be reunited with their families in Sweden (Government Bill, 2016:752). Before the enactment of this law, the default was that Sweden granted permanent residence permits and that Syrian refugees were prioritized.

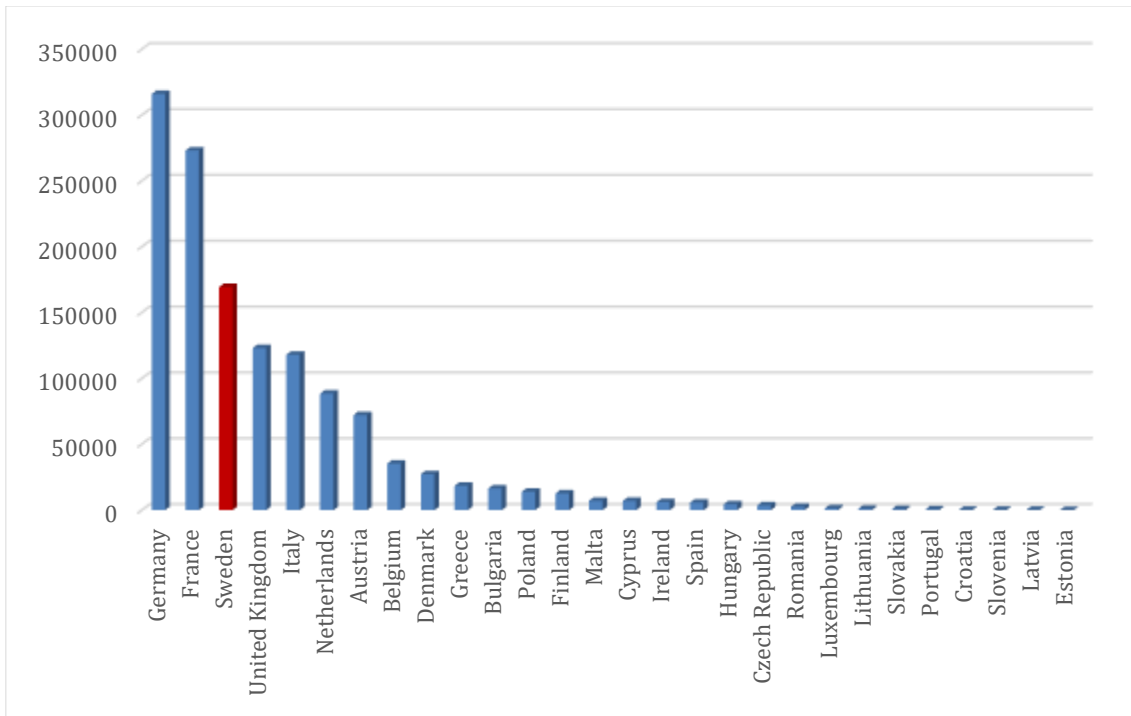


Figure 3. Total number of refugees in EU member states, 2015. *Source:* UNHCR and Eurostat.

Figure 3 shows that, in absolute terms, only Germany and France have accepted more asylum seekers than Sweden within the EU. Per capita, Sweden has received more asylum seekers than any other EU member country (see Figure 4), exceeding the reception in France and Germany by a factor of 4.5 in 2015. Such a large imbalance raises the question of where to house the refugees who have been granted residence permits in Sweden and who make up the vast majority of asylum seekers⁵.

⁵ Seventy-seven percent of the asylum applications handled during 2016 were granted (Swedish Migration Agency, 2017).

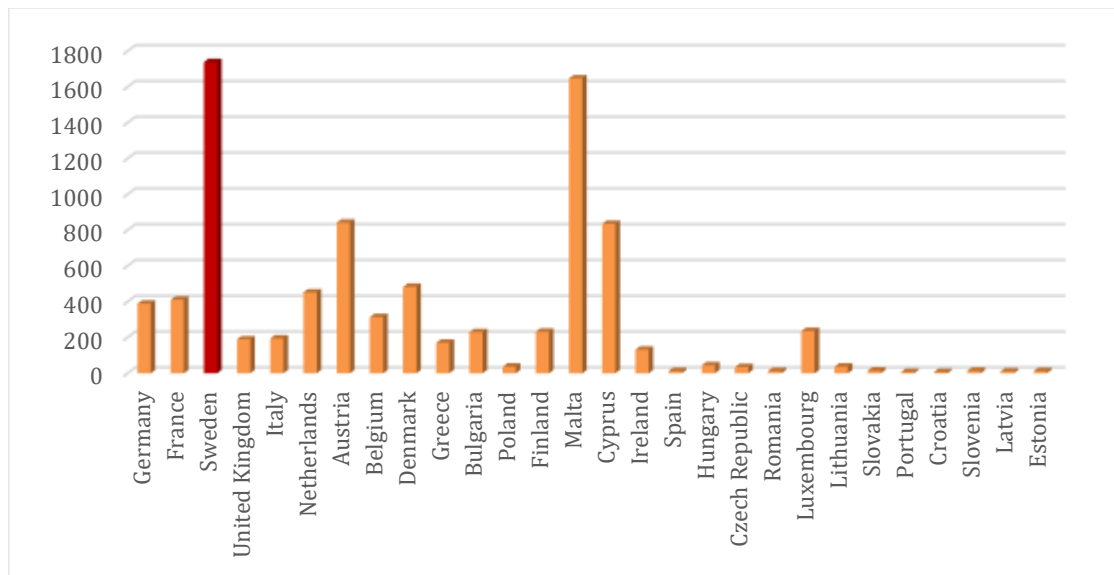


Figure 4. Refugees per 100,000 in EU member states, 2015. *Source:* UNHCR and Eurostat.

The process of placement is formally initiated once a refugee is permitted by the central government to stay in Sweden. The refugees are then offered a place in a municipality unless they can arrange housing for themselves. Until 2016, it was voluntary for municipalities to accept refugees. From 1985 to the mid-1990s, there was an explicit “Sweden-wide strategy” for refugee placement across the country in place, intended to avoid refugee concentration and ethnic segregation in metropolitan areas. During this period, “the availability of housing was the all-important factor” (Edin et al., 2003, p. 330). However, despite its intentions, the strategy reduced segregation only marginally, mainly because refugees tended to leave their designated municipality (Andersson et al., 2010; Valenta & Bunar, 2010). While the policy was not as explicit and coercive after 1994, the “Sweden-wide” thinking lived on throughout the 1990s (SOU 2018:22). In 2010, the then center-right government (2006–2014) commissioned the Swedish Employment Service to place refugees in municipalities where labor market conditions seemed favorable (Government Bill 2010:197). (However, as section 4 will show, the outcome

was, in fact, the opposite.) Since March 2016, it is mandatory for all municipalities to accept refugees based on prescribed annual quotas determined by the central government and relevant agencies, including the Swedish Migration Agency (Government Bill 2016:38).

The municipalities are financially compensated by the central government for receiving refugees. The main grant is a flat-rate compensation for each new refugee arriving in the municipality amounting to SEK 133,200 (USD 14,000), or roughly one-third of the average annual income for full-time workers, which is intended to cover all direct costs incurred by the municipalities during the first two years. Examples of such expenses include practical assistance related to settlement, introduction to schooling for children of refugees, adult education, cultural orientation, language interpretation and other forms of support to newly arrived refugees. Also, there are certain forms of ex post compensation that municipalities can apply for, which mainly cover social assistance.

While municipalities will not profit from accepting these grants, they are meant to ensure that refugee reception does not end in a financial loss. However, as observed by a recent inquiry on the reception and housing of applicants for asylum and newly arrived immigrants (SOU 2018:22), the current flat-rate compensation does not necessarily cover actual costs incurred and applications for ex post compensations are slow to be granted, causing some municipalities to suffer financially.

Our empirical analysis presented in section 4 shows that, despite previous efforts to either spread refugees across the country or concentrate refugee reception to attractive labor markets, refugees are disproportionately placed in peripheral, depopulating municipalities. Also, we see that across those municipalities with a declining population trend over the past ten years there is significant variation: some municipalities have received large numbers of refugees while other have not. This empirical regularity is

considered in the concluding discussion, where the political differences between some of these municipalities are highlighted.

However, first, the next section introduces the literature on urbanization and social capital, which suggests why one would not expect refugees to settle in rural municipalities and why that would be unlikely to be beneficial from a social welfare perspective.

3. Clubs vs. Weak Ties

More than half of the world's population now lives in urban centers, and in Sweden, 85 percent of the population lives in urban areas.⁶ This trend is set to continue because of the many advantages, for both individuals and firms, that come with being in urban environments (Glaeser, 2011). Cities are associated with economies of scale as well as more efficient uses of resources, a higher degree of specialization of activities, higher productivity, and better job opportunities.

The microeconomic foundations that underpin such outcomes of cities are (i) sharing, (ii) matching, and (iii) learning mechanisms (Duranton & Puga, 2004). *Sharing* refers to the existence of a common infrastructure, e.g., facilities that serve many individuals and firms, a larger and more diverse labor base (Ellison et al., 2010), and a broader choice of suppliers (Abdel-Rahman & Fujita, 1990; Rosenthal & Strange, 2001). Such sharing mechanisms, in turn, improve the quality of *matching* between companies and workers and between buyers and sellers (Coles & Smith, 1998; Costa & Kahn, 2000; Helsey & Strange, 1990). Moreover, cities facilitate *learning* by way of knowledge spillovers, resulting in higher productivity returns (Duranton & Puga, 2001; Glaeser, 1999; Glaeser & Mare, 2001; Rosenthal & Strange, 2003).

⁶ Defined as contiguous grid cells of 1 km² with a density of at least 1,500 inhabitants per km² and a minimum population of 50,000. See SCB (2015) and data from Eurostat.

Urban areas enjoy these benefits not only because of their physical size but also because cities and small towns have different economic functions and specializations (Henderson, 1977). Hence, the advantages of cities and smaller communities are also different and depend on the function under discussion (Richardson, 1972). For example, small and medium-sized towns have tourism, agriculture, and path-dependent industries and firms, while large cities host a great variety of enterprises and economic activities.

Similarly, from a sociological perspective, one can argue that the social functions of large cities and small towns and the type of social capital found therein are also different. While cities provide an extensive yet fragile network of people, villages and small towns offer strong ties among their residents that create fertile conditions for social trust and reciprocity (Jacobs, 1969). Small towns are thus associated with *bonding social capital* (Putnam, 2000), which has been found to be essential for providing support and coping with life in general (see also de Souza Briggs, 1997). Exclusivity is the foundation of the social networks found in rural areas, which we might think of as “small worlds of kin, friends, and neighbors,” as Zetterberg (2011, p. 118) described. This exclusivity is illustrated by Buchanan’s (1965) “club theory,” the basic premise of which is that people form voluntary networks such as associations and clubs to share the cost of providing services or building a facility to be enjoyed by the members of the network. However, beyond a certain network size (in terms of membership), the utility derived from membership will decline with every additional member, and the club will cease to be efficient. This idea is transferable to the social sphere and consistent with the benefits of strong bonding social capital between homogenous members. However, like a club, bonding social capital can deteriorate when the number of members exceeds a certain size. Dahlberg et al. (2012), for example, found that a higher proportion of refugees in a municipality is associated with lower preferences for redistribution.

Cities are associated with a different kind of social capital, namely, *bridging social capital* (Putnam, 2000), which refers to the building of connections between heterogeneous groups. Bridging social capital is essential to the benefits of cities described above. Indeed, as observed by Jacobs (1961/1992, p. 238), cities “have the capability of providing something for everybody, only because, and only when, they are created by everybody.” The high degree of diversity in urban environments is also argued to correlate with higher tolerance in cities (Florida, 2003; Florida et al., 2008), just as economic and social openness between countries has been shown to induce tolerance (Berggren & Nilsson, 2015).

Although characterized by weaker social ties, bridging social capital can be critical in helping people “get ahead” (de Souza Briggs, 1997, p. 112) and in obtaining employment, which has been demonstrated in a large body of literature initiated by Granovetter’s (1973) “The strength of weak ties.” The simple argument of the “weak ties theory” is that news of job opportunities reaches us through individuals who are connected to the people we have strong ties with, making the size of one’s network crucial for acquiring information about opportunities in the labor market. It is through such peripheral social contacts that individuals, especially the urban poor and ethnic minorities, often find work (de Souza Briggs, 1997; Granovetter, 1973). In essence, it is the opposite of the “club theory” that rules small towns and villages.

In summary, the literature on urbanization and social capital shows that cities favor both labor market integration and heterogeneous social interactions more than the socially cohesive environment of rural areas. Therefore, it would be logical to place refugees in urban centers. Aside from the benefits already discussed, lack of integration due to unemployment is more visible in small places. Coupled with problems that are independent of immigration but emblematic of rural, “left-behind” places, such as the loss

of manufacturing jobs and income and the outmigration of young people, lack of integration is likely to provoke members of the native population, who may already be aggravated by the effects of economic forces beyond their control. Hence, the presence of large numbers of refugees may not only further contribute to high unemployment but also spur social conflict.⁷

4. The Geographical Distribution of Refugees

Sweden's smallest local governments are at the municipal level, and there are a total of 290 municipalities.⁸ Sweden's local governments have the power to levy taxes and provide many social services, such as childcare and preschool, elementary and secondary school, elderly care and support to the disabled.

Sweden, like many of its European peers, has been rapidly urbanized over the past decades, which has resulted in population decline and weak labor markets in a sizable share of all municipalities. Between 1995 and 2015,⁹ the total working-age population in Sweden grew by approximately 13.6 percent. However, during the same period, 122 of 288 municipalities experienced a decline in their population in absolute terms. If the municipalities that experienced population growth but fell below the country average of 13.6 percent are counted as lagging municipalities, the number climbs to 212. The empirical regularities we present in this section show that these rural and depopulating

⁷ This is anticipated in Olzak's (1992) "ethnic competition" theory, in which she explains ethnic conflict as a result of economic contraction and competition for the same scarce resources among ethnic groups.

⁸ In our analysis, we track municipalities retrospectively, and for the sake of consistency, we add the two new municipalities established during this period, Knivsta (split from Uppsala in 2003) and Nykvarn (split from Södertälje in 1999), back into their mother municipalities. Therefore, the total number of municipalities in our analysis is 288.

⁹ Total population in our data is 8,0308,06 for 2015 and 7,069,542 for 1995. The population data are collected by Statistics Sweden, and we used RAPS to access to it. The data capture individuals from the age of 16.

Swedish municipalities received disproportionate numbers of refugees over the past decade.

Figure 5 presents the relationship between the percentage change in the municipal population in 1995–2015 and the relative reception of refugees in the respective municipalities in 2016. The latter is defined as a location quotient (LQ). The values for LQ represent the share of refugees a municipality received in a given year with respect to its population the year before, divided by the total number of refugees the country received the same year relative to the country population the year before.¹⁰ Thus, if a municipality's LQ value equals 1, this means that the number of refugees the municipality received is exactly equal to the per capita average for the whole country. An LQ equal to 2 represents a reception double the national average, and so forth, while LQ values smaller than 1 indicate that the municipality received relatively fewer refugees than the national average.

Figure 5 shows a negative relationship between the relative concentration of refugees in Swedish municipalities in 2016 and their population change over the past 20 years. The same negative relationship holds for earlier years (not shown). The fitted regression line indicates that the municipalities with the most rapid population decline on average received double the national average of refugees relative to their population, and there are even examples of depopulating municipalities that received four to five times the national average. On the other hand, the variance within the group of depopulating municipalities is large, with several of the municipalities receiving refugees well below the national average.

¹⁰ Formally, $LQ_i = (\text{No. of refugees in year } t \text{ in municipality } i / \text{population in municipality } i \text{ in year } t - 1) / (\text{Total number of refugees in the country in year } t / \text{Total country population in year } t - 1)$.

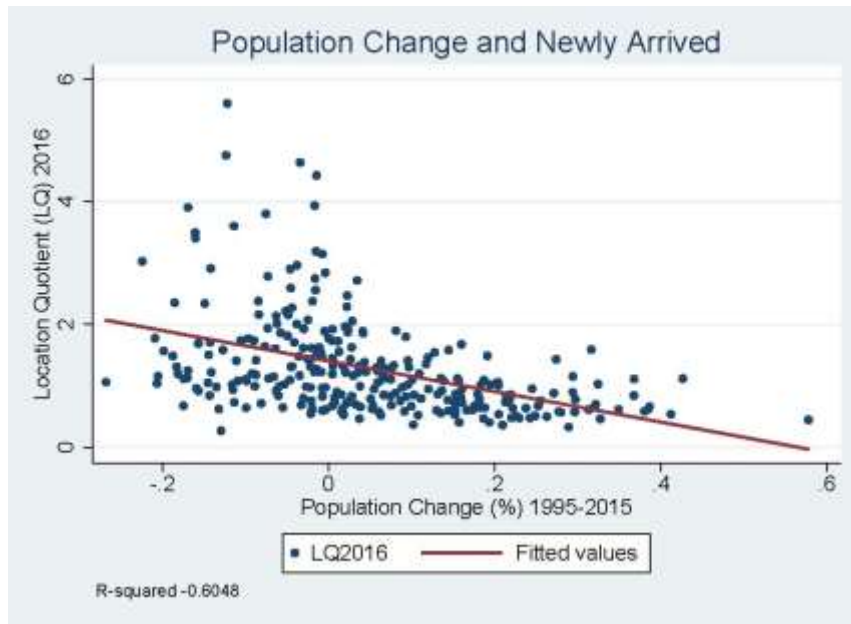


Figure 5. Scatter plot of location quotients for refugee reception and municipal population change, 1995–2015.

In Figure 6, we present the same relationship in the form of two maps in which municipalities are classified into quintiles (each group contains one-fifth of the municipalities) regarding relative refugee reception in 2016 (left map) and municipal population change from 1995–2015 (right map). The maps clearly show that the principal metropolitan areas—Stockholm and Uppsala in the east, Gothenburg in the west, and Malmö and Lund in the south—received relatively few refugees. Most of the vast northern part of Sweden consists of depopulating municipalities, but there are also depopulating municipalities in the industrial hinterland in the south. Many of these municipalities received very high shares of refugees. However, comparing the extensive red areas in the map on the right with the relative reception of refugees in 2016 clarifies that the mapping is far from perfect; there are several municipalities where the population has declined that are found in the two lowest quintiles in regard to refugee reception.

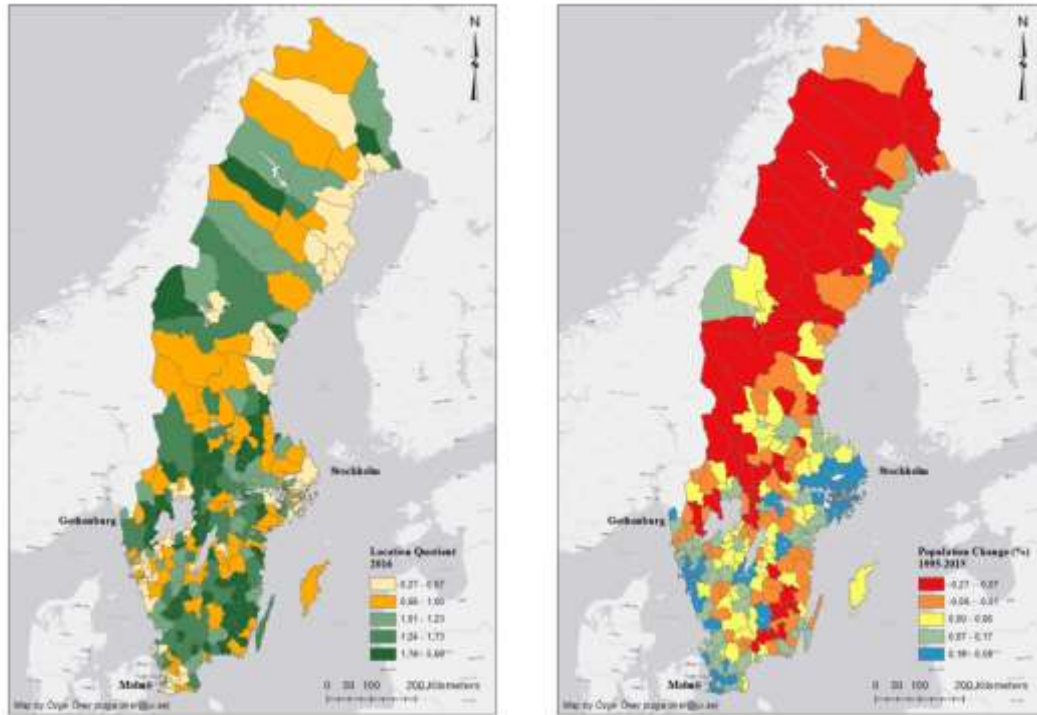


Figure 6. Population change 1995–2015 (right), Refugee concentration LQ 2016 (left).
Source: Statistics Sweden and Swedish Migration Agency.

As mentioned in Section 2, housing availability in smaller municipalities has been used as a justification for a more dispersed geographical distribution of refugees across the country since the 1980s. However, to enhance the labor market integration of refugees by way of improved labor market matching, in 2010, the then center-right government passed a law dictating that labor market conditions should be prioritized when placing a refugee in a municipality (Government Bill 2010:197). This change in policy was commonly known as the “establishment reform.” If the policies were effective, it should be possible to detect a pattern in which refugees were geographically sorted into smaller (and declining) municipalities prior to 2010 and sorted into larger and more diverse labor markets to a greater extent after 2010 following the change to a policy that allegedly prioritized labor market prospects.

Table 1 reports regression estimates of the relationship between refugee reception per capita at the municipal level, municipal population size, and the municipal employment rate as a proxy for labor market prospects. The relationship is estimated for four different periods: the whole period from 1995–2016 and the three subperiods of 1995–2006, 2006–2016 and 2010–2016. The three subperiods were chosen based on the policy shifts described above that can be expected to influence the relationship. For all four periods, we perform both OLS and municipality-year fixed effects (FE) estimations to capture the variation between, as well as within, municipalities. The coefficients from the OLS estimation can be interpreted as the relationship between refugee reception at the municipal level and population and employment *across* municipalities, while the FE coefficients are estimates of the relationship over time *within* municipalities. Needless to say, any relationships identified show only correlations and do not necessarily imply causality. Nevertheless, this analysis may provide an interesting description of patterns that are then amenable to qualitative analysis.

The first specification covers the entire 1995–2016 period. The second covers the period until 2006. The third specification covers the period after the peak in 2006 following the Iraq War (2006–2010), and the fourth specification looks at the post-establishment reform period (2010–2016), which also coincides with the more recent refugee wave from Syria and other Middle Eastern countries following the refugee crisis of the 2010s.

For the whole period from 1995–2016, refugee reception is negatively associated with both the logged population and the employment rate. In fact, one can argue that the negative relationship between population and refugee reception is somewhat marginal once it is examined for the entire period. The OLS estimation shows that municipalities characterized by relatively higher employment rates received fewer refugees per capita

than their counterparts with lower employment rates. When we look at the municipality-year FE estimations, which control for time-invariant characteristics of municipalities such as historical path dependency, culture, and location, we see how changes in population and employment rates in a municipality are related to its refugee reception. Our results for the FE estimation for the entire period suggest that an increase in population and/or in the employment rate is associated with a decline in the relative reception of refugees.

When we look at the period following the peak in refugee immigration after the Iraq War and the period before this peak separately, some interesting results emerge. Despite the fact that location policies were in place before the peak in refugee migration in 2006, we see a positive and statistically significant relationship between population and refugee reception before 2006. Thus, municipalities characterized by a larger population received more refugees during this period than smaller municipalities. In terms of changes represented in the municipality-year FE estimation, however, the negative relationship between the two holds, which implies that locations that experienced population decline attracted a larger share of refugees over time throughout the period. Thus, holding the initial population size of a municipality constant, if the municipality declined in its population, it is characterized by higher shares of refugees during this period.

The relationship between population size and refugee reception turns negative post-2006 and becomes far more pronounced after 2010, which covers not only the period when the establishment reform was in place but also a period when Sweden experienced unprecedented levels of refugees from the Middle East following the Syrian War. The OLS estimation (4a) once again shows a negative association between refugee reception and both municipal population and employment rate; the estimated effect is approximately 50 percent larger than during the previous subperiod, and the FE

estimation (4b) indicates a much stronger negative effect of changes in within-municipality employment. The estimated effect of a falling employment rate in a municipality on the propensity to receive refugees is roughly doubled compared to the previous subperiod.

Municipal population varies greatly, ranging from 2,060 to 757,151 (in 2015), and there are large variations in employment rates, ranging from 68 to 45 percent (in 2015). Taking the OLS estimate for the last subperiod (4a) at face value implies that on average, municipalities annually received refugees corresponding to approximately 0.4 percent of their population. The estimate for population implies that a municipality with a population of 110,000 is associated with a reception of 0.3 percentage points fewer refugees than the municipality with the smallest population, and given a national average of 0.4 percent, this is a large effect.¹¹ Analogously, a municipality with an employment rate that is 20 percentage points lower than average is associated with an increase in refugee reception by approximately 0.1 percentage points or one-fourth relative to the national average.¹²

¹¹ $\ln(120,000) - \ln(2,060) \approx 3$; $-0.001 \times 3 = -0.003 = 0.3\%$.

¹² $-0.0524 \times 0.2 = -0.1048 \approx 0.1$.

Table 1. Share of asylum seekers with respect to population and employment share.

Dependent variable: Share of refugees	(1a)	(1b)	(2a)	(2b)	(3a)	(3b)	(4a)	(4b)
	OLS	FE	OLS	FE	OLS	FE	OLS	FE
	1995–2016	1995–2016	1995–2006	1995–2006	2006–2016	2006–2016	2010–2016	2010–2016
Population (<i>ln</i>)	−0.00026*** (4.83e-05)	−0.0268*** (0.00196)	0.000310*** (3.77e-05)	−0.0108*** (0.0021)	−0.00064*** (7.83e-05)	−0.0457*** (0.00486)	−0.00101*** (0.000115)	−0.0500*** (0.0115)
Employment share	−0.0155*** (0.000954)	−0.0277*** (0.0068)	−0.003*** (0.0006)	0.0034 (0.0037)	−0.0335*** (0.00190)	−0.0870*** (0.0143)	−0.0524*** (0.00313)	−0.178*** (0.0276)
Constant	0.0115*** (0.0007)	0.273*** (0.02)	−0.00077 (0.00053)	0.102*** (0.021)	0.0282*** (0.00128)	0.491*** (0.052)	0.0413*** (0.0020)	0.583*** (0.116)
Municipality fixed effects	No	Yes	No	Yes	No	Yes	No	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	6,048	6,048	3,168	3,168	3,168	3,168	1,728	1,728
R-squared	0.443	0.577	0.160	0.275	0.409	0.524	0.422	0.513
Number of municipalities		288		288		288		288

Robust standard errors in parentheses, *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.
Population is logged. Population and Employment share is lagged one year.

An interesting aspect of the polarity between declining places and growing places manifests in political preference. When we examine the relationship between refugee reception before the 2014 national election in Sweden and the change in support for the immigration-critical party SD, we find a negative and statistically significant relationship. This is shown in Figure 7. In Table 2, the same relationship is examined by way of an OLS regression, which also controls for municipal population.¹³

On average, a one percentage point increase in refugee reception in a municipality in 2013 is associated with an increase in SD support of 1.73 percentage points from the 2010 to the 2014 election. This is a substantial effect. The total number of refugees received by the municipalities was 33,800 in 2013. Relative to the municipal population, the refugees were very unevenly distributed. While some municipalities did not receive any refugees others received a number amounting to more than 2 percent of their population in one year alone. On average, SD received 12.9 percent of the votes in 2014, and their share of the votes across municipalities varied between 5.3 and 29.9 percent. Taken at face value, a difference in refugee reception of 2 percentage points could result in increased support for SD of 3.5 percentage points.

We must note that this effect cannot be given a causal interpretation, i.e., one cannot claim that a high rate of refugee reception is the direct cause of increased support for SD. Nevertheless, the analysis reveals political patterns in places characterized by high refugee reception. There are a number of mechanisms operating at the local level that may dictate that a municipality receives high shares of refugees and that simultaneously induces increased electoral support for SD. Nevertheless, the analysis describes the

¹³ The coefficient for *refugee reception in 2013* remains the same when the population variable is log transformed.

relationship, and although causality cannot be proven, it still hints at the possibility of a causal relationship in places of similar population size.

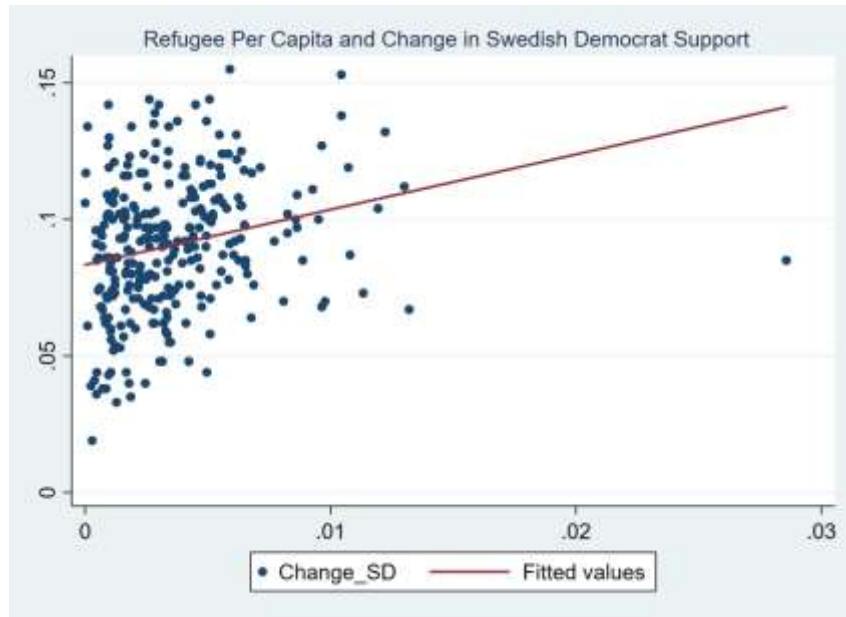


Figure 7. Change in SD Support between the 2010 and 2014 elections and refugee reception per capita in 2013.

Table 2. Change in support for SD between 2010 and 2014 elections and refugees per capita in municipalities in 2013.

	Support for SD (Change 2010–2014)
Refugee reception in 2013 (% of population)	0.0173*** (0.00301)
Population in 2013 (in 10000)	–0.00147*** (0.000233)
Constant	0.0857*** (0.00217)
Observations	288
<i>R</i> -squared	0.221

Standard errors in parentheses
 *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

5. Concluding Discussion

How can we explain the counterintuitive decision of rural and peripheral municipalities with declining populations to accept disproportionate numbers of refugees who had been given the right to stay, particularly after the start of the large Middle Eastern immigration wave to Sweden in 2006? In line with Shapiro's (2005) seminal discussion about "problem-driven" versus "theory- and method-driven" research, we approach this question by asking whether an existing theory that has been widely applied to the study of political decision making can shed light on the motivations of rural local governments and how, if at all, it is counterproductive in this case. If this theory fails to explain the actions of rural and peripheral municipalities, we ask whether there is an alternative explanation.

Our theoretical point of departure is rational choice. In its simplest form, rational choice theory assumes that individuals act consistently in relation to their preferences. For example, "in the case of government actors, the presumption is that they want to stay in power" (Lichbach & Zuckerman, 1997, p. 24). Thus, given individuals' desires and the information available to them, their actions must be assumed to be the best possible actions among all feasible alternatives (Hindmoor & Taylor, 2015).

Green and Shapiro (1996, p. 267), well-known skeptics of the universal applicability of rational choice theory, identified Taylor's (1996) "threefold requirements that the number of options be limited, their costs and benefits clear to the agents, and the stakes high" as reasonable conditions for when rational choice is likely to apply and even expanded and elaborated on these suggested criteria (Green & Shapiro, 1996). For reasons that we will explain below, it would not be unreasonable to assume that such conditions are present in our case and that the actions of rural local governments are consistent with rational choice.

In regard to immigration policy in Sweden, the stakes have indeed been high since the early 2000s, especially after the immigration-critical party SD was elected to parliament in 2010. During the 1990s and until the early 2000s, the two major left and right parties, the Social Democrats and the Moderate Party, constituted a restrictive axis in asylum and immigration issues. However, both parties gradually changed their stance and became as committed to generous immigration policies as the five smaller left and right parties. By 2010, the year in which the negative relationship between population growth and the rate of refugee reception became even more pronounced, all mainstream parties, from left to right, had officially embraced a liberal stance on asylum seekers and immigration in general.

Except for SD, both the collective left and the collective right now also considered it inappropriate to question or criticize immigration to Sweden. Regardless of the individual characteristics of immigrants and the number of refugees arriving in the country, the mainstream parties all claimed that immigration represents a positive cultural and economic contribution to Sweden (see, e.g., Sanandaji, 2017). Any politician, including government ministers and members of parliament (MPs) who did not seem to toe this line in public was severely criticized, even by his or her party.¹⁴ Moreover, national borders were explicitly said to be undesirable by several of the political parties on both sides of the left–right spectrum,¹⁵ and then Prime Minister Fredrik Reinfeldt of the Moderate Party (2006–2014) claimed that Sweden lacked a national culture of its own that was worth preserving.¹⁶

¹⁴ See, e.g., “Center MP shut out by his own” (Aftonbladet, 2015), “Reinfeldt turns on Billström” (Dagens Nyheter, 2013), “Almost all proposals regarding honor-related oppression were stopped” (Dagens Nyheter, 2018) and “Young Liberals want Mauricio Rojas sacked” (Sveriges Radio, 2006). Article headlines were translated by the authors.

¹⁵ See the political programs of the Center Party (Centerpartiet, 2013), the Liberal Party (Liberalerna, 2013), the Green Party (Miljöpartiet, 2013) and the Moderate Party (Moderaterna, 2011).

¹⁶ See “Reinfeldt: What is purely Swedish is barbarous” (Dagens Nyheter, 2006).

In addition, in the wider political debate, the consensus at the time was that it was an expression of racism to question immigration (see, e.g., the recollections of former Minister of Education and leader of the Liberal Party Lars Leijonborg, 2018). As the leading journalist Anna Hedenmo (2017, p. 6) later explained, “anyone who raised the issue of the size of immigration found him- or herself out in the cold.” The political scientist Henrik Ekengren Oscarsson (2013) famously coined the term “opinion corridor” to describe this phenomenon of a quickly narrowing public discourse. An opinion poll documented that it had even affected private discussions. Individuals with a conservative or nationalist outlook were less likely to share their views on issues such as immigration outside a small circle of friends than individuals with a liberal or left-wing outlook (Santesson, 2015).

Hence, given the political and intellectual climate, which prohibited views on immigration that diverged from the norm, and the fact that both political blocs at the national level were committed to generous asylum and immigration policies, it would have been costly for local politicians in rural and peripheral municipalities to reject refugees. Certainly, all municipalities faced pressure from the central government to accept refugees, and starting in 2016, it even became mandatory by law, but rural municipalities with declining populations had plenty of vacant housing and thus lacked a credible reason for not accepting refugees. Therefore, it would arguably have been more politically costly for smaller, peripheral municipalities to challenge the *Zeitgeist* by attempting to reject refugees. Hence, governing local politicians had little to gain by not assenting to large-scale refugee immigration. At the same time, local politicians could contend that they were not personally responsible for the consequences given that their choices had in effect been highly limited because of the political and intellectual climate.

Arguably, this climate made the reception of disproportionate numbers of refugees appear to be the rational and strategically appropriate option to most politicians.

Moreover, the political pressure from the national level to accept refugees was combined with monetary incentives. Municipalities were guaranteed economic support to cover the costs of accepting an individual refugee for up to two years after his or her arrival, amounting to roughly one-third of the average annual income. Although these grants may not fully cover the costs after all (SOU 2018:22), that may not have been apparent initially. Indeed, the intent of the central government was to help municipalities avoid a financial loss. Against this background, it is conceivable that some local politicians interpreted economic support as “pork barrel” (Evans, 2011) that would boost the local economy in the form of taxable income for any salaried staff who would have to be employed and large profits for property owners and other service providers, which, in turn, would be spent on local consumption. To some degree, this perception could have alleviated whatever concerns local politicians might have had about accepting large groups of refugees. Thus, it would not seem unreasonable to conclude that politicians were acting rationally from their perspectives.

While these factors are highly relevant, they nevertheless overlook an even larger issue, namely, that large-scale refugee reception is an unpopular policy among large voter groups. Since 1990, approximately half of the Swedish population has advocated that fewer refugees be accepted. During peaks in Sweden’s refugee reception, this share climbed to above 50 percent and even above 60 percent (Demker, 2017).

Hence, local politicians faced the risk of eroding their electoral support by accepting disproportionate numbers of refugees. Indeed, research suggests that growing shares and regional concentrations of immigrants increase electoral support in both national and local elections for far-right political parties and adversely affect electoral support for

parties promoting liberal immigration and asylum policies (Halla et al., 2017; Harmon, 2017; Lubbers & Scheepers, 2001; Otto & Steinhardt, 2014). The effect seems to be strongest in regard to non-European immigrants with low education levels (Edo et al., 2018). Our results suggest further evidence of the existence of such an effect. As demonstrated in Section 3, disproportionate refugee reception is associated with increased support for SD between the 2010 and 2014 national elections.¹⁷

Although rational choice theory has made considerable advances since Downs' (1957) seminal work on party competition and his claim that politicians are exclusively vote-maximizers, acknowledging that politicians have both policy-seeking and office-seeking motives, rational choice theorists still assume that politicians have “at least one eye upon the prevailing public mood” (Hindmoor & Taylor, 2015, p. 69). Hence, we should expect some ideological divergence but not the flight from the position of large voter groups that took place in Sweden. For several years, only one party—the immigration-critical SD—represented the view on refugee immigration of roughly half the Swedish population. How can we reconcile this with rational choice theory?

One explanation that has often been suggested is that the mainstream parties did not realize that they had lost public support for their generous asylum and immigration policies (e.g., Leijonborg, 2018). However, a more plausible explanation, given the stability of the public's views on refugee immigration over time, is that the growth of SD hurt the traditional political blocs to roughly the same extent. Indeed, in the latest national election, SD gained voter shares from both the left and the right (Oscarsson, 2016). Hence, it could be argued that a status quo bias emerged in which it was deemed

¹⁷ Rydgren and Ruth (2011) also found a positive correlation between concentration of immigrants and electoral support for the far right when studying changes in electoral support for SD between the 2006 and 2010 *local* elections. While the authors did not find a positive correlation with changes in electoral support for SD between the 2006 and 2010 *national* elections, we found such a correlation during a later period when immigration continued to increase.

preferable by both the left and the right to stay the course rather than risk being punished by their opponents for changing position on refugee immigration before the other political bloc had also done so. If this was the choice that the mainstream parties made at the national level, then it is plausible that local politicians were under great pressure not to take any initiatives on their own, and, arguably, it was rational for them to conform and not upset the cart.

Only in the autumn of 2015, when 9,000 individuals applied for asylum in Sweden each week, and it was evident that the country had finally exceeded its capacity to receive more refugees, could both political blocs escape this dilemma by simultaneously switching positions, which they did. As Leijonborg (2018, p. 319), who until 2009 was a cabinet minister in the successive center-right coalition governments of 2006–2014, recounted, “In the autumn of 2015, the pendulum in immigration policy swung back with full force. [...] Now Sweden’s refugee policy would meet the EU’s minimum standard, the bridge across the Oresund strait would be closed and [Social Democratic] government ministers talked about chartered planes leaving Sweden with rejected refugees.” Cast in game-theoretical terms, the breakdown in refugee reception in late 2015 escalated to a Schelling point (Schelling, 1960) that provided the window of opportunity that allowed both the left and right to reverse their previous stance without risking being branded as racist or inhuman by their opponents; a mutual policy shift was thus rendered possible without the need for explicit coordination. Hence, it could be argued that only at that point would it have been rational for local politicians to refuse to accept disproportionate numbers of refugees and that rational choice theory therefore holds as an explanation for the actions of rural and peripheral municipalities.

However, as Lichbach and Zuckerman (1997, p. 24) observed, rational choice theory “is not bound by the utility or wealth-maximizing assumptions that characterize

economics” and “does not even require the assumption that individuals are self-interested.” The addition of non-egotistic considerations increases the complexity of the analysis but is not ruled out (see, e.g., Ostrom, 1990). If we, in line with this observation, instead interpret rationality in politicians’ behavior as doing what is most beneficial for the people they represent, any interpretation in line with rational choice becomes more problematic.

As argued in the previous section, refugees have little chance of integration into local society and the labor market in rural and peripheral areas. Briefly restated, this lack of integration is due to the different economic functions of small communities and large cities and to the different kinds of social capital that exist in rural and metropolitan areas. Instead, a large influx of refugees who are unlikely to find work in rural and peripheral municipalities risks exacerbating an already severe unemployment problem, fueling a growing sense of alienation between inhabitants of rural and urban areas, and creating an ethnic conflict over scarce resources between the native population and the refugees (Olzak, 1992).

Previous research has also demonstrated that immigrants, including refugees, constitute a net cost to the public sector in Sweden (Aldén & Hammarstedt, 2015; Ekberg, 1999, 2009, 2011; Flood & Ruist, 2015; Ruist, 2018). This is mainly because the employment rate of immigrants, even those of working age, is substantially lower than that of the native population but also because employed immigrants on average have lower annual incomes than natives (Sanandaji, 2017). These costs are likely to be felt even more keenly in rural and peripheral municipalities where employment opportunities are scarcer than in other municipalities.

Given these factors and the non-egotistic interpretation of rationality we have suggested, it would seem that the actions of most rural local politicians are in fact

irrational. While it is beyond the scope of this study to adequately account for why some peripheral municipalities with declining populations have not accepted large numbers of refugees, it is likely against this background that they have adopted a comparatively more moderate approach refugee reception. Northern municipalities with significant population decline but fewer refugees per capita, such as Härjedalen and Gällivare, for example, can be compared to Buchanan's (1965) "economic clubs," which are characterized by exclusivity, bonding social capital, and local patriotism. Most plausibly, such municipalities have been intent on not disturbing the social order, and the fact that several of them have been governed by a single party (the Social Democrats) most of the time has likely made local politicians more immune to political pressure to receive more refugees. In comparison, several of the municipalities with declining populations that received the greatest numbers of refugees, for example, Lessebo and Hylte in the southern parts of Sweden, have been governed by intermittent coalitions of Social Democrats, Greens, and center-right parties.

Rational choice theory should therefore be considered a non-exhaustive explanation in this case. What else might then account for local politicians' actions? One indicator could be the fact that there is an extreme divergence between the opinions of the general public and the opinions of elected politicians in regard to refugee reception. In recurring parliamentary surveys conducted between the years 1994 and 2010, only between 7 and 16 percent of elected MPs favored accepting fewer refugees (see Ekengren Oscarsson, 2015). During the period 2002–2010, covering the surge of Middle Eastern refugees between the years 2005–2008, this share varied between 6 and 7 percent. These results should be contrasted with the previously mentioned and comparable Swedish voter survey, which showed that since 1990, approximately half the population consistently favored accepting fewer refugees (Demker, 2017).

Although there are no comparable surveys of local politicians' opinions, this large divide between elite and popular opinion, which only widened as Sweden accepted more refugees, was likely also present at the local level. Individual MPs in Sweden need to maintain a close relationship with the party organization in their home districts to be re-elected (Esaiasson et al., 1996), which makes it unlikely that there would be a large divergence in opinion between MPs and local politicians in their home base.

We can instead assume that there was a similar opinion divide over the issue of refugee reception at the local level and should perhaps explore the possibility that this contributed to the reception of disproportionate numbers of refugees in rural and peripheral municipalities. However, most existing theories within political science fail to offer an account of how ideas can cause such irrational behavior in politicians. The most promising attempt that we have encountered is Tetlock's (2005) work within political psychology on "expert political judgment."

Tetlock solicited thousands of predictions from several hundred political experts working in academia and government. He classified the experts along a continuum between "hedgehogs" and "foxes," a reference to Berlin's (1953) idea that writers and thinkers can be divided into these two broad categories, and found that foxes are considerably better forecasters than hedgehogs. This is because foxes have a more balanced style of thinking about the world. Foxes believe in "taking a multitude of approaches toward a problem" and "tend to be more tolerant of nuance, uncertainty, complexity, and dissenting opinion" (Silver, 2012, p. 54).¹⁸ Foxes are, for example, skeptical of claims that deep laws govern history and tend not to reject unpalatable truths to maintain "moral purity" (Tetlock, 2005, p. 106). By contrast, hedgehogs believe in big ideas and governing

¹⁸ See Silver (2012, p. 54) for a pedagogical overview of the attitudes of foxes and hedgehogs.

principles and maintain the same approach in all circumstances. Close-minded and more ideological in their thinking, hedgehogs “rarely hedge their predictions and are reluctant to change them” (Silver, 2012, p. 54). As they do not know “when to apply the mental brakes” (Tetlock, 2005, p. 103), hedgehogs are also likely to be swept away by their rhetoric and are more prone to making extreme predictions of radical negative or positive change.

Somewhat speculatively, we argue that Tetlock’s (2005) work may provide a useful approach for understanding the actions of local politicians in rural and peripheral municipalities. Although determining what particular hypothesis regarding refugee immigration may have swayed politicians falls outside the scope of the current study, we can offer a couple of competing suggestions. One possibility could be a belief that it is always right to choose the option that seems morally good and generous, perhaps supported by “positive asymmetry”—a common way of seeing that “foregrounds or underscores only the best characteristics and potentials of people, places, objects, and events” (Cerulo, 2006, p. 6). Given that different groups or “thought communities prioritize and attend to different categories of people, places, objects and events” (Cerulo, 2006, p. 12) depending on their goals and values, it is conceivable that the traditional left and right blocs, having converged toward a liberal stance on asylum seekers and immigration, saw only the best in refugees. The mainstream parties may have received further inspiration from various experts and think-tank scholars who imposed on society and the public debate a uniform body of allegedly grounded “knowledge” about immigration, which only described positive outcomes and soon became dogma (e.g., Norberg & Segerfeldt, 2012; Scocco & Andersson, 2015; Strömbäck, 2015, 2016).¹⁹

¹⁹ How such processes work is described in Koppl’s (2018) work on “expert failure.” For example, experts with dissenting views on immigration had little incentive to offer their evidence, as such views were perceived as morally inferior.

A different hypothesis is that depopulating rural municipalities must do whatever they can to reverse the trend and increase their populations, which is a widely shared goal among local politicians in Sweden (Syssner, 2014). Declining populations are seen as embarrassing and a political failure since “growth for a long time has been the norm in local and regional development policy” (Syssner, 2014, p. 39). The central government has, under various political leaderships, also advocated the idea that all parts of the country should be competitive and prosperous; there is even a government-sponsored NGO created specifically to stimulate discussion on potential ways to combat urbanization. A recent parliamentary committee report on rural development crystallized these sentiments by calling for “viable rural areas with equal opportunities for enterprise, work, housing and welfare” in all parts of the country within the next 30 years (SOU 2017:1, p. 25). Given that immigration has often been proposed as a panacea for an aging population in Sweden (Sanandaji, 2017), it does not seem unlikely that a large influx of refugees may have offered a perceived short-cut to local politicians to reverse a negative population trend in depopulating rural and peripheral municipalities. As in the alternative scenario, there was support to be had from experts and think-tank scholars who advocated large-scale immigration as a solution to depopulation in rural areas (e.g., Bergström, 2014; Hojem, 2010).

However, it remains a question for future research to determine the motivations of rural local governments in Sweden—perhaps by administering Tetlock’s (2005) survey of political experts to local politicians.

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