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# DISCUSSION PAPER

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## Redistribution, Institutions, and the Self-Selection of Migrants

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# Redistribution, Institutions, and the Self-Selection of Migrants*

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**Abstract**

In the face of slow productivity growth, labor shortages and concerns about brain drain, welfare states seek to understand how policies influence the skill composition of migrants. Using administrative data on the universe of Italians residing abroad, this paper investigates how governmental redistribution and institutional quality shape migration decisions across 45 main destination countries. We find that higher levels of income redistribution are associated with more negative skill selection. Access to human-capital–enhancing public services and higher institutional quality are instead linked to a more positive selection. The latter effects are economically significant and potentially able to offset the adverse effects from redistribution. Complementary quasi-experimental evidence exploiting a drastic deterioration of institutional quality in Italy during the Berlusconi years corroborates these findings. Overall, the evidence suggests that, to the extent that they improve how effectively and equitably they use public resources, welfare states are able to attract a balanced selection of migrants despite high levels of income redistribution.

**Keywords:** Migration, Self-selection, Redistribution, Welfare Regimes, Institutions.

**JEL:** F22, J61, H53, H11, D02.

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## 1 Introduction

International migration responds to economic opportunities and living standards in both origin and destination countries. By improving the allocation of workers across countries, migration can generate substantial income and welfare gains for migrants and for origin and destination countries (e.g., Clemens, 2011; di Giovanni et al., 2015). Immigration may also alleviate labor shortages, reduce labor market frictions and misallocation, and support productivity (Peri and Sparber, 2009). Understanding the factors shaping migration decisions is therefore essential for policymakers, whose choices both influence and are constrained by migration incentives.

Tiebout (1956) proposed that individuals "vote with their feet" by moving to destinations offering their preferred mix of taxation and public goods. Pecuniary incentives are indeed an empirically prominent driver of migration decisions, as individuals who choose to move typically seek to improve their living standards. However, particularly once certain income levels are reached, migration intentions may increasingly be shaped by non-pecuniary factors, such as amenities and the quality of institutions (e.g. Ariu et al., 2016; Arntz et al., 2023; Aziz et al., 2022; Chen et al., 2024; Zarate et al., 2026).

These migration forces can limit the extent of redistribution and other public policies that governments can afford to implement. Research has shown that migrants are not randomly drawn from their population of origin, as their average characteristics systematically differ from those of non-migrants and vary with their chosen destination. Understanding this differentiation is crucial, since the economic impacts of migration depend on both the number and the skills of those who move (Borjas et al., 1992). A key framework to analyze these choices is the Roy model of self-selection (Roy, 1951), formalized in the context of international migration by Borjas (1987). Within the Roy–Borjas framework, individuals' migration decisions across destination countries are driven by differences in the returns to skills between the country of origin and potential destinations. At the lower end, a generous welfare state may act as a "welfare magnet", attracting poorer and less skilled migrants. At the higher end, high taxation can induce richer and higher-skilled individuals to migrate to lower-tax countries.

Using micro-level administrative data on the stock of Italian migrants worldwide we investigate how the interplay between income redistribution, welfare regimes, and institutional quality affected the skill selection of Italians who moved over the period 1979–2024. Our main contribution is to provide novel evidence using comprehensive registry data—which uniquely allows the study of the universe of migrants from a single origin country across multiple destinations worldwide—on how redistribution and institutional environments jointly influence migrant sorting.

The Italian diaspora is particularly intriguing, as Italy is a high-income country characterized by an upper-middle level of redistribution and a lower-middle level of institutional quality.[1] At the same time, Italy has experienced a steadily increasing net population outflow involving both highly educated and less educated individuals, as well as an increasingly younger migrant demographic (see e.g. Migrantes, 2024). As shown by Corneo and Neidhöfer (2021), positively selected Italian migrants tend to sort into countries with lower income redistribution, while negatively selected ones prefer countries with more redistribution. However, their findings also indicate that the quantitative impact of redistributive policies is not strong enough to generate substantial brain drain. This conclusion is consistent with Kleven et al. (2020), who argue that policymakers should not retreat from progressive taxation out of fear of skilled emigration, as most estimates suggest that mobility responses, even among top earners, are modest and do not constrain governments' ability to marginally raise taxes. Instead, public services and other amenities might play an important role in shaping migration choices.

Our findings offer a new perspective on the migration–redistribution debate. Our baseline results are strongly consistent with the Roy–Borjas model and previous empirical tests of its predictions (e.g. Borjas et al., 2019; Corneo and Neidhöfer, 2021; Grogger and Hanson, 2011; Moraga, 2011; Parey et al., 2017): higher levels of redistribution are significantly associated with more negative skill selection, whereas lower levels are associated with more positive selection. This relationship is particularly pronounced when redistribution is embedded in more universalistic welfare systems. When we extend the analysis to examine institutional quality—including equality in access to education and health, government effectiveness, control of corruption, voice and accountability, the rule of law, and regulatory quality—alongside income-based redistribution, the role of the welfare state appears in a more benign light.

Our results suggest that, to understand the redistribution-migration nexus, it is crucial to consider not only how much governments redistribute, but also how effectively and equitably they use public resources. Specifically, we find that more equal access to human-capital-enhancing public services and higher institutional quality are associated with more positive skill selection among migrants, potentially offsetting the adverse selection effects associated with redistribution. These findings corroborate the view that equality of opportunity, effective public-service provision, and strong institutions constitute important pull factors for skilled migrants.

We further assess these conclusions using complementary quasi-experimental evidence that exploits the sudden deterioration in Italian institutional quality around 2004 as a source of exogenous

[1] See Figure 1 and Figure 2.

variation. Using a battery of causal inference designs we examine how changes in migrant selection differ across destination countries depending on their institutional quality. The results provide additional evidence supporting the view that high institutional quality makes destination countries distinctively attractive for high-skilled migrants.

Our findings have far-reaching policy implications. Welfare states can promote equity without necessarily compromising their ability to attract highly skilled migrants. The key lies in investing in institutional quality. Reducing redistribution may improve a country's relative attractiveness to high-skilled migrants, but it comes at a direct cost to the well-being of the resident population and may generate negative international externalities by encouraging a race to the bottom in redistributive policies. Improving institutional quality, by contrast, can strengthen a country's attractiveness to skilled migrants while simultaneously enhancing domestic welfare. Investments in equal access to education and health, effective public services, accountable government, and the rule of law can therefore generate mutually reinforcing benefits: they improve opportunities and well-being for the resident population, attract human capital from abroad, and may create positive spillovers across countries. Our results thus suggest that the apparent trade-off between redistribution and attracting high-skilled migrants can be mitigated. Rather than competing by scaling back redistribution, governments can pursue a more productive strategy by strengthening the institutions through which public resources are transformed into opportunities, services, and economic prospects. While this paper is silent about the causes that may hinder such a strategy, it provides strong empirical evidence about the opportunity cost of failing to adopt that strategy.

The remainder of the paper is organized as follows. Section 2 reviews the literature on the self-selection of migrants and the role of institutions in influencing migration patterns. Section 3 sketches the theoretical framework that underpins our approach to the data and motivates the hypotheses we test about how redistribution and institutional quality shape the skill selection of migrants. Section 4 provides a brief overview of Italian migration history and current migration trends that are cardinal to our investigation. Section 5 describes the data, and Section 6 the empirical strategy. The results are presented in Section 7. Section 8 concludes.

## 2 Related Literature

### *2.1 Economic Incentives and Self-Selection*

In the Roy-Borjas model, skill selection of migrants can be positive or negative, depending on differences in returns to skills between origin and destination. A broad literature provides evidence con-

sistent with this mechanism. Early studies in the U.S. document sorting across regions with different returns to skill (Borjas et al., 1992), and for international migration, selection patterns consistent with relative differences in inequality (e.g. between Mexico and the U.S.; Moraga, 2011), with return migration potentially reinforcing selection (Borjas and Bratsberg, 1996). Furthermore, historical evidence on migration to the U.S. during the Age of Mass Migration also points to migrant selection in a setting with relatively low entry barriers (Abramitzky et al., 2012).

Evidence across OECD countries likewise shows positive sorting toward destinations with higher after-tax skill returns (Grogger and Hanson, 2011), and an analysis of graduate students in Germany suggests that expected earnings are linked to the location choices of the highly educated (Parey et al., 2017). Administrative and registry data from Denmark, Sweden, Finland and Italy similarly confirm overall positive selection among emigrants (Borjas et al., 2019; Birgier et al., 2022; Kauppinen and Poutvaara, 2025; Corneo and Neidhöfer, 2021). The Nordic studies find weaker positive selection toward other Nordic countries than toward non-Nordic destinations, while Corneo and Neidhöfer (2021) find that Italian emigrants are less positively selected toward more redistributive destinations. Birgier et al. (2022) and Kauppinen and Poutvaara (2025) point to the important role of unobservable characteristics in determining selection, such as ability differences and job-match considerations. Recent work also cautions that education alone can be an incomplete measure of skill because returns in destination countries differ across skill dimensions and task types; differences in returns to occupational skills can therefore help explain migrant selection patterns (Patt et al., 2021; Leopold et al., 2025).

Closely related to migrant self-selection are the welfare-magnet hypothesis and the literature on tax-induced migration, as redistribution can shape migration incentives through both transfers and taxation. A common view holds that individuals who are more reliant on social welfare will move to regions or countries where welfare programs are more generous. Early work in the U.S. finds clustering in high-benefit locations (Gramlich and Laren, 1984; Borjas, 1999), but later evidence often points to effects that are small on average and that welfare migration mostly arises when movement costs are low and movement is short-distance (Levine and Zimmerman, 1999; McKinnish, 2005, 2007). In Europe as well, empirical findings are mixed and depend on both the institutional design of welfare programs and the way benefit generosity is measured. Boeri (2010) documents that migrants are overrepresented among beneficiaries of non-contributory welfare transfers in Europe, although they are not net recipients overall, while De Giorgi and Pellizzari (2009) find that welfare generosity affects migration decisions, but to a much lesser extent than labor-market conditions. Other studies find limited evidence for the welfare-magnet hypothesis once movement restrictions and endogeneity are

addressed (Skupnik, 2014; Giulietti et al., 2013), while Razin and Wahba (2015) argue that welfare-magnet effects are evident when migration is unrestricted. More recent evidence from Switzerland and from international migration flows suggests only limited strategic relocation in response to welfare generosity (Ferwerda et al., 2024; Müller, 2026).

On the tax side, mobility responses are more clearly concentrated among high earners, whereas the broader population appears much less responsive. Several studies provide evidence that tax differentials across and within countries induce mobility of top earners, top inventors, star scientists, and high-income foreigners (Akcigit et al., 2016; Moretti and Wilson, 2017; Kleven et al., 2013; Martínez, 2022). Using administrative data, Rauh and Shyu (2024) study California's 2012 Proposition 30, which raised top marginal tax rates by up to 3 p.p., and find that an additional 0.8 percent of the residential tax base in the top bracket left California in the following year. Evidence from the United Kingdom and Switzerland suggests, however, that such mobility responses of the richer population need not undermine the effectiveness of tax increases. Advani et al. (2025) find that removing the exemption of foreign-source income for long-term non-domiciled taxpayers increased emigration only temporarily, while substantially increasing government tax revenues. Similarly, evidence from internal migration in Switzerland and international migration in Finland suggests that tax-induced migration is stronger among younger, highly educated, and high-income individuals, but remains limited overall (Liebig et al., 2007; Kalin et al., 2024). In Italy, tax incentives appear to have been effective in inducing return migration: the 2010 "Controesodo" scheme granting tax exemptions to young and highly educated returnees increased the probability of return migration among eligible graduates (Bassetto and Ippedico, 2024).

Taken together, the literature suggests that welfare generosity may attract groups more likely to depend on social programs, but that the empirical results are contingent on institutional design, individual characteristics, and the broader setting (Allen et al., 2025). At the same time, taxation appears to affect location choices mainly among high earners and under targeted schemes, while migration elasticities remain generally small for the broader population.

Migration costs further constitute an important qualification to the selection mechanism. Several studies suggest that migrants are generally positively selected on education relative to non-migrants, even when origin countries are highly unequal. This tendency may be stronger when migration costs are high, as these costs weigh less on individuals with higher abilities (Chiswick, 1999), consistent with Liebig and Sousa-Poza (2004), who find that higher-educated individuals are more willing to emigrate, while greater inequality in the origin country raises overall emigration and thereby weakens positive

selection. Chiquiar and Hanson (2005) likewise argue that in highly unequal countries, if migration costs are lower for people with higher skills because they have better access to resources and networks, mainly more educated individuals will emigrate. Measuring broader migrant selection across 99 developing countries, Clemens and Mendola (2024) find strong positive selection on both observed and unobserved determinants of income, such as schooling, ability, and motivation, and highlight that financial and policy-related costs—such as documentation, transport, visa fees, and qualification requirements—condition migration decisions.

In this respect, networks are also particularly important. A broad literature shows that destination networks reduce migration costs, especially for less-skilled individuals. Munshi (2003) finds that migrant networks improve employment opportunities in the U.S., with disadvantaged groups benefiting most. McKenzie and Rapoport (2010) show that strong migrant networks in destination communities facilitate the migration of less-educated individuals, while communities with weak migrant networks exhibit neutral or positive selection, and, consistent with this finding, Beine et al. (2011) observe that diasporas in OECD countries reduce average education levels among new migrants. Networks may particularly benefit less-skilled migrants by lowering language-barriers, as large same-language communities at the destination encourage migration and reduce the importance of linguistic proximity (Adserà and Pytliková, 2015).

Returns to skill appear to be central to migrant sorting, while migration costs condition the strength of this relationship. Yet destination countries also differ in the quality and organization of the institutions through which public resources and services are provided.

### *2.2 Institutions and Migration*

Institutions may influence migrants' decisions through three main channels: directly by affecting utility, indirectly by shaping income and income expectations, and by altering migration costs, which can be higher in countries with weaker institutions (Baudassé et al., 2018). The first channel is reflected in evidence that economic freedom and effective governance are associated with subjective well-being (Gehring, 2013; Helliwell et al., 2018). The second channel is consistent with the finding that higher-quality institutions may also improve expected income opportunities, as they are associated with stronger long-run economic performance (Acemoglu et al., 2001; Rodrik et al., 2004; Bhattacharyya, 2009; Bergh et al., 2015). The third channel captures the fact that institutions can influence migration costs, for instance through information, administrative procedures, and the recognition of rights. Hence, institutions shape not only migrants' economic opportunities, but also the wider

environment in which migrants decide whether and where to move.

Consistent with these channels, a growing empirical literature finds that institutions help explain migration destination choices. Several institutional dimensions appear to matter, including governance, political inclusiveness, the design of social policies, and the regulatory environment.

Much of the empirical literature has focused on aggregate migration flows rather than on migrant selection, finding that corruption and weak institutions in origin countries act as push factors, while effective bureaucracy, control of corruption, and economic freedom act as pull factors at destination (Poprawe, 2015; Bergh et al., 2015; Ashby, 2010; Nejad and Young, 2016). For example, Bernini et al. (2024) show that corruption acts as both a push and a pull factor for bilateral migration flows within the EU28 and EFTA countries: higher corruption in the origin is associated with more emigration, while higher corruption in destinations is associated with less immigration.

The relative importance of political and economic dimensions may strongly depend on the context. During the British-Chinese handover, low political confidence was found to increase the likelihood of emigration from Hong Kong. Expected income losses at destination only weakly discouraged emigration, suggesting that in periods of institutional uncertainty, political concerns could outweigh economic considerations (Lam, 2002). Furthermore, focusing on OECD-to-OECD migration, Aziz et al. (2022) find that political institutions, particularly Rule of Law, Voice & Accountability, and Government Effectiveness, exert a stronger effect than economic institutions in wealthier countries.

The composition of public spending may matter alongside the quality of governance. Studying migration to France, Germany, the UK, and the USA, Geis et al. (2013) find that generous unemployment benefits and high union coverage discourage newcomers, plausibly because they protect insiders, whereas high-quality health care and education systems act as pull factors. Similarly, Raggl (2022) observes that in Central, Eastern, and Southeastern Europe, dissatisfaction with the quality of public services, especially health care and social security, infrastructure, and regional development policies are associated with having migration intentions. This points to an important distinction between institutions that function as insider-protecting labor-market arrangements and spending on human capital and public goods, such as health care and education, whose benefits do not depend on prior labor-market attachment and which act instead as a pull factor.

Central to our study is the idea that, beyond shaping aggregate flows, institutions can also influence the skill composition of migration. Chen et al. (2024) emphasize that high-skilled migrants act not only as economic agents but also as political, cultural and social actors, implying that analyses of skilled emigration should consider institutional and socio-political determinants. They provide ev-

idence that better institutions are associated with less brain drain even after adjusting for GDP per capita and government spending, which they interpret as evidence that institutional failures, such as political instability and weak rule of law, act as push factors for highly skilled workers. In line with this perspective, Ariu et al. (2016) find that governance quality raises net migration of college-educated individuals, so that countries with better governance tend to retain and attract the highly skilled, whereas the effect for low-skilled migration is insignificant. Arif (2020) likewise finds that the pull effect of destination-country economic freedom and democracy is considerably larger for college-educated than for less-educated migrants. Focusing on corruption, Cooray and Schneider (2016) find that higher corruption increases the emigration of high-skilled individuals, whereas the emigration of medium- and low-skilled individuals follows an inverted-U pattern, rising at low levels of corruption and declining beyond a moderate threshold. They attribute this decline to rising income inequality, which may tighten the financial constraints faced by less-skilled potential migrants.

Political and institutional deterioration over time may also affect skilled workers disproportionately. Demirci (2023) documents that students responded to the rise of authoritarian populism, interpreted as an erosion of democratic institutions and civil liberties, by emigrating. Sharp increases in student outmigration are documented in Hungary, Ukraine, Venezuela, and Indonesia following populist leaders' ascent in close elections. Complementing this evidence, Docquier and Vasilakis (2024) show that rising right-wing populism in Europe reduces high-skilled inflows, while low-skilled inflows are affected to a lesser extent. The authors also find a push effect among skilled Europeans, who become more likely to emigrate, whereas the effect is weaker among lower-skilled individuals.

The closest evidence on migration and institutional quality in Italy comes from studies of internal migration. Using data on about 47,000 Italian graduates, Nifo and Vecchione (2014) study the migration of Italian university graduates across Italian provinces using an institutional quality index that captures government effectiveness, regulatory quality, rule of law, voice and accountability, and corruption at the provincial level, finding that institutional quality matters for migration decisions. For students, Millemaci and Patti (2025) find that, because corruption weakens fair competition and reduces the perceived returns to education, students in Italy are more likely to relocate to provinces with lower levels of corruption and to leave provinces characterized by higher levels of corruption.

Across different settings, there is evidence that institutional quality can shape the skill composition of migrants. Stronger governance, effective public administration, and high-quality public services generally make destinations more attractive, while corruption and institutional deterioration can encourage skilled emigration. Still relatively little is known about how these institutional forces inter-

act with the redistributive incentives. Our analysis addresses this gap by jointly examining income redistribution, the equality of access to public goods and services, and multiple dimensions of institutional quality. In particular, it provides insight into whether the benefits from better public services and institutions can counteract the negative selection generated by redistribution.

## 3 Conceptual Framework

The empirical questions we deal with may be seen as arising from the following basic theoretical framework. Consider a country of origin, Italy in our case, populated by a large number of individuals, each one characterized by a given skill level. These individuals are potential migrants to a set of destination countries, about which the individuals know what their disposable income would be there and what level of institutional quality prevails in each of them. Individuals choose whether to migrate or stay in the origin country, and, if they migrate, where they move to. Individual choices maximize preferences, which are represented by a common utility function,

$$U(x, Q; \kappa, s), \tag{1}$$

where $x$ is disposable income or private consumption, $Q$ is institutional quality in the country of residence, $\kappa$ represents migration costs, and $s$ is the skill level. Utility is strictly increasing in its first two arguments, disposable income and institutional quality. Disposable income depends on the individual's skill and chosen country; it can be written as $x^c(s)$, increasing in $s$, where $c$ indicates the chosen country. The relevant institutional quality is that of the chosen country, $Q^c$. Migration costs $\kappa$ may be normalized to zero for stayers and depend on both the chosen country and the individual's personal situation (e.g. relevant family issues, access to informal social networks, knowledge of foreign language, etc.). Finally, we allow for a possible direct effect of skill $s$ on preferences, e.g. because education affects both skill formation and the importance that an individual attaches to the quality of public institutions.

How do redistribution and institutional quality in a given destination country affect the selection of migrants received by that country?

### *3.1 Redistribution*

Consider some destination country $z$ that marginally changes its redistributive policy. We are interested in the comparative statics of an interior equilibrium, i.e. an equilibrium in which there are in-

dividuals of every skill who migrate to $z$ and in which there are individuals of every skill that do not migrate to $z$. This equilibrium will exist if the distribution of the migration costs $\kappa$ has sufficiently large support.

To organize ideas, refer to the baseline model of governmental redistribution in which a country's overall tax and transfer system is approximated by a linear income-tax schedule. Suppose that country $z$ marginally increases progressivity in a budget-neutral fashion, which means increasing both the tax rate and the demogrant. Then, disposable incomes increase in country $z$ for those who have a skill level below the average skill of country $z$ and disposable incomes decrease for those above that average. Thus, this policy generates migration incentives that tilt selection towards low-skilled migrants. We shall investigate the empirical validity of this prediction.

### *3.2 Institutions*

Suppose now that the polity of country $z$ manages to raise institutional quality there, $Q^z$. How does this affect the selection of migrants it receives? Differently from redistribution, this policy increases the utility of everybody who migrates to country $z$. This implies that this country will receive more migrants at every skill level. Its distinctive impact on selection will however depend on the relative strength of the generated migration incentives along the skill distribution.

We start from an interior equilibrium and define the set of "potential switchers" as the collection of all individuals who in that equilibrium do not move to country $z$. We ask whether potential switchers modify their migration decision after the increase in $Q^z$, depending on their skill level. Let $c \neq z$ be the chosen country of a potential switcher in equilibrium and let $U^c$ denote her utility level there. Therefore, $U^c > U^z$, where $U^z$ denotes the utility level that the same individual could have attained in $z$ before the institutional improvement there. Let us denote by $\Delta$ the increase in the utility level that can be attained in country $z$ after the institutional improvement. Clearly, a potential switcher moves to $z$ rather than $c$ if and only if $\Delta > U^c - U^z$.

The impact on migrant selection of an increase in $Q^z$ depends on its effect on $\Delta$ along the skill distribution. If $\Delta$ is greater at higher skill levels, this favors positive selection because individuals with higher skills face a relatively stronger incentive to switch to country $z$. The opposite occurs if $\Delta$ is decreasing with the skill level. Using the utility function (1), a small institutional improvement $dQ^z$ in country $z$ determines a utility increase by $\Delta \approx \frac{\partial U^z}{\partial Q} dQ^z$. Therefore, the effect of the skill level on the incentive to switch is given by:

$$\frac{\partial \Delta}{\partial s} \approx \left[ \frac{\partial^2 U^z}{\partial Q \partial x} x^{z\prime}(s) + \frac{\partial^2 U^z}{\partial Q \partial s} \right] dQ^z. \tag{2}$$

The sign of this expression can be positive or negative. The first term in its square bracket depicts the indirect role of the skill level through the level of consumption. Since $x^{z\prime}(s) > 0$, positive selection is favored by complementarity of institutional quality and consumption, while negative selection is favored if institutional quality acts as a substitute for consumption. The second term in the square bracket refers to the direct role of the skill level: positive selection is favored if the marginal utility from institutional quality is larger for higher levels of skill.

Depending on the underlying preferences, different incentive effects can arise. If all cross-derivatives are nil, the effect from the institutional improvement in country $z$ is independent of skill. If, for instance, the marginal utility of consumption is independent of institutional quality while individuals with higher skill care more about institutions, better institutions in $z$ favor a positive selection of migrants for that country. If the taste for institutions does not depend on the skill level, while consumption and institutions are substitutes, the triggered incentives favor negative selection. Generally, the effect from institutional quality need not be monotone in the skill level, and its assessment is an empirical issue that we investigate.

## 4 Italian Migration

Italy has a long history of out-migration, which began in the aftermath of the country's unification. Between 1869 and 2005, about 27.5 million Italians moved abroad (Tintori and Colucci, 2015), comparable in size to the total population at unification (Istat, 2011). Tintori and Colucci (2015) note that emigration was often supported by the Italian government as a way to relieve pressure on the domestic labor market. Historically, destinations of Italian migration movements tended to differ by region of origin. Italians from the south moved predominantly to the Americas and Australia, while northern Italians migrated primarily to European countries (Fauri and Gasperoni, 2024). Emigration declined sharply during the two world wars and the interwar period. After World War II, especially from the 1960s onward, emigration continued mainly toward European countries and was driven by bilateral agreements and economic opportunities (Del Boca and Venturini, 2005).

As of 2024, there are over 6.1 million registered Italians living abroad, an increase of 11.8% since 2020, with the demographic composition of emigrants increasingly skewed toward young adults (Migrantes, 2024). Public debate in Italy often centers on the "brain drain" which started in the 1990s,

when Italy experienced a sharp increase in the emigration of highly educated workers, with the share of college graduates among emigrants quadrupling between 1990 and 1998 (Becker et al., 2004).[2] With the highest median age in the EU (48.4 years) and one of the lowest fertility rates (1.24), emigration is further exacerbating the country's severe demographic crisis (Migrantes, 2024).

To counter the adverse demographic situation, new tax regimes were introduced for returning workers to encourage long-term reintegration. A major shift came with the Growth Decree effective on June 28, 2019 (Italian-Republic, 2019). Over 32,500 individuals benefited from the 2019 decree, with the number of beneficiaries increasing by 144% in 2021 and 90% in 2022. According to Migrantes (2024), the policy may have supported the stabilization of returnees, as re-emigration declined after its introduction. In 2023, Legislative Decree 209/2023 replaced the regime with a less generous one, reducing the advantages, particularly for families and young adults. This change discouraged new returns, particularly from the 30 to 40-year-old group, falling below 50% of new arrivals for the first time (Migrantes, 2024).

Understanding the historical background of Italian migration is important, as it led to a large international diaspora. The reviewed literature on migration suggests that migrant networks abroad can lower migration costs and thereby shift selection toward more negative patterns (e.g., McKenzie and Rapoport, 2010; Beine et al., 2011). In this study, we account for Italian networks abroad using two complementary network proxies. At the same time, recent demographic shifts and policy changes may affect selection patterns among Italian migrants. Younger and more educated cohorts may respond differently to redistribution and institutional quality abroad than previously. The changing demographic context and the return-migration policies in Italy motivate a reassessment of the self-selection mechanisms identified in earlier work.

## 5 Data

### *5.1 Registry of Italians Residing Abroad (AIRE)*

The central data for the analysis are retrieved from the Registry of Italians Residing Abroad (Anagrafe degli Italiani Residenti all'Estero, AIRE), which with more than 6 million people registered worldwide in 2024, likely covers the vast majority of Italians residing abroad with longer-term prospects. Italian nationals have compelling reasons to register, making the Registry of Italians Residing Abroad a trust-

[2] This pattern can be observed in Figure C1 in the Appendix, which plots the birth cohorts from 1949 onward. The share of migrants with a tertiary degree who left the country after reaching the age of 20 rose steadily across birth cohorts up to cohorts born in the 1970s–early 1980s (who entered adulthood in the 1990s–2000s) and has since remained well above the residents' share.

worthy source. Renewing documents, voting in Italian elections, transferring citizenship to children, and avoiding double taxation all require registration. Furthermore, short-term migrants, such as students or seasonal workers are generally not included, making the registry well suited for analyzing long-term migration decisions by observing the selection in the stock of permanent movers (see Bönke and Neidhöfer, 2018; Corneo and Neidhöfer, 2021). One drawback of this data source is that registrations to the registry can lag by a few years, as not all movers register immediately after arrival, so that recent years may not count all actual movers. Moreover, it is not possible to observe whether an individual moved directly from Italy or resided in another country prior to the last recorded registration.

The sample we analyze is restricted to Italian migrants aged between 35 and 55 who were at least 20 years old at the time of moving.[3] The first restriction is adopted to capture lifetime earnings (Bönke et al., 2015), while the second one ensures that individuals completed most of their schooling in Italy and were able to form expectations about their potential earnings at the time of moving.[4] The list of countries in our sample can be found in Table C1 in our Appendix.

Data on Italian residents are retrieved from the Survey on Household Income and Wealth (SHIW), provided by the Bank of Italy. These datasets, as will be shown in more detail later, are used to estimate the counterfactual incomes of Italians who emigrated as a measure typically used in the literature to measure the degree of skill selection of each individual (see e.g. Corneo and Neidhöfer, 2021).

### *5.2 Standardized World Income Inequality Database (SWIID)*

SWIID is a harmonized dataset with estimates of income inequality—Gini indices for market and disposable income. The SWIID data are used to calculate the relative redistribution indicator for each country, as follows:

$$R_{ct} = \frac{G^M_{ct} - G^N_{ct}}{G^M_{ct}}, \tag{3}$$

where $G^M_{ct}$ is the Gini of market incomes and $G^N_{ct}$ is the Gini of net (or disposable) income in country $c$ in year $t$ (Solt, 2020).

In Figure 1, redistribution is shown in absolute terms on the vertical axis and in relative terms on the horizontal axis. This representation shows that Italy places itself in the upper middle range of

[3] In the analysis with relative education, individuals aged between 30 and 75 are included, allowing the analysis of a wider sample.

[4] Figure C2 plots the number of Italian migrants that moved to each country when applying the restrictions used for the analysis with relative education. The sample includes 45 countries in total, covering all countries with at least 600 Italian immigrants, for which SWIID data were available for a time span of at least 24 years.

redistribution. This makes it an interesting case for studying self-selection, since migrants can choose destinations with markedly higher or lower redistribution.[5]

### *5.3 Varieties of Democracy (V-Dem)*

V-Dem's equal distribution of resources index is used to capture the extent to which both tangible and intangible resources, such as food, housing, education, and health care, are distributed across the population. It combines four different subindicators (Coppedge et al., 2024; Pemstein et al., 2024).[6] The first subindex captures whether social and infrastructural expenditures are more particularistic or closer to public goods. Particularistic spending is narrowly targeted at specific corporations or sectors and often takes clientelistic form, whereas public-goods spending is designed to benefit society as a whole. The second measure assesses whether welfare programs are more means-tested or universalistic. The third subindex evaluates educational equality, focusing on whether there is broadly equal access to high-quality basic education. The last subindex captures the extent to which high-quality basic health care is guaranteed to all.

These indices provide complementary measures for redistribution that capture distinct dimensions of the welfare state which may differentially matter to high-skilled and low-skilled migrants.

### *5.4 Worldwide Governance Indicators (WGI)*

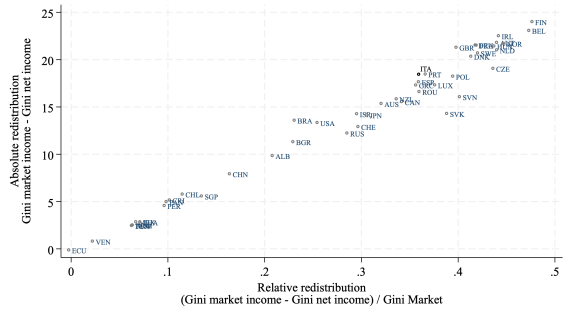
Five WGI indicators are used as measures of institutional quality. The WGI aggregates comparable measures for economies, combining perceptions from 35 underlying data sources, such as surveys of individuals, businesses, public and private NGOs, and expert evaluations (Kaufmann and Kraay, 2024).[7] Government Effectiveness measures the perceived quality and credibility of public service, and policy implementation. Furthermore, it measures the credibility of policy commitments and the quality of policy design. Control of Corruption captures perceptions of the extent to which public power is used for private gain as well as the influence of elites and private interests on state actions. Voice & Accountability measures how citizens perceive their ability to choose their government, along with their freedoms of expression, association, and the freedom of media. Rule of Law reflects perceptions of confidence in and compliance with the rules of society, such as contract enforcement,

[5] Figure C3 displays the average levels of inequality over the available years, before and after redistribution across all countries in the sample.

[6] The composite measure of equal distribution of resources is constructed from four subindices using a Bayesian latent-variable model and is rescaled to an interval of $[0, 1]$. The four subindices are reported on a standardized latent scale. In the employed sample, the scale ranges roughly from $-3.5$ to $+3.7$.

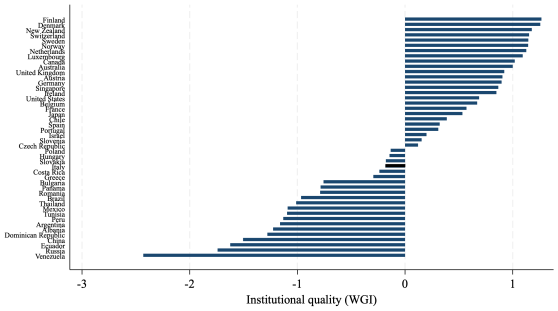
[7] Better governance is indicated by higher values for the continuous variables ranging from $-2.5$ to $+2.5$.

Figure 1: Absolute and Relative Redistribution




*Notes:* Absolute and relative redistribution by country, averaged over all available years. The vertical axis shows absolute redistribution, and the horizontal axis shows redistribution relative to Italy. Sources: own calculations based on SWIID and the Registry of Italians Residing Abroad (AIRE).

Figure 2: Institutional Quality




*Notes:* First principal component (PCA, standardized) of the Worldwide Governance Indicators (WGI) for the 46 countries included in the analysis, averaged over the period 1996–2023. The PCA is based on Government Effectiveness, Control of Corruption, Voice & Accountability, Rule of Law, and Regulatory Quality. Higher values indicate better institutional quality. Source: own calculations based on World Bank WGI data.

property rights, police and courts, and the incidence of crime and violence, and Regulatory Quality measures perceptions of the state's ability to design and enforce sound policies and regulations that enable private-sector development (World Bank, 2025).

As shown in Figure 2, Italy ranks in the lower-middle range when institutional quality is measured by the sample period-average of the first principal component of the five governance indicators,[8] which again makes it a compelling case to study.

## 6 Empirical Strategy

### *6.1 Counterfactual Earnings*

To measure skill selection, we rely on a standard indicator in the literature, namely migrants' counterfactual earnings in their country of origin. Specifically, we use data from the SHIW survey conducted by the Bank of Italy from 2022 to predict these counterfactual earnings. We estimate a Mincer wage regression for log labor earnings using the sample of Italians residing in Italy and then apply the estimated coefficients to predict the earnings that migrants would earn if they were living in Italy. The variables used in the Mincer regression are the level of education, age and age squared, gender, an indicator if the individual is an internal migrant, and fixed effects for the region of birth and region of residence. SHIW sampling weights are applied.

To account for positive and negative selection on unobservable characteristics, we follow Corneo and Neidhöfer (2021) and estimate a Heckman two-step selection model as a robustness test for

[8] The principal component is estimated from the pooled country-year panel and is later used in the analysis.

the counterfactual earnings. The instrument included in the selection equation is the number of migrants from the same region of origin and cohort of the individual, estimated on our AIRE sample. The results (Table A1) show that the inverse Mills ratio is small and statistically insignificant. We use the standard prediction for our baseline results and the Heckman-corrected predicted earnings for robustness checks.

As a further robustness check, we use the relative education of individuals with respect to their respective comparison group in Italy as a measure of selection. The results, included in Appendix (Table C6) are consistent with the baseline analysis using counterfactual earnings.

### *6.2 Redistribution, Institutions, and Selection*

To investigate the relationship between the level of redistribution and the self-selection of migrants, we estimate the following linear regression:

$$S_{ijtc} = \alpha + \beta R_{tc} + \delta' Z_{tc} + \gamma' X_{ijtc} + \zeta' M_c + \lambda_j + \tau_t + \varphi_c + \varepsilon_{ijtc}, \tag{4}$$

where $S_{ijtc}$ denotes the skill level of individual $i$ from Italian region $j$, who moved in year $t$ to country $c$, defined by their predicted counterfactual log-earnings. Our main independent variable of interest is $R_{tc}$, which measures the average level of redistribution (see Section 5.2) in country $c$ from the migrant's year of arrival $t$ to 2024. This measure of redistribution captures the cumulative effect of the tax-transfer system on the income stream in the destination country, compared to what an individual would have experienced in Italy (Corneo and Neidhöfer, 2021).[9]

The same procedure is applied to other macroeconomic variables included in the vector $Z_{tc}$, namely the unemployment rate, GDP growth rate, and GDP per capita. The vector $X_{ijtc}$ includes controls for individual characteristics, such as the year of birth (with second-degree polynomial), the year of arrival of the first immigrated member of the family, an indicator for whether the individual was the first household member to arrive in the destination country, whether individuals originate from a rural area (defined as fewer than 150 inhabitants/km$^2$), and whether they were residing in the capital city of their destination at registration. The vector $M_c$ captures time-invariant characteristics of the destination country that serve as proxies for migration costs. It includes the distance from the Italian border measured in 1000 km and the share of migrants from the same Italian province residing in the

[9] Restricting the independent macro-variables to the year of arrival or to narrow windows (±2 and ±5 years) around arrival, yields the same association patterns. These additional analyses indicate that the results are robust both to alternative skill measures and to different assumptions about the timing of migration decisions. See Tables C19 to C27 in the Appendix.

destination country. Finally, the regression also includes fixed effects for the Italian region of origin ($\lambda_j$), the year of arrival ($\tau_t$), and the country of destination ($\varphi_c$), and we cluster standard errors at the country–year level.[10]

To further deepen the analysis, equation (4) is extended by including the equality of resources index described in Section 5.3, alongside the redistribution measure. This allows us to assess whether broader dimensions of resource equality are associated with migrant self-selection beyond income redistribution alone.[11] The resulting regression is:

$$S_{ijtc} = \alpha + \theta E_{tc} + \beta R_{tc} + \delta' Z_{tc} + \gamma' X_{ijtc} + \zeta' M_c + \lambda_j + \tau_t + \varphi_c + \varepsilon_{ijtc} \tag{5}$$

where $E_{tc}$, depending on the specification, is either an index for broader resource equality or one of its subcomponents, included alongside the redistribution measure.[12]

In the last part of the analysis, the variables that account for the countries' institutional quality are added to the original equation (4). The resulting regression is:

$$S_{ijtc} = \alpha + \beta R_{tc} + \theta I_{tc} + \kappa R_{tc} \cdot I_{tc} + \delta' Z_{tc} + \gamma' X_{ijtc} + \zeta' M_c + \lambda_j + \tau_t + \varphi_c + \varepsilon_{ijtc} \tag{6}$$

where $I_{tc}$ depending on the specification, is either a single index or a vector of institutional characteristics, included alongside the redistribution measure. Also in this case, the indicators measure the average level of institutional quality from the migrant's year of arrival $t$ to 2024, compared to the institutional quality level in Italy in the same time frame.

Because the WGI indices are highly correlated, especially in the cross-country case (Tables C2 and C3 in the Appendix), but to a lesser extent in the within-country specification (Tables C4 and C5 in the Appendix), the analysis mainly focuses on within-country variation. Furthermore, the institutional quality variables are included in the regression framework in three ways. First, the institutional measures are entered individually. Then, they are entered jointly. Finally, they are summarized into a

[10] The same model is estimated using relative education as an alternative proxy for migrants' skill, with the corresponding results reported in Table C6. The relative education measure captures an individual's educational standing within their cohort $b$ and region of origin $j$.

[11] As shown in Figure C5, relative redistribution and the equality of resources index are positively correlated across countries, indicating that they capture a related dimension of the distributive role of the state. This supports the use of the equality of resources index as a complementary, more normative measure to relative redistribution. The descriptive correlation analysis for the subcomponents of the equality of resources index is reported in Appendix (Figures C6 to Figure C9).

[12] An analysis additionally including interactions between redistribution and the indices is included in the appendix (Tables C10 and C11).

single index using principal component analysis (PCA).

The specification is estimated both together with governmental redistribution and, in a further step, including an interaction between redistribution and institutional quality. This approach allows us to assess the direction of associations when institutional measures are considered in isolation, as well as the overall relationship between institutional quality, redistribution, and skill selection. When entered individually, the estimated coefficient reflects both the variable's own association with the outcome and correlated omitted institutional characteristics, while the joint specification conditions on the remaining institutional dimensions.

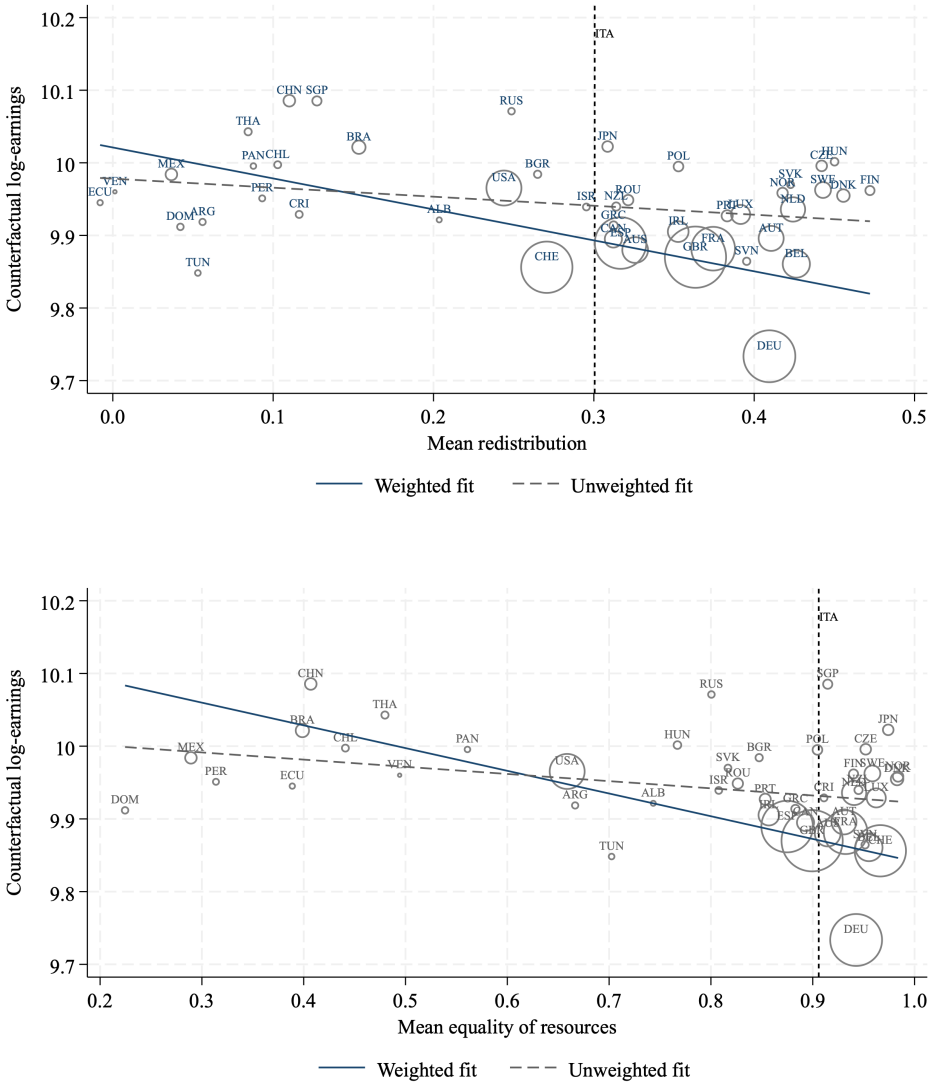
## 7 Results

### *7.1 Stylized Evidence*

Figure 3 shows the correlation between destinations' governmental redistribution (upper graph; see Section 5.2), equality of resources (lower graph; see Section 5.3) and the average counterfactual log-earnings of Italian migrants (see Section 6.1). The population-weighted linear fits are clearly negative, indicating that migrants in more redistributive destinations and with a more equitative resource distribution would on average have earned less had they remained in Italy than migrants in less redistributive or equitative destinations. This pattern provides preliminary descriptive evidence that Italian migrants sort across destinations in a manner consistent with the Roy-Borjas model. The unweighted fit is slightly less steep, suggesting that destinations with fewer Italians add noise to the linear relationship.

As shown by Borjas et al. (2019), a further implication of the Roy-Borjas model is that the skill distribution of movers in destinations with higher returns to skills should dominate the skill distribution of stayers and of migrants in countries with lower returns to skills. Since the full group of stayers may not be a proper comparison group for movers due to unobserved characteristics, following Corneo and Neidhöfer (2021) we split stayers into two groups: non-migrants, i.e. those who are still residing in their region of birth, and internal migrants, i.e. those that migrated within Italy. International migrants are split into those residing in countries with more redistribution (a more equal distribution of resources) than Italy and those residing in countries with less redistribution (a less equal distribution of resources) than Italy. Figure 4 plots the corresponding cumulative distribution functions (CDF)

Figure 3: Redistribution, Resource Equality, and Selection




*Notes:* Scatter plot of counterfactual log-earnings of Italian emigrants against the mean redistribution in destination countries (upper graph) or equality of resources index (lower graph). Counterfactual earnings are predicted from a Mincer regression estimated on stayers. The sample consists of Italian migrants aged 35–55 who migrated at age 20 or older. The vertical red dashed line marks Italy's redistribution and equality of resources level. Solid and dashed lines show unweighted and migrant-population-weighted linear fits. Source: own estimates based on AIRE, SHIW, SWIID, and VDem.

of predicted counterfactual log-earnings.[13]

The analysis of the CDF underlines that the skill distribution of Italian migrants moving to low-redistribution/less-equitative countries stochastically dominates the distribution of stayers and of migrants moving to high-redistribution/more-equitative countries. The distribution of migrants' skills overall dominates that of non-migrants, while the skill distribution of migrants to high-redistribution/more-equitative countries is dominated by that of internal migrants, who represent the more appropriate counterfactual scenario in terms of unobserved characteristics that drive the decision to leave their place of origin. The fact that Italian migrants to more egalitarian countries are also positively selected relative to non-migrant stayers underscores the important role of migration costs and other factors shaping migration decisions.

### *7.2 Redistribution and Self-Selection*

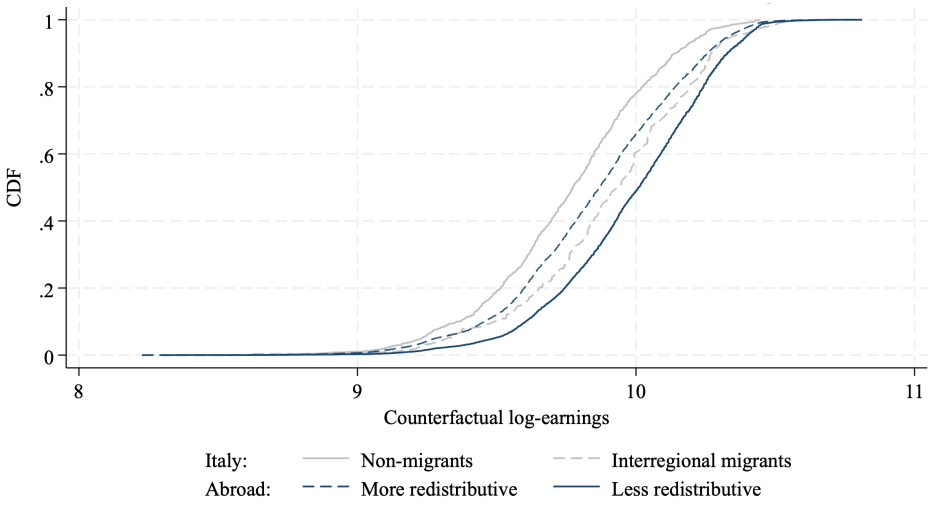
The results from regression (4), which estimates the relationship between the counterfactual earnings of Italian emigrants and income redistribution in the destination countries, are displayed in Table 1. Because redistribution is standardized, we interpret the coefficients as the change in counterfactual earnings associated with a one–standard-deviation increase in redistribution relative to Italy. In the first specification, a one–standard-deviation increase in redistribution is associated with approximately a 3.7% decrease in counterfactual earnings. This indicates that individuals with lower income potential are more likely to migrate to more egalitarian countries, consistent with negative selection on counterfactual earnings. The coefficient's magnitude weakens when demographic and macroeconomic controls are added, suggesting that individual characteristics or external conditions account for a portion of the association in the first specification. After adding country fixed effects, the coefficient becomes larger in absolute value. A one–standard-deviation increase in redistribution is associated with a decrease in counterfactual earnings of around 10%.[14]

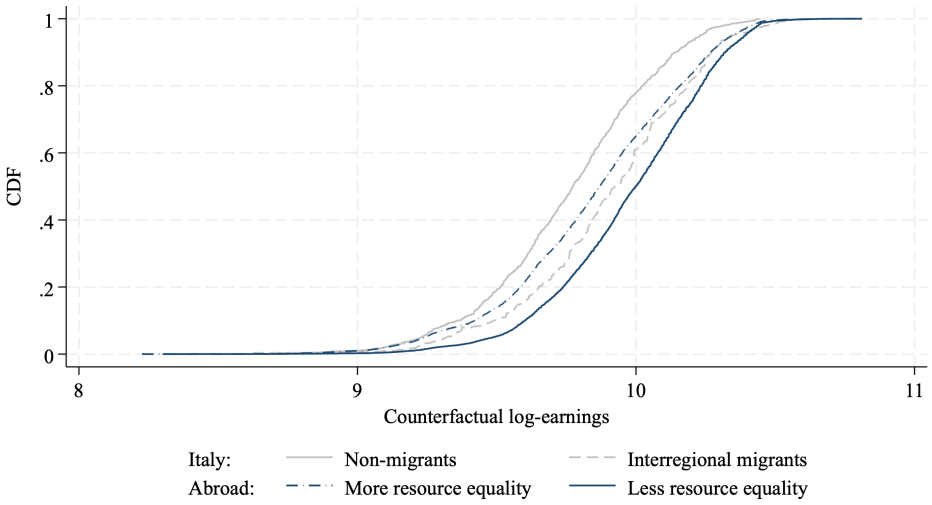
The share of migrants from the same province moving to the same country, used as a proxy for migrant networks, is negatively and significantly associated with selection on counterfactual earnings. A 10 percentage points (p.p.) increase in this share reduces counterfactual earnings by about 3.5% to 4%.

[13] To avoid having countries with a very similar level of redistribution or equal access to resources as Italy to contaminate the results and in order to provide a clearer picture, we chose a benchmark of a five percentage points difference in both directions to draw the graphs. Results without this restriction, displayed in Appendix (Figure C10 and Figure C11), show a less remarked but qualitatively very similar picture.

[14] The results are robust to using relative education as the dependent variable and to excluding migrants residing in capital cities, a restriction imposed to mitigate potential bias from the relocation of diplomats. Furthermore, results are also confirmed in separate analyses by sex. The relationship remains negative and significant for both women's and men's counterfactual earnings and the magnitudes are similar, slightly stronger for men in the first and fourth specifications and very close in the second and third specifications. See Table C6, Table C7 and Table C8 in the Appendix

Figure 4: Cumulative Distributions of Counterfactual Log-Earnings




*Notes:* Cumulative distributions of counterfactual log earnings in Italy for four groups: Italian non-migrants, internal migrants, emigrants to more redistributive/equitative destinations than Italy, and emigrants to less redistributive/equitative destinations (by 5 p.p. or more). Counterfactual earnings are predicted from a Mincer regression estimated on stayers. Internal migrants and non-migrants use SHIW survey weights, while emigrants are unweighted AIRE observations. All samples include individuals aged 35–55. Source: own calculations based on AIRE, SHIW and SWIID.

Table 1: Skill Selection and Redistribution

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Redistribution** | -0.0367*** | -0.0230*** | -0.0227*** | -0.1034*** |
| | (0.0037) | (0.0027) | (0.0025) | (0.0160) |
| Network size (province share) | | -0.4122*** | -0.4106*** | -0.3499*** |
| | | (0.0324) | (0.0310) | (0.0308) |
| Other family member migrated (0/1) | | -0.0984*** | -0.0999*** | -0.0934*** |
| | | (0.0039) | (0.0040) | (0.0039) |
| Rural place of origin (0/1) | | -0.1367*** | -0.1374*** | -0.1316*** |
| | | (0.0042) | (0.0042) | (0.0042) |
| Resident in capital (0/1) | | 0.0645*** | 0.0640*** | 0.0650*** |
| | | (0.0041) | (0.0041) | (0.0047) |
| Distance from border (1000 km) | | 0.0014*** | 0.0012** | |
| | | (0.0005) | (0.0005) | |
| Unemployment rate | | | -0.0007 | 0.0015 |
| | | | (0.0004) | (0.0016) |
| GDP growth | | | 0.0053*** | -0.0003 |
| | | | (0.0019) | (0.0022) |
| GDP per capita | | | 0.0000004*** | 0.0000020*** |
| | | | (0.0000) | (0.0000) |
| Constant | 9.8744*** | -1192.2210*** | -1208.6144*** | -1289.1149*** |
| | (0.0038) | (133.1746) | (130.6600) | (120.3168) |
| Demographic controls | No | Yes | Yes | Yes |
| Country F.E. | No | No | No | Yes |
| Observations | 274290 | 252642 | 252530 | 253660 |
| R-squared | 0.012 | 0.151 | 0.152 | 0.165 |
| Adjusted R-squared | 0.012 | 0.151 | 0.152 | 0.165 |

*Notes:* The sample consists of Italian migrants aged 35–55 who migrated at age 20 or older. The dependent variable is counterfactual log labor earnings in Italy predicted from a Mincer regression estimated on stayers and interpreted as a measure of migrants' skills. Redistribution is measured as the difference between destination-country and Italy redistribution experienced by each migrant from the year of arrival, and is standardized. Demographic controls include Italian region of origin, year of arrival of the migrant and of the first household member abroad, a dummy for being the first household member to migrate, and rural origin (less than 150 inhabitants/km$^2$). Columns (3)–(4) additionally control for destination-country macroeconomic characteristics. Country fixed effects are included in column (4). Standard errors clustered at the country–year level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Similarly, having family members who migrated earlier decreases counterfactual earnings by roughly 9%, suggesting that migrant networks and family reunification lower entry barriers and facilitate the migration of individuals with lower skills. Migrants from rural areas show significantly lower counterfactual earnings by about 12% to 13%, while those residing in the capital cities of the destination country have, on average, about 6% to 7% higher counterfactual earnings, indicating a strong sorting mechanism by geography and labor market demands. Geographic distance from Italy becomes statistically significant and associated with a positive skill selection of migrants, suggesting that distance raises migration costs and increases the earnings premium required to migrate. Lastly, broader economic conditions in the destination country also play a role in the migration decision. Higher GDP per capita is positively associated with migrant skill selectivity, as is GDP growth, while unemployment displays negative effects on selection when country fixed effects are not included. This suggests that high-skilled migrants are more attracted toward better economic conditions.

### *7.3 Government-provided Goods and Services*

Table 2 reports the estimates obtained when including both the V-Dem resource equality index and the measure of redistribution as in equation (5). In all three specifications that exclude country fixed effects the coefficients are negative and significant. As an example, in the third specification, a one–standard-deviation increase in resource equality relative to Italy is associated with a 1% decrease in counterfactual

Table 2: Skill Selection, Resource Equality, and Redistribution

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Resource Equality Index** | -0.0269*** | -0.0062*** | -0.0104*** | 0.0789*** |
| | (0.0030) | (0.0023) | (0.0021) | (0.0130) |
| **Redistribution** | -0.0189*** | -0.0187*** | -0.0168*** | -0.0758*** |
| | (0.0041) | (0.0031) | (0.0028) | (0.0146) |
| Network size (province share) | | -0.4082*** | -0.4061*** | -0.3477*** |
| | | (0.0324) | (0.0312) | (0.0309) |
| Other family member migrated (0/1) | | -0.0973*** | -0.0989*** | -0.0934*** |
| | | (0.0041) | (0.0040) | (0.0039) |
| Rural place of origin (0/1) | | -0.1365*** | -0.1372*** | -0.1313*** |
| | | (0.0042) | (0.0042) | (0.0042) |
| Resident in capital (0/1) | | 0.0637*** | 0.0635*** | 0.0653*** |
| | | (0.0042) | (0.0041) | (0.0048) |
| Distance from border (1000 km) | | 0.0010** | 0.0008** | |
| | | (0.0004) | (0.0004) | |
| Unemployment rate | | | -0.0002 | 0.0032** |
| | | | (0.0004) | (0.0016) |
| GDP growth | | | 0.0027 | 0.0014 |
| | | | (0.0020) | (0.0021) |
| GDP per capita | | | 0.0000006*** | 0.0000013*** |
| | | | (0.0000) | (0.0000) |
| Constant | 9.8784*** | -1192.1193*** | -1209.4287*** | -1277.2502*** |
| | (0.0033) | (133.1207) | (130.5144) | (120.8508) |
| Demographic controls | No | Yes | Yes | Yes |
| Country F.E. | No | No | No | Yes |
| Observations | 274290 | 252642 | 252530 | 253660 |
| R-squared | 0.016 | 0.151 | 0.152 | 0.165 |
| Adjusted R-squared | 0.016 | 0.151 | 0.152 | 0.165 |

*Notes:* The sample consists of Italian migrants aged 35–55 who migrated at age 20 or older. The dependent variable is counterfactual log labor earnings in Italy predicted from a Mincer regression estimated on stayers and interpreted as a measure of migrants' skills. Equality in access to resources is measured as the difference between destination-country and Italy resource access equality experienced by each migrant from the year of arrival, and is standardized. Redistribution is measured as the difference between destination-country and Italy redistribution experienced by each migrant from the year of arrival, and is standardized. Demographic controls include Italian region of origin, year of arrival of the migrant and of the first household member abroad, a dummy for being the first household member to migrate, and rural origin (less than 150 inhabitants/km$^2$). Columns (3)–(4) additionally control for destination-country macroeconomic characteristics. Country fixed effects are included in column (4). Standard errors clustered at the country–year level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

earnings. These results corroborate the proposition that relatively less educated Italians move to more egalitarian countries, and at the same time, less egalitarian countries attract more educated Italian migrants.

Once country fixed effects are included, however, the coefficient for resource equality reverses sign and becomes positive and statistically significant, indicating that the negative association observed in the baseline specifications is driven by cross-country differences rather than within-country changes over time. The results suggest that, within a given destination, a one–standard-deviation increase in resource equality relative to Italy is associated with about 8% higher counterfactual earnings among migrants. At the same time, redistribution continues to display a negative association, reducing counterfactual earnings by roughly 8%.

To better understand the mechanisms behind this pattern, we separately investigate the four components of the index for resource equality. The results are displayed in Table 3, and the most revealing ones appear in column (4). The positive effect from the overall index is driven by two components: government provision of education and government provision of health services. This suggests that when accounting for country characteristics, improvements in the equality of access to high-quality basic services are associated with a more positive skill selection of migrants.

On the contrary, broad, universal transfer generosity continues to attract less skilled individuals

Table 3: Skill Selection and Subcomponents of Resource Equality

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Public Goods** | -0.0264*** | -0.0107*** | -0.0136*** | -0.0128 |
| | (0.0045) | (0.0025) | (0.0028) | (0.0093) |
| **Redistribution** | -0.0277*** | -0.0181*** | -0.0172*** | -0.1036*** |
| | (0.0027) | (0.0023) | (0.0020) | (0.0153) |
| **Welfare Universalism** | 0.0043** | -0.0036** | -0.0024 | -0.0245*** |
| | (0.0021) | (0.0018) | (0.0024) | (0.0092) |
| **Redistribution** | -0.0352*** | -0.0215*** | -0.0211*** | -0.0963*** |
| | (0.0035) | (0.0025) | (0.0022) | (0.0146) |
| **Education (E)-Quality** | -0.0242*** | -0.0002 | -0.0086*** | 0.0632*** |
| | (0.0030) | (0.0020) | (0.0023) | (0.0097) |
| **Redistribution** | -0.0270*** | -0.0215*** | -0.0201*** | -0.0456*** |
| | (0.0035) | (0.0026) | (0.0025) | (0.0155) |
| **Health (E)-Quality** | -0.0260*** | -0.0041* | -0.0067*** | 0.0471*** |
| | (0.0030) | (0.0022) | (0.0022) | (0.0082) |
| **Redistribution** | -0.0207*** | -0.0200*** | -0.0191*** | -0.0894*** |
| | (0.0038) | (0.0028) | (0.0026) | (0.0146) |
| Demographic controls | No | Yes | Yes | Yes |
| Country F.E. | No | No | No | Yes |
| Observations | 274290 | 252642 | 252530 | 253660 |

*Notes:* The sample consists of Italian migrants aged 35–55 who migrated at age 20 or older. Each block reports results from a regression of counterfactual log labor earnings predicted from a Mincer regression estimated on stayers on one subcomponent of equality of resources (standardized) and redistribution (standardized). Indicators are measured as the difference between destination-country and Italy experienced by each migrant from the year of arrival. Demographic controls include Italian region of origin, year of arrival, migration network measures, and rural origin. Country fixed effects are included in column (4). Standard errors clustered at the country–year level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

more. In order to interpret these key results from Table 3, notice that both the education and the health variable mix two aspects of governmental provision: the quality of the provided basic services and the degree of egalitarianism with respect to their access by the population. Both aspects are likely to distinctively appeal to the high-skilled. On the one hand, the effect of higher quality of education and health care on migrant selection is consistent with the notion that individuals with a higher degree of educational attainment tend to be more aware of the importance of education and health care for the formation and maintenance of human capital.[15] On the other hand, egalitarian access to education and health care speaks of fundamental social rights included in the Universal Declaration of Human Rights (Art. 25 and 26). These rights mirror widely shared values and people are likely to derive a sense of pride from being citizens of a country that guarantees such universal rights. Empirical evidence supports the notion that the realization of such ideals is a superior good[16]—which may contribute to explain why equality of access to education and health care especially appeal to the high-skilled.

Our findings support the view that not only the level but also the architecture of governmental redistribution matters for selection. Welfare states that are in a position to guarantee high-quality basic education and health services to all attract in this way a more skilled migrant population.

Notably, the magnitude of these effects is similar to those obtained for income redistribution, suggesting that egalitarian welfare states that offer high-quality education and health services can offset

[15] See Grossman (1972) for the classic treatment of health as human capital; Cutler and Lleras-Muney (2008) and Cutler and Lleras-Muney (2010) on the relationship between education and health; Brown (2006) on parental education and investments in children's human capital.

[16] This notion goes back to Maslow's "hierarchy of needs" and is related to the emergence of post-materialism (i.e. people placing more emphasis on their values relative to material goods) in the wake of economic development. See Enke et al. (2025) for a recent application of these ideas in a political-economy setting.

the negative selection triggered by their generous tax-and-transfer systems.

### *7.4 The Role of Institutions*

When accounting for institutional quality, the main results on the selection patterns of migrants with respect to redistribution do not change, confirming the preliminary results in Table 1. As shown in Table 4, redistribution remains associated with a more negative skill selection of migrants, while the inclusion of institutional indicators reveals that higher institutional quality is associated with a more positive selection.

As discussed previously, the WGI dimensions are highly collinear. To isolate their roles more cleanly, equation 6 is estimated under alternative specifications accounting for unobserved country characteristics. The results show that across all specifications, higher institutional quality is associated with more positive skill selection. A one–standard-deviation increase in the institutional gap relative to Italy is associated with approximately 3.6% to 8.3% higher counterfactual earnings. The strongest relationships are found for Rule of Law and Regulatory Quality, where an increase of one standard deviation is associated with 7.5% and 8.3% higher counterfactual earnings. The coefficient on redistribution remains negative and stable, indicating that a one–standard-deviation increase in redistribution relative to Italy is associated with roughly 7% to 9% lower counterfactual earnings among migrants.

When including all institutional variables jointly in the regression, the coefficient on redistribution declines in magnitude to -7%, and only two institutional indicators remain statistically significant. Voice & Accountability displays a positive association, with a one-standard-deviation increase corresponding to approximately 3.3% higher counterfactual earnings. Hence, when controlling for country characteristics, improvements in participatory institutions and media freedoms are associated with a more positively selected mix of migrants. For Regulatory Quality, a one-standard-deviation increase is associated with about 7.8% higher counterfactual earnings among migrants. This result is consistent with a within-country mechanism whereby stronger and more predictable regulatory environments that foster private-sector development and competition raise returns to skills and attract more positively selected migrants.

Including the PCA-based institutional index corroborates the previous findings, showing a negative association between governmental redistribution and skill selection alongside a positive association for institutional quality. The interaction term shown in column (8) further nuances the relationship, indicating that improvements in institutional quality attenuate the negative effect of redistribution on skill selection.

Table 4: Skill Selection, Redistribution and Institutional Quality

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|---|
| **Redistribution** | -0.0962*** | -0.0857*** | -0.0886*** | -0.0953*** | -0.0724*** | -0.0712*** | -0.0781*** | -0.0781*** |
| | (0.0148) | (0.0158) | (0.0154) | (0.0146) | (0.0150) | (0.0157) | (0.0149) | (0.0151) |
| **Government Effectiveness** | 0.0357*** | | | | | 0.0029 | | |
| | (0.0119) | | | | | (0.0141) | | |
| **Control of Corruption** | | 0.0413*** | | | | -0.0158 | | |
| | | (0.0157) | | | | (0.0164) | | |
| **Voice & Accountability** | | | 0.0411*** | | | 0.0325** | | |
| | | | (0.0151) | | | (0.0147) | | |
| **Rule of Law** | | | | 0.0723*** | | 0.0133 | | |
| | | | | (0.0147) | | (0.0200) | | |
| **Regulatory Quality** | | | | | 0.0796*** | 0.0749*** | | |
| | | | | | (0.0118) | (0.0122) | | |
| **WGI Principal Component** | | | | | | | 0.1050*** | 0.1153*** |
| | | | | | | | (0.0188) | (0.0197) |
| **Redistr. × WGI PC** | | | | | | | | 0.0132** |
| | | | | | | | | (0.0066) |
| Demographic controls | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Country F.E. | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations | 253660 | 253660 | 253660 | 253660 | 253660 | 253660 | 253660 | 253660 |

*Notes:* The sample consists of Italian migrants aged 35–55 who migrated at age 20 or older. The dependent variable is counterfactual log labor earnings in Italy predicted from a Mincer regression estimated on stayers and interpreted as a measure of migrants' skills. Redistribution and institutional quality are measured as the differences between destination-country and Italy redistribution and institutional quality experienced by each migrant from the year of arrival, and are standardized. Demographic controls include Italian region of origin, year of arrival of the migrant and of the first household member abroad, a dummy for being the first household member to migrate, and rural origin (less than 150 inhabitants/km$^2$). All coefficients are from fixed-effects specifications. Columns (1)–(5) report regressions including relative redistribution and one institutional indicator at a time. Column (6) includes all institutional indicators jointly. Column (7) uses the first principal component of the WGI indicators. Column (8) additionally includes the interaction between the WGI principal component and relative redistribution (normalized). Standard errors clustered at the country–year level in parentheses. $^{*}p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$.

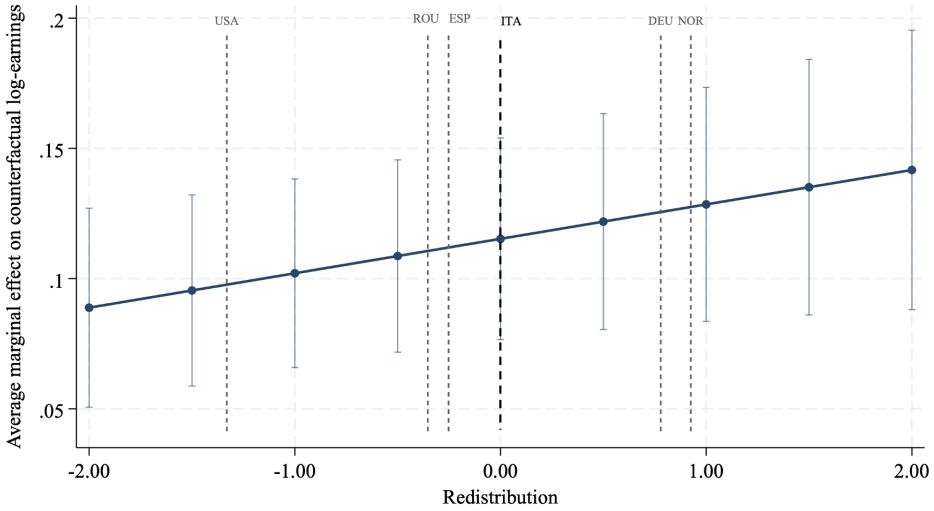
The results clearly show that accounting for institutions does not overturn the main result found in the previous analysis. More redistributive destinations attract more negatively selected Italian migrants. At the same time, improvements in the quality of these institutions are linked to a more positively selected stock of Italian migrants. A plausible mechanism is that better institutions directly improve the overall quality of life, thereby weakening the importance of income-based incentives, and may also raise expected returns to skill by reducing policy uncertainty and strengthening economic incentives. Such improvements therefore make destinations more attractive to higher-skilled migrants, who can expect higher earnings and/or higher quality of life in more supportive institutional environments.

To gauge the magnitude of these effects, we estimate the marginal effects of a one–standard-deviation increase in the institutional index at different levels of redistribution, relative to Italy. Figure 5 shows that the effect increases as redistribution rises. As a benchmark, the figure also highlights the levels of redistribution of selected countries relative to Italy. We find that the positive effect of institutional quality is present and statistically significant even at low levels of redistribution, but becomes particularly strong at high levels of redistribution.

An illustrative example is the comparison between Germany and Norway, which exhibit similar levels of redistribution but different levels of institutional quality and skill selection among Italian migrants.[17] A simple back-of-the-envelope calculation suggests that if Germany were to close its institutional gap to Norway's level, the skill selection of migrants would increase by approximately 8.2%.

[17] See Table C16.

Figure 5: Marginal Effects of Institutions on Selection




*Notes:* Graph shows the average marginal effect of institutional quality (PCA, standardized) on migrants' counterfactual log-earnings, evaluated at different values of the redistribution (standardized) exposure gap relative to Italy. Counterfactual earnings are predicted from a Mincer regression estimated on stayers. The sample consists of Italian migrants aged 35-55 who migrated at age 20 or older. Vertical red dashed lines indicate the redistribution gaps of selected destination countries. 95% confidence intervals based on standard errors clustered at the destination-country × arrival-year level. Source: own estimates based on WGI, SWIID, AIRE and SHIW.

Achieving an equivalent change in skill selection through redistribution alone would require a reduction in redistribution of around 1.1 standard deviations (8 to 9 p.p.), which would bring Germany's level of redistribution close to that of countries such as Spain or Romania, and markedly lower than Italy's.

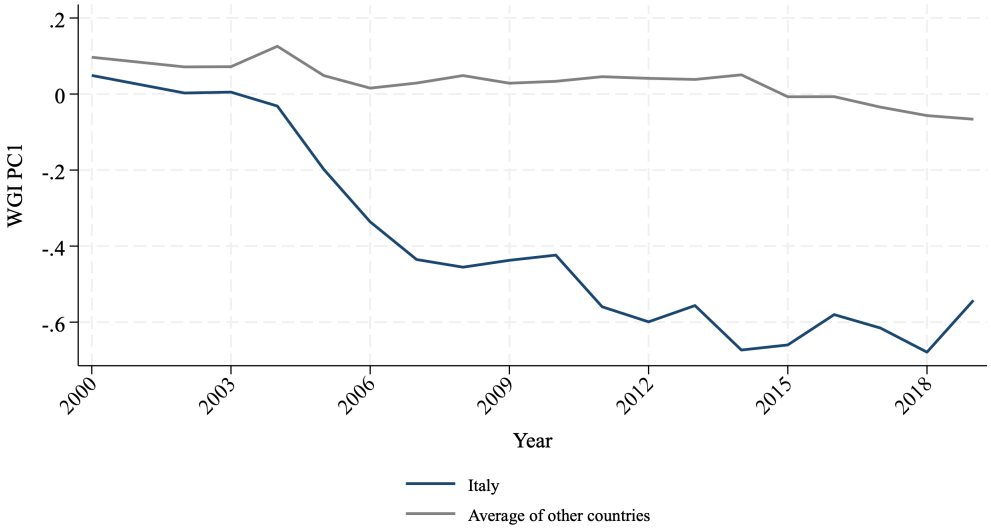
### *7.5 Quasi-experimental Evidence*

The drastic deterioration of institutional quality in Italy during the second Berlusconi government can be exploited to dig deeper into the effects of institutions on migrant selection using a quasi-experimental setup. To this end, we focus on the selection of Italian migrants around the year 2004. This cutoff is motivated by the well-documented deterioration of public institutions in Italy—related to various governance issues, including concerns about judicial independence, corruption, media concentration, and limited reform capacity (Freedom House, 2003; Transparency International, 2003; European Parliament, 2004; Bull, 2004; Dallara, 2015)—which is also clearly visible in institutional-quality indicators (see Figure 6).[18]

Following Acemoglu and Finkelstein (2008) and Callaway et al. (2024), we estimate a treatment-intensity event-study specification around the timing of the observed deterioration. For each migrant arriving in destination country $c$ in year $t$, the institutional exposure gap is defined as the average differ-

[18] For more details on the institutional setup, see Appendix B.

Figure 6: Institutional Quality in Italy and other Countries' Average




*Notes:* The figure shows the evolution of institutional quality, measured by the first principal component of the Worldwide Governance Indicators (WGI), for Italy and the average of the other analyzed countries from 1996 to 2023. The WGI principal component is constructed from Government Effectiveness, Control of Corruption, Voice & Accountability, Rule of Law, and Regulatory Quality. The figure illustrates the deterioration of Italy's institutional quality around 2004. Source: own calculations based on World Bank WGI data.

ence in institutional quality between destination country $c$ and Italy. We then construct a destination-level pre-2004 institutional exposure gap, obtained by averaging this measure over the years immediately preceding the deterioration:

$$PreInstGap_c = \frac{1}{3} \sum_{t=2001}^{2003} (I_{ct} - I_{Italy,t}) \tag{7}$$

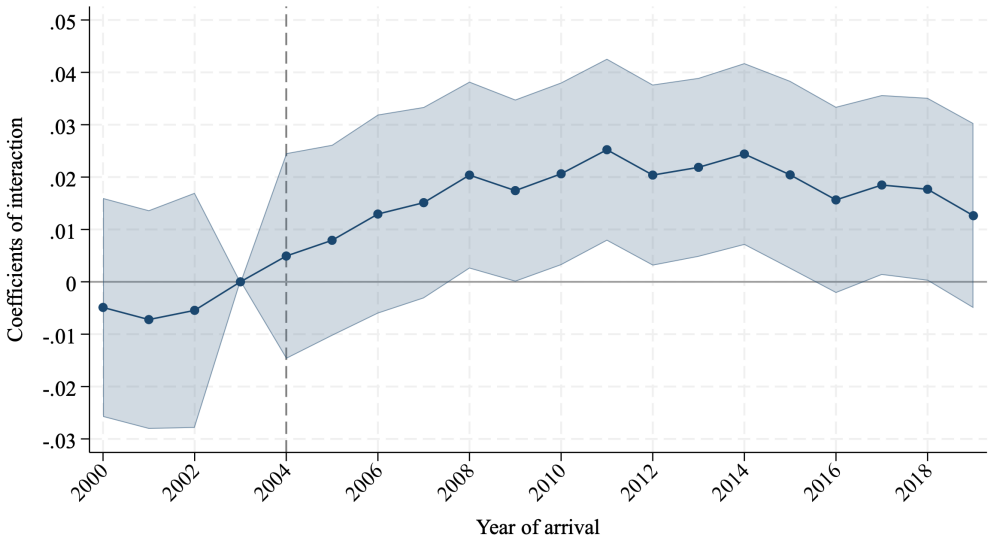
where $I_{ct}$ denotes institutional quality in destination country $c$ in year $t$, measured by the first principal component of the WGI indicators. The gap is averaged over the pre-event window, so that the exposure measure is fixed before the institutional break.[19]

We interpret $PreInstGap_c$ as a continuous, predetermined measure of exposure, following the logic of treatment-intensity designs that interact post-event periods with pre-event exposure.[20] Our treatment is Italy's institutional deterioration, which is common to all migrants regardless of where they settle. What varies across destinations is the pre-determined dose, namely the degree of institu-

[19] We restrict this part of the analysis to the period 2000-2019. First, to focus on the years immediately preceding the visible deterioration under the second Berlusconi government (which held office from June 2001 to April 2005 and was, at the time, the longest-serving government in the history of the Italian Republic), while avoiding that the pre-treatment baseline is driven by the politically unstable second half of the 1990s, when Italy experienced four cabinets in five years (Prodi I, D'Alema I, D'Alema II, and Amato II). Second, we avoid distortions due to the COVID-19 pandemic starting in 2020. A robustness check starting the period in 1997 shows consistent patterns; see Appendix Figure B2.

[20] For instance, Acemoglu and Finkelstein (2008) study the 1983 Medicare reform using a continuous, predetermined dose, namely hospitals' pre-PPS Medicare inpatient share, interacted with annual indicators around the reform.

Figure 7: Dynamic Selection Around the 2004 Institutional Break




*Notes:* The figure plots the coefficients from the event-study specification in Table B1. Each point reports the coefficient on the interaction between an arrival-year indicator and the standardized pre-2004 institutional exposure gap relative to Italy, where the gap is computed from country-year WGI levels averaged over 2001-2003, on the sample restricted to migrants arriving between 2000 and 2019. The omitted reference year is 2003. The shaded area reports 90 percent confidence intervals based on standard errors clustered at the country-year level. The vertical dashed line marks 2004. Source: own estimates based on AIRE, SHIW, WGI, and SWIID.

tional quality, which influences how strongly migrant skill-selection into a given destination should respond to the negative institutional shock.

We estimate:

$$Selection_{ict} = \sum_{k \neq 2003} \beta_k \left(1[t = k] \times PreInstGap_c\right) + \delta R_{ct} + \gamma' X_{ict} + \zeta' M_{ct} + \phi_c + \tau_t + \varepsilon_{ict} \quad (8)$$

where $Selection_{ict}$ denotes the skill selection of migrant $i$ moving to destination country $c$ in year $t$, measured by predicted counterfactual earnings. $R_{ct}$ is the redistribution exposure gap relative to Italy measured from the year of arrival, $X_{ict}$ contains individual-level demographic controls, $Z_{ct}$ includes destination-level macroeconomic controls, while $\phi_c$ and $\tau_t$are destination-country and year of arrival fixed effects. The omitted year is 2003, so that our coefficient $\beta_k$ measures how the association between migrant selection and the destination country's predetermined pre-2004 institutional gap differs in year $k$ relative to 2003.

The estimates reported in Figure 7 (and Table B1) show no clear evidence of differential pre-trends before 2004; the coefficients are small and jointly statistically insignificant ($p = 0.955$). After 2004, the coefficients become positive in every year through 2019 and are jointly significant ($p = 0.002$).

In 2008, a one-standard-deviation higher predetermined institutional exposure gap is associated with about 2.0% higher counterfactual earnings relative to the 2003 baseline. The estimated effect remains positive in later years, reaching around 2.5% in 2011. This pattern is consistent with the idea that Italy's institutional deterioration strengthened the positive relationship between destination-country institutional quality and migrant skill selection.

As a robustness check, we test whether the post-2004 strengthening of the dose-selection relationship could reflect a pre-existing linear trend in the relationship between the destination dose and the outcome (see Table B2 in the Appendix). The placebo term and the linear trend term are close to zero and statistically insignificant, while the post-2004 $\times$ dose coefficient is almost unchanged and remains significant at the 1% level.

Furthermore, we re-estimate our event-study after grouping destination countries into terciles of the predetermined institutional gap, allowing the event-time path to differ across dose groups.[21] Our post-2004 coefficients remain jointly significant within each tercile (Figure B1), with the highest-dose tercile (including 67% of all individual observations; see Table B4) displaying the strongest effects.[22]

Taken together, this quasi-experimental evidence lends further support to our main findings by showing that, following the deterioration of institutional quality in Italy around 2004, positively selected Italian migrants became increasingly likely to sort into destinations with higher predetermined institutional quality. Although a causal interpretation relies on the assumption that no other contemporaneous changes differentially affected destinations according to their pre-existing institutional quality, the observed pattern is strongly consistent with institutional quality playing a substantial role in shaping migrant sorting decisions.

## 8 Conclusions

In many countries, migration has become a prominent economic issue because of its potentially far-reaching effects on domestic economic growth and the fiscal sustainability of generous welfare states. Crucially, the magnitude and sign of those effects hinge upon the skill composition of the migrant population. Understanding how policies and institutions differentially affect skilled- and unskilled workers' migration choices has therefore become essential for policymakers.

[21] Callaway et al. (2024) emphasize that two-way fixed-effects specifications with continuous treatments cannot generally be interpreted as average responses when treatment effects are heterogeneous across the dose distribution, since the coefficient may represent a weighted summary of dose-specific responses.

[22] None of the terciles displays significant pre-trends, including the highest-dose tercile ($p = 0.649$), and our cross-group Wald test on the coefficients before the cutoff does not reject the hypothesis that the pre-period paths of the lowest- and highest-dose terciles are equal (see Table B5, $p = 0.105$).

This paper has exploited comprehensive registry data on Italians living across all five continents to study how governmental income redistribution and distinctive dimensions of institutional quality shape the skill selection of migrants across destination countries. Our findings confirm earlier evidence that destination countries with a higher degree of income redistribution are associated with more negative skill selection.

However, countries with a generous welfare state typically offer their inhabitants a distinctively high level of institutional quality. As it turns out, institutional quality is a significant driver of migration, and countries with stronger institutions attract more positively selected migrants. This effect is not only statistically significant; quantitatively, the effect from high-quality institutions is of the same order of magnitude as the effect from income redistribution, and can offset the latter with regard to the skill selection of migrants.

The findings in this paper offer a nuanced view on the relative merits and demerits of equality-pursuing institutions and policies in terms of migrant selection. To the extent that welfare states manage to guarantee to all the access to high-quality institutions and public services, particularly basic education and health care, they especially attract high-skilled migrants. In other words, pursuing equality of rights in those dimensions can significantly improve the skill composition of immigrating workers.

These results carry important implications for both research and policy. In terms of research, they suggest the importance of exploring in a granular fashion how public institutions affect migrants' location choices. Institutional quality may also vary within destination countries and migrants may sort into specific regions or cities. To the extent that such within-country sorting exists, our estimates may underestimate the true relationship between institutional quality and skill selection. Depending on the country of origin, different parts of the government and the public administration and different sectors of the welfare state may differently matter to the migration choices of workers across the skill distribution. More granular explorations along these lines may help to steer the efforts to improve institutional quality with an eye to their repercussions on the size and composition of migration flows.

In terms of policy, our results challenge the view that attracting high-skilled migrants necessarily requires lowering tax progressivity and weakening redistribution, a strategy that risks triggering a race to the bottom and undermining welfare states. Instead, our findings suggest a more constructive alternative: migrants value the institutional environment and are willing to accept higher taxes if these translate into effective, high-quality public institutions. This opens the door to a race to the top in institutional quality, where countries compete by improving governance, public services, and the rule of law, ultimately benefiting migrants and natives alike and fostering long-run growth and development.

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## Appendix A - Counterfactual Earnings (two-step selection model)

A Heckman two-step selection model is implemented as a robustness test for the counterfactual earnings predictions, to assess whether migrants are positively or negatively selected on unobservable characteristics. In the first stage, a probit model for the probability of staying in Italy is estimated, using the combined dataset of stayers surveyed in SHIW and emigrants registered in Registry of Italians Residing Abroad. The model includes controls such as sex, age, education, and region fixed effects. Additionally, a regressor is included, counting the number of emigrants from the same region and birth cohort for each individual, serving as a proxy for migrant networks. This exclusion restriction provides variation that influences the probability of migrating but does not directly affect earnings, once sex, education, internal migration experience, and region are controlled for. The first stage is:

$$\Pr(\text{Stay}_i = 1 \mid Z_i) = \Phi(Z_i\gamma) \tag{9}$$

where $\Phi(\cdot)$ denotes the cumulative distribution function of the standard normal distribution, $Z_i$ is the vector of explanatory variables, and $\gamma$ is the vector of coefficients that are estimated. The inverse Mills ratio for each individual is computed as:

$$\lambda_i = \frac{\phi(Z_i\gamma)}{\Phi(Z_i\gamma)} \tag{10}$$

where $\phi(\cdot)$ is the standard normal probability density function. The inverse Mills ratio is included in the second stage of the Heckman correction to account for potential selection bias in the estimation of wages.

Table A1: Augmented Mincer regressions to predict log labor earnings

| | Italians in Italy (SHIW) | | Italians worldwide |
|---|---|---|---|
| | (1) OLS | (2) Heckman | (3) Selection equation |
| Dependent variable | log labor Earnings | | Stayer (0/1) |
| Female | $-0.379^{***}$ | $-0.375^{***}$ | $0.174^{***}$ |
| | (0.0296) | (0.0300) | (0.0133) |
| Age | 0.033 | 0.019 | $-0.021$ |
| | (0.0378) | (0.0402) | (0.0178) |
| Age × Age | $-0.00023$ | $-0.00006$ | $-0.00010$ |
| | (0.00042) | (0.00045) | (0.00019) |
| Years of education | $0.062^{***}$ | $0.062^{***}$ | $-0.020^{***}$ |
| | (0.00494) | (0.00493) | (0.00206) |
| Internal migrant | $0.097^{**}$ | $0.093^{**}$ | $-0.031$ |
| | (0.0446) | (0.0452) | (0.0216) |
| Inverse Mills Ratio | | 0.027 | |
| | | (0.0272) | |
| Migrant count | | | $-0.0029^{***}$ |
| | | | (0.000067) |
| Constant | $7.94^{***}$ | $8.16^{***}$ | 0.088 |
| | (0.8563) | (0.8824) | (0.4090) |
| Region of origin/birth controls | Yes | Yes | Yes |
| Observations | 2,787 | 2,787 | 287,279 |
| $R^2$/Pseudo $R^2$ | 0.2701 | 0.2706 | 0.1288 |

*Notes:* Table reports earnings equations for Italians residing in Italy from SHIW. Column (1) estimates OLS and column (2) a Heckman selection model. Column (3) reports the first-stage selection equation for residing in Italy versus abroad, estimated on Italians worldwide using AIRE and SHIW. The inverse Mills ratio in column (2) is derived from column (3). "Migrant count" denotes the number of migrants from the same region of origin and cohort. All samples include individuals aged 35–55 who migrated at age 20 or older. Columns (1) and (2) are weighted by SHIW sampling weights. Robust standard errors are reported in parentheses. Statistical significance: $^{*}p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$. Sources: own estimations using AIRE and SHIW.

The results in Table A1 show that the inverse Mills ratio is small and statistically insignificant ($p = 0.313$). Moreover, the coefficients of the main covariates remain stable in both magnitude and significance, indicating that after controlling for observable characteristics, there is no strong evidence of selection on unobservables that could potentially affect earnings. These results support the use of the earnings predictions as our counterfactual measure. As a robustness check, we replace the count of emigrants from the same birth region and cohort with their share among all emigrants from the same birth-year cohort. The coefficient keeps the expected sign while the inverse Mills ratio in the second-stage remains statistically insignificant in both specifications (see Table C36).

## Appendix B - Event-Based Evidence from Institutional Deterioration

We exploit the deterioration of institutions in Italy, which complements the previous analysis and allows us to strengthen our argument by testing whether the effect of institutional quality on migrant skill-selection emerges when it should theoretically become especially salient. To this end, we observe the selection of Italian migrants around the year 2004. The cutoff is motivated by the well-documented and drastic deterioration of institutions in Italy, which is also visible in our institutional-quality indicator (see Figure 6) around this period. This deterioration can be explained by broader governance problems in Italy in the early 2000s, including concerns about judicial independence, corruption, media concentration, and limited reform capacity (Freedom House, 2003; Transparency International, 2003; European Parliament, 2004; Bull, 2004; Dallara, 2015).

Throughout Berlusconi's second term in office, relations between the executive and the judiciary were marked by repeated accusations that magistrates were politically motivated and by disputes over judicial independence and legislation affecting criminal proceedings (Bull, 2004; Dallara, 2015). In June 2003, the Berlusconi government passed a law, known as *Lodo Schifani*, granting temporary immunity from prosecution to the prime minister and four other top office holders. The law halted Berlusconi's ongoing trials for alleged bribery of judges, false accounting, and the illicit transfer of capital abroad. It was declared unconstitutional in January 2004 by the Constitutional Court. Dallara (2015) highlights that although Berlusconi's conflict with the judiciary did not lead to substantial reforms, it weakened public trust in the courts and shifted political attention away from the structural problems of the Italian justice system. Corruption and conflict-of-interest concerns were widespread, with Italy ranking among the lowest Western European countries in Transparency International's Corruption Perceptions Index (Transparency International, 2003; Bull, 2004).

A further central issue during his term was Berlusconi's ownership of Mediaset, Italy's largest private media group, combined with his influence over the public broadcaster RAI. Together, Mediaset and RAI accounted for 90% of national television audiences (Bull, 2004). In 2003, the government introduced a bill that would have allowed Mediaset to keep all three of its national channels, contrary to a 1994 ruling of the Constitutional Court. The President of the Republic initially refused to sign (Bull, 2004), but a slightly amended version was adopted in April 2004 as the so-called *Gasparri law*, allowing Mediaset to retain all three channels. This raised questions about media pluralism, freedom of information and conflicts of interest, given the highly concentrated influence on the national television market (European Parliament, 2004; Freedom House, 2003). Such concerns are related to the

mechanism emphasized by Corneo (2006), namely that concentrated ownership and the private control of mass media can facilitate media capture and distort the information available to voters. In fact, Italy had one of the lowest press freedom scores among Western countries (Freedom House, 2003), and a report from 2004 downgraded Italy's press freedom status from "Free" to "Partly Free" (Freedom House, 2004).

In addition to concerns regarding corruption and media freedom, this period also coincided with constitutional reform proposals, which were approved in a first step by the Senate's Constitutional Affairs Commission in January 2004 (Bull, 2004). The reform sought to transfer greater authority to the Italian regions in areas such as health, education, and policing, without the preservation of minimum national standards. It also aimed to strengthen the executive through the direct election of the prime minister directly elected and a considerable increase in his prerogatives, including the power of dissolving parliament (Bull, 2004). The reform has been interpreted as an attempt to overhaul the Italian Constitution and was ultimately rejected in a 2006 referendum, leaving the issue of constitutional modernization unresolved (Bull and Pasquino, 2007).

### *B.1 Event-Study Robustness Checks*

As a first robustness check, we test whether the post-2004 break could reflect a pre-existing linear trend in the relationship between the destination dose and the outcome, rather than a shift caused by the deterioration in Italy. Column 1 of Table B2 reports the estimates from a regression which includes a post-2004 $\times$ $PreInstGap_c$ interaction together with a placebo term for arrival in 2003, the year before the drastic deterioration in Italy, interacted with our dose measure. In our second specification (Column 2) we then additionally add a linear interaction between arrival-year and $PreInstGap_c$ to the same specification:

$$\begin{aligned} Selection_{ict} = \beta_1 \left(1[t \geq 2004] \times PreInstGap_c\right) + \beta_2 \left(1[t = 2003] \times PreInstGap_c\right) \\ + \beta_3 \left(t \times PreInstGap_c\right) + \delta R_{ct} + \gamma' X_{ict} + \zeta' Z_{ct} + \phi_c + \tau_t + \varepsilon_{ict}, \end{aligned} \tag{11}$$

where $\beta_3$ captures any linear trend in the dose–outcome relationship that is common across the whole sample period, independent of the 2004 deterioration.

The placebo term is small and insignificant ($p = 0.61$), which indicates that there is no jump in the year preceding Italy's institutional deterioration. In column 2, the linear trend term is also zero and the post-2004 $\times$ dose coefficient is almost unchanged and remains significant at the 1% level. These results provide a first indication that the break we identify is not determined by a pre-existing trend,

Table B1: Dynamic Selection: Institutions, Redistribution and Earnings

| | Counterfactual log earnings |
|---|---|
| **2000 × pre-2004 WGI gap** | -0.0049 |
| | (0.0127) |
| **2001 × pre-2004 WGI gap** | -0.0072 |
| | (0.0127) |
| **2002 × pre-2004 WGI gap** | -0.0054 |
| | (0.0136) |
| **2004 × pre-2004 WGI gap** | 0.0049 |
| | (0.0119) |
| **2005 × pre-2004 WGI gap** | 0.0079 |
| | (0.0111) |
| **2006 × pre-2004 WGI gap** | 0.0129 |
| | (0.0115) |
| **2007 × pre-2004 WGI gap** | 0.0151 |
| | (0.0111) |
| **2008 × pre-2004 WGI gap** | 0.0204* |
| | (0.0108) |
| **2009 × pre-2004 WGI gap** | 0.0174 |
| | (0.0106) |
| **2010 × pre-2004 WGI gap** | 0.0206* |
| | (0.0106) |
| **2011 × pre-2004 WGI gap** | 0.0252** |
| | (0.0106) |
| **2012 × pre-2004 WGI gap** | 0.0204* |
| | (0.0105) |
| **2013 × pre-2004 WGI gap** | 0.0219** |
| | (0.0104) |
| **2014 × pre-2004 WGI gap** | 0.0244** |
| | (0.0105) |
| **2015 × pre-2004 WGI gap** | 0.0204* |
| | (0.0109) |
| **2016 × pre-2004 WGI gap** | 0.0156 |
| | (0.0108) |
| **2017 × pre-2004 WGI gap** | 0.0185* |
| | (0.0104) |
| **2018 × pre-2004 WGI gap** | 0.0177* |
| | (0.0106) |
| **2019 × pre-2004 WGI gap** | 0.0126 |
| | (0.0107) |
| Redistribution gap | Yes |
| Demographic controls | Yes |
| Macro controls | Yes |
| Country F.E. | Yes |
| Arrival-year F.E. | Yes |
| Omitted year | 2003 |
| Observations | 214852 |
| R-squared | 0.151 |

*Notes:* The dependent variable is counterfactual log labor earnings in Italy. Each coefficient interacts an arrival-year dummy with the standardized pre-2004 institutional gap between the destination country and Italy, here constructed as the country-level WGI gap to Italy averaged over 2001–2003. The sample is further restricted to migrants arriving between 2000 and 2019 inclusive. The omitted reference year is 2003. The specification controls for the redistribution gap, demographic controls, macroeconomic controls, destination-country fixed effects, and arrival-year fixed effects. Standard errors clustered at the country–year level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

corroborating the joint pre-trend F-tests reported previously.

Motivated by the concerns raised by Callaway et al. (2024), who emphasize that two-way fixed-effects specifications with continuous treatments cannot generally be interpreted as average responses when treatment effects are heterogeneous across the dose distribution, we conduct a second robustness check in which we re-estimate our event-study after grouping destination countries into terciles of the predetermined institutional gap. This discretized specification splits the continuous exposure measure into low-, middle-, and high-dose groups and allows the event-time path to differ across different levels of $PreInstGap_c$. We use tercile splits because the effective treatment variation is at the destination-country level, so that the dose varies only across a relatively small number of destination countries.

Table B2: Robustness check: linear trend in the dose effect

| | (1) Baseline | (2) + Linear trend × dose |
|---|---|---|
| Post-2004 × Dose | 0.0242*** | 0.0230*** |
| | (0.0051) | (0.0056) |
| Arrival 2003 × Dose (placebo) | 0.0058 | 0.0056 |
| | (0.0113) | (0.0113) |
| Year of arrival × Dose (linear trend) | | 0.0001 |
| | | (0.0003) |
| Observations | 214,852 | 214,852 |
| $R^2$ | 0.151 | 0.151 |
| Country FE | Yes | Yes |
| Arrival-year FE | Yes | Yes |
| Controls | Yes | Yes |

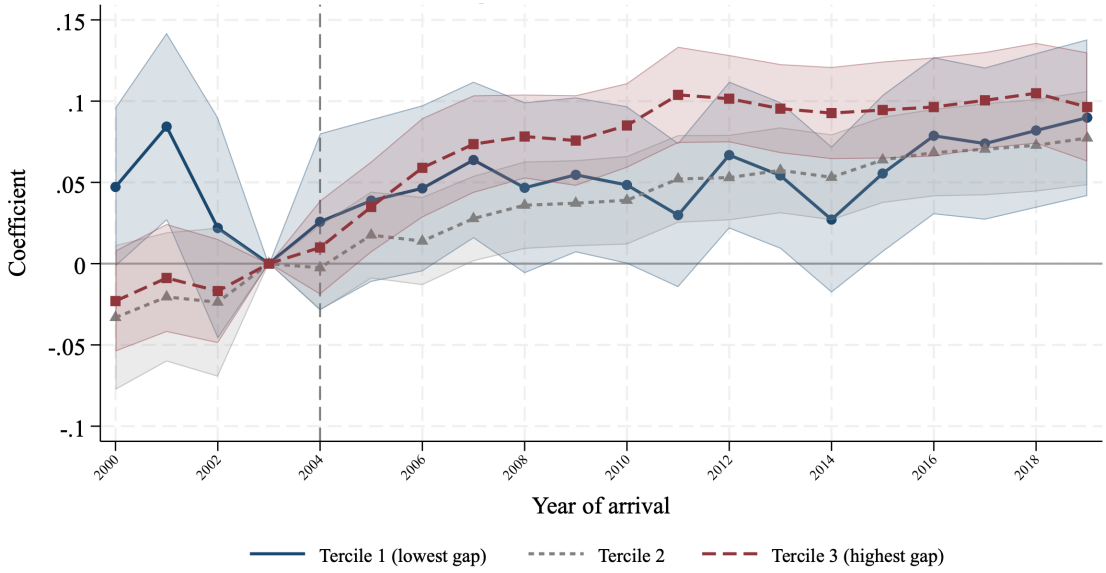
*Notes:* Dependent variable is $Selection_{ict}$, predicted counterfactual earnings. "Dose" is $PreInstGap_c$, here the standardized pre-2004 destination–Italy institutional gap averaged over 2001–2003. The sample is restricted to migrants arriving between 2000 and 2019. Column 1 estimates a single post-break dose interaction plus a one-period pre-break placebo (arrival in 2003, the last pre-reform year) interacted with dose. Column 2 estimates equation (11), which adds a linear arrival-year × dose interaction to test whether the estimated break is better explained by a pre-existing linear trend in the dose-outcome relationship. Standard errors clustered by country–year in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Our regression interacts tercile indicators with arrival-year dummies writes as follows:

$$Selection_{ict} = \sum_{g=1}^{3} \sum_{k \neq 2003} \beta_{g,k} \left(1[t = k] \times 1[Tercile_c = g]\right) + \delta R_{ct} + \gamma' X_{ict} + \zeta' M_{ct} + \phi_c + \varepsilon_{ict}. \tag{12}$$

Here, $Tercile_c \in \{1, 2, 3\}$ denotes the tercile of destination country $c$'s predetermined institutional gap, with 1 indicating the smallest gap and 3 the largest gap. The other terms are defined as in equation (8). The post-2004 coefficients are jointly significant within each tercile with the highest-dose tercile displaying the strongest effects.

Figure B1: Dynamic Selection by Dose Tercile




*Notes:* The figure plots the estimated $\beta_{g,k}$ coefficients from equation 12. Tercile 1, corresponding to the smallest pre-2004 institutional gap relative to Italy, is shown in navy; tercile 2 is shown in grey; and tercile 3, corresponding to the largest gap, is shown in maroon. Shaded bands report 90 percent confidence intervals based on standard errors clustered at the country-year level. The omitted reference year is 2003, and the vertical dashed line marks 2004. Source: own estimates based on AIRE, SHIW, WGI, and SWIID.

## Table B3: Dynamic Selection by Pre-2004 WGI-Gap Tercile: Saturated Design

| | Counterfactual log earnings | | |
|---|---|---|---|
| | T1: low gap | T2: medium gap | T3: high gap |
| **2000 × pre-2004 WGI-gap tercile** | 0.0472 | -0.0331 | -0.0230 |
| | (0.0298) | (0.0271) | (0.0189) |
| **2001 × pre-2004 WGI-gap tercile** | 0.0843** | -0.0205 | -0.0088 |
| | (0.0351) | (0.0242) | (0.0202) |
| **2002 × pre-2004 WGI-gap tercile** | 0.0220 | -0.0237 | -0.0169 |
| | (0.0414) | (0.0279) | (0.0195) |
| **2004 × pre-2004 WGI-gap tercile** | 0.0258 | -0.0026 | 0.0099 |
| | (0.0330) | (0.0160) | (0.0176) |
| **2005 × pre-2004 WGI-gap tercile** | 0.0388 | 0.0176 | 0.0349** |
| | (0.0304) | (0.0162) | (0.0170) |
| **2006 × pre-2004 WGI-gap tercile** | 0.0463 | 0.0139 | 0.0590*** |
| | (0.0310) | (0.0165) | (0.0186) |
| **2007 × pre-2004 WGI-gap tercile** | 0.0638** | 0.0278* | 0.0736*** |
| | (0.0293) | (0.0160) | (0.0182) |
| **2008 × pre-2004 WGI-gap tercile** | 0.0467 | 0.0360** | 0.0782*** |
| | (0.0320) | (0.0163) | (0.0157) |
| **2009 × pre-2004 WGI-gap tercile** | 0.0547* | 0.0372** | 0.0757*** |
| | (0.0290) | (0.0161) | (0.0169) |
| **2010 × pre-2004 WGI-gap tercile** | 0.0484 | 0.0390** | 0.0850*** |
| | (0.0294) | (0.0165) | (0.0158) |
| **2011 × pre-2004 WGI-gap tercile** | 0.0299 | 0.0521*** | 0.1038*** |
| | (0.0270) | (0.0164) | (0.0180) |
| **2012 × pre-2004 WGI-gap tercile** | 0.0668** | 0.0530*** | 0.1015*** |
| | (0.0275) | (0.0160) | (0.0163) |
| **2013 × pre-2004 WGI-gap tercile** | 0.0543** | 0.0574*** | 0.0954*** |
| | (0.0274) | (0.0160) | (0.0167) |
| **2014 × pre-2004 WGI-gap tercile** | 0.0271 | 0.0531*** | 0.0927*** |
| | (0.0273) | (0.0160) | (0.0172) |
| **2015 × pre-2004 WGI-gap tercile** | 0.0555* | 0.0638*** | 0.0945*** |
| | (0.0294) | (0.0161) | (0.0181) |
| **2016 × pre-2004 WGI-gap tercile** | 0.0787*** | 0.0683*** | 0.0964*** |
| | (0.0294) | (0.0163) | (0.0185) |
| **2017 × pre-2004 WGI-gap tercile** | 0.0739** | 0.0704*** | 0.1005*** |
| | (0.0284) | (0.0172) | (0.0180) |
| **2018 × pre-2004 WGI-gap tercile** | 0.0819*** | 0.0728*** | 0.1049*** |
| | (0.0289) | (0.0173) | (0.0188) |
| **2019 × pre-2004 WGI-gap tercile** | 0.0898*** | 0.0773*** | 0.0964*** |
| | (0.0293) | (0.0176) | (0.0204) |
| Redistribution gap | Yes | Yes | Yes |
| Demographic controls | Yes | Yes | Yes |
| Macro controls | Yes | Yes | Yes |
| Country F.E. | Yes | Yes | Yes |
| Omitted year | 2003 | 2003 | 2003 |
| Observations | 8,744 | 62,264 | 143,844 |
| Total observations: 214,852 $R^2 = 0.151$ (single pooled regression) | | | |

*Notes:* The dependent variable is counterfactual log labor earnings in Italy. Columns correspond to terciles of the pre-2004 institutional-quality gap, measured as the average WGI principal-component gap between each destination country and Italy over 2001–2003. Each entry reports the coefficient on the interaction between an arrival-year indicator and the corresponding pre-2004 WGI-gap tercile indicator. The omitted reference year is 2003. The table is based on a single pooled regression; all columns share the same controls, country fixed effects, and residual variance. The sample is restricted to migrants arriving between 2000 and 2019. Standard errors clustered at the country–year level are reported in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table B4: Country Composition of Dose Terciles

| Tercile | Countries | Observations | % of sample |
|---|---|---|---|
| T1 (lowest) | Venezuela, China, Ecuador, Russia, Albania, Dominican Republic, Argentina, Peru, Tunisia, Romania, Mexico, Brazil, Panama, Thailand, Bulgaria, Costa Rica | 8,744 | 4.07% |
| T2 | Slovakia, Poland, Greece, Czech Republic, Slovenia, Israel, Hungary, Japan, Chile, Portugal, France, Spain, Singapore, Belgium | 62,264 | 28.98% |
| T3 (highest) | Ireland, United States, Germany, Australia, United Kingdom, Norway, Austria, Canada, Luxembourg, Switzerland, New Zealand, Netherlands, Sweden, Denmark, Finland | 143,844 | 66.95% |
| Total | 45 countries | 214,852 | 100.00% |

*Notes:* Destinations are split into terciles of the pre-2004 WGI gap to Italy, estimated separately by country using country-year WGI levels averaged over 2001–2003 (Italy itself is excluded as the reference country). T1 contains the countries with the smallest (or most negative) pre-2004 institutional advantage over Italy and T3 the largest. Countries within each tercile are listed in ascending order of the pre-2004 WGI gap.

## Table B5: Dynamic Selection by Dose Tercile: Saturated Design

| | Counterfactual log earnings | | |
|---|---|---|---|
| | T1 (lowest) | T2 | T3 (highest) |
| **2000** | 0.0472 | -0.0331 | -0.0230 |
| | (0.0298) | (0.0271) | (0.0189) |
| **2001** | 0.0843** | -0.0205 | -0.0088 |
| | (0.0351) | (0.0242) | (0.0202) |
| **2002** | 0.0220 | -0.0237 | -0.0169 |
| | (0.0414) | (0.0279) | (0.0195) |
| **2004** | 0.0258 | -0.0026 | 0.0099 |
| | (0.0330) | (0.0160) | (0.0176) |
| **2005** | 0.0388 | 0.0176 | 0.0349** |
| | (0.0304) | (0.0162) | (0.0170) |
| **2006** | 0.0463 | 0.0139 | 0.0590*** |
| | (0.0310) | (0.0165) | (0.0186) |
| **2007** | 0.0638** | 0.0278* | 0.0736*** |
| | (0.0293) | (0.0160) | (0.0182) |
| **2008** | 0.0467 | 0.0360** | 0.0782*** |
| | (0.0320) | (0.0163) | (0.0157) |
| **2009** | 0.0547* | 0.0372** | 0.0757*** |
| | (0.0290) | (0.0161) | (0.0169) |
| **2010** | 0.0484 | 0.0390** | 0.0850*** |
| | (0.0294) | (0.0165) | (0.0158) |
| **2011** | 0.0299 | 0.0521*** | 0.1038*** |
| | (0.0270) | (0.0164) | (0.0180) |
| **2012** | 0.0668** | 0.0530*** | 0.1015*** |
| | (0.0275) | (0.0160) | (0.0163) |
| **2013** | 0.0543** | 0.0574*** | 0.0954*** |
| | (0.0274) | (0.0160) | (0.0167) |
| **2014** | 0.0271 | 0.0531*** | 0.0927*** |
| | (0.0273) | (0.0160) | (0.0172) |
| **2015** | 0.0555* | 0.0638*** | 0.0945*** |
| | (0.0294) | (0.0161) | (0.0181) |
| **2016** | 0.0787*** | 0.0683*** | 0.0964*** |
| | (0.0294) | (0.0163) | (0.0185) |
| **2017** | 0.0739** | 0.0704*** | 0.1005*** |
| | (0.0284) | (0.0172) | (0.0180) |
| **2018** | 0.0819*** | 0.0728*** | 0.1049*** |
| | (0.0289) | (0.0173) | (0.0188) |
| **2019** | 0.0898*** | 0.0773*** | 0.0964*** |
| | (0.0293) | (0.0176) | (0.0204) |
| Redistribution gap | Yes | Yes | Yes |
| Demographic controls | Yes | Yes | Yes |
| Macro controls | Yes | Yes | Yes |
| Country F.E. | Yes | Yes | Yes |
| Omitted year | 2003 | 2003 | 2003 |
| Observations | 8,744 | 62,264 | 143,844 |
| Total observations: 214,852 | $R^2 = 0.151$ (single pooled regression) | | |

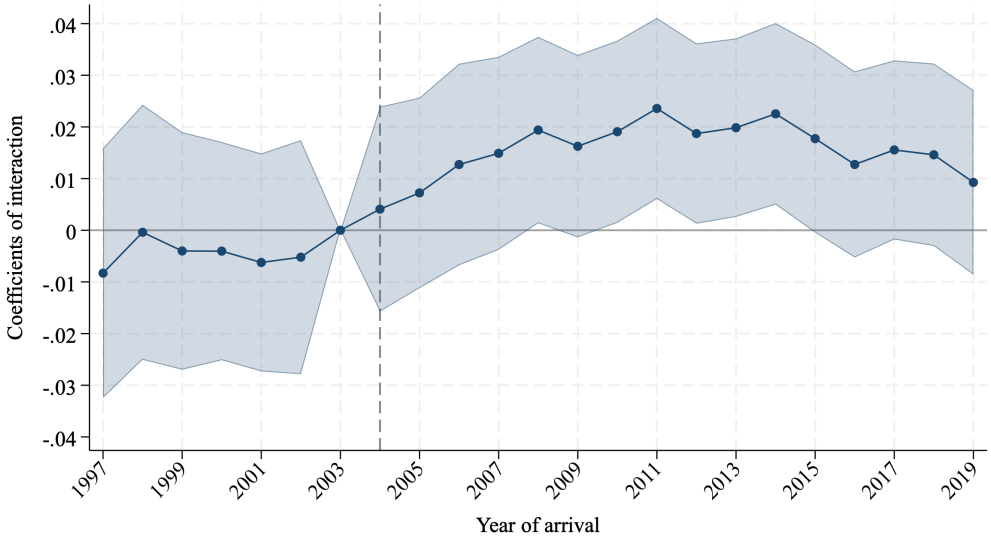
*Notes:* The dependent variable is counterfactual log labor earnings in Italy. This table reports a single regression that interacts dose-tercile indicators with arrival-year dummies, so that all three columns share one set of control coefficients, one country fixed-effect set, and one residual variance; only the tercile×year interactions and the group-level intercepts differ by column. Each entry is the coefficient on (arrival year $= k$) $\times$ (tercile indicator). The pre-2004 dose is recomputed over 2001–2003, and the sample is restricted to migrants arriving between 2000 and 2019. The omitted reference year is 2003. Standard errors clustered at the country–year level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

As a last robustness check, we re-estimate the baseline event-study with a longer pre-event window. The institutional gap itself is now averaged over 1997-2003:

$$PreInstGap_c = \frac{1}{7} \sum_{t=1997}^{2003} (WGI_{ct} - WGI_{Italy,t}) \tag{13}$$

As the figure B2 and Table C29 show, the coefficients barely change and the pre-trend remains stable.

Figure B2: Dynamic Selection Around the 2004 Institutional Break




*Notes:* The figure plots the coefficients from the event-study specification in Table C29, estimated on the sample restricted to migrants arriving in 2019 or earlier. Each point reports the coefficient on the interaction between an arrival-year indicator and the standardized pre-2004 institutional exposure gap relative to Italy, where the gap is computed from country-year WGI levels averaged over 1997-2003. The omitted reference year is 2003. The shaded area reports 90 percent confidence intervals based on standard errors clustered at the country-year level. The vertical dashed line marks 2004. Source: own estimates based on AIRE, SHIW, WGI, and SWIID.

Table B6: Dynamic Selection: Institutions, Redistribution and Earnings

| | Counterfactual log earnings |
|---|---|
| **1997 × pre-2004 WGI gap** | -0.0083 |
| | (0.0147) |
| **1998 × pre-2004 WGI gap** | -0.0004 |
| | (0.0150) |
| **1999 × pre-2004 WGI gap** | -0.0040 |
| | (0.0140) |
| **2000 × pre-2004 WGI gap** | -0.0040 |
| | (0.0128) |
| **2001 × pre-2004 WGI gap** | -0.0062 |
| | (0.0128) |
| **2002 × pre-2004 WGI gap** | -0.0052 |
| | (0.0138) |
| **2004 × pre-2004 WGI gap** | 0.0041 |
| | (0.0121) |
| **2005 × pre-2004 WGI gap** | 0.0072 |
| | (0.0112) |
| **2006 × pre-2004 WGI gap** | 0.0127 |
| | (0.0119) |
| **2007 × pre-2004 WGI gap** | 0.0149 |
| | (0.0114) |
| **2008 × pre-2004 WGI gap** | 0.0194* |
| | (0.0110) |
| **2009 × pre-2004 WGI gap** | 0.0163 |
| | (0.0107) |
| **2010 × pre-2004 WGI gap** | 0.0191* |
| | (0.0107) |
| **2011 × pre-2004 WGI gap** | 0.0236** |
| | (0.0106) |
| **2012 × pre-2004 WGI gap** | 0.0187* |
| | (0.0106) |
| **2013 × pre-2004 WGI gap** | 0.0199* |
| | (0.0105) |
| **2014 × pre-2004 WGI gap** | 0.0225** |
| | (0.0107) |
| **2015 × pre-2004 WGI gap** | 0.0177 |
| | (0.0111) |
| **2016 × pre-2004 WGI gap** | 0.0127 |
| | (0.0109) |
| **2017 × pre-2004 WGI gap** | 0.0155 |
| | (0.0105) |
| **2018 × pre-2004 WGI gap** | 0.0146 |
| | (0.0107) |
| **2019 × pre-2004 WGI gap** | 0.0093 |
| | (0.0109) |
| Redistribution gap | Yes |
| Demographic controls | Yes |
| Macro controls | Yes |
| Country F.E. | Yes |
| Arrival-year F.E. | Yes |
| Omitted year | 2003 |
| Observations | 223516 |
| R-squared | 0.158 |

*Notes:* The dependent variable is counterfactual log labor earnings in Italy. Each coefficient interacts an arrival-year dummy with the standardized pre-2004 institutional gap between the destination country and Italy, here constructed as the country-level WGI gap to Italy averaged over 1997–2003. The specification controls for the redistribution gap, demographic controls, macroeconomic controls, destination-country fixed effects, and arrival-year fixed effects. Standard errors clustered at the country–year level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

# Appendix C - Additional Results

Table C1: Countries in the Estimation Sample

| | | |
|---|---|---|
| Albania | Finland | Poland |
| Argentina | France | Portugal |
| Australia | Germany | Romania |
| Austria | Greece | Russian Federation |
| Belgium | Hungary | Singapore |
| Brazil | Ireland | Slovakia |
| Bulgaria | Israel | Slovenia |
| Canada | Japan | Spain |
| Chile | Luxembourg | Sweden |
| China | Mexico | Switzerland |
| Costa Rica | Netherlands | Thailand |
| Czech Republic | New Zealand | Tunisia |
| Denmark | Norway | United Kingdom |
| Dominican Republic | Panama | United States |
| Ecuador | Peru | Venezuela |

*Notes:* The 45 destination countries included in the estimation sample, listed alphabetically.

Table C2: Pairwise Correlations: Redistribution and Institutional Quality

| | Rel. redist | GE | CC | VA | RL | RQ |
|---|---|---|---|---|---|---|
| Rel. redist | 1.000 | | | | | |
| Gov. effectiveness | 0.261 | 1.000 | | | | |
| Control of corruption | 0.420 | 0.918 | 1.000 | | | |
| Voice & accountability | 0.512 | 0.743 | 0.802 | 1.000 | | |
| Rule of law | 0.446 | 0.935 | 0.943 | 0.826 | 1.000 | |
| Regulatory quality | 0.389 | 0.867 | 0.917 | 0.777 | 0.944 | 1.000 |

*Notes:* Off-diagonal entries are Pearson correlation coefficients. Variables are measured as differences relative to Italy. The sample consists of Italian migrants aged 35–55 who migrated at age 20 or older.

## Table C3: Variance Inflation Factors

| Variable | VIF | 1/VIF |
|---|---|---|
| Rule of Law | 28.82 | 0.0347 |
| Government Effectiveness | 13.89 | 0.0720 |
| Control of Corruption | 12.03 | 0.0831 |
| Regulatory Quality | 11.42 | 0.0875 |
| Voice & Accountability | 3.54 | 0.2827 |
| Relative redistribution | 1.94 | 0.5153 |
| Mean VIF | 11.94 | |

*Notes:* VIFs are computed from the baseline earnings regressions with all institutional variables included. Variables are measured as differences relative to Italy. The sample consists of Italian migrants aged 35–55 who migrated at age 20 or older.

## Table C4: Pairwise Correlations within Countries: Redistribution and Institutional Quality

| | Rel. redist | GE | CC | VA | RL | RQ |
|---|---|---|---|---|---|---|
| Rel. redistribution | 1.000 | | | | | |
| Gov. effectiveness | 0.237 | 1.000 | | | | |
| Control of corruption | 0.177 | 0.694 | 1.000 | | | |
| Voice & accountability | 0.072 | 0.575 | 0.717 | 1.000 | | |
| Rule of law | -0.271 | 0.475 | 0.466 | 0.340 | 1.000 | |
| Regulatory quality | -0.581 | -0.133 | -0.270 | -0.257 | 0.416 | 1.000 |

*Notes:* Off-diagonal entries are Pearson correlation coefficients computed from the within-country specification. All variables are measured as time-varying differences relative to Italy. The sample consists of Italian migrants aged 35–55 who migrated at age 20 or older.

## Table C5: Variance Inflation Factors within Countries

| Variable | VIF | 1/VIF |
|---|---|---|
| Rel. redistribution | 1.61 | 0.621 |
| Gov. effectiveness | 2.05 | 0.488 |
| Rule of law | 2.13 | 0.470 |
| Voice & accountability | 2.53 | 0.395 |
| Regulatory quality | 2.55 | 0.392 |
| Control of corruption | 3.02 | 0.331 |
| Mean VIF | 2.31 | |

*Notes:* VIFs are computed from the within (fixed-effects) specification using time-varying differences relative to Italy. The sample consists of Italian migrants aged 35–55 who migrated at age 20 or older.

# Table C6: Education vs. relative redistribution

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Relative Redistribution** | -0.0105** | -0.0060*** | -0.0062*** | -0.0784*** |
| | (0.0047) | (0.0021) | (0.0021) | (0.0108) |
| Network size (province share) | | -0.3518*** | -0.3555*** | -0.3054*** |
| | | (0.0095) | (0.0098) | (0.0080) |
| Other family member migrated (0/1) | | -0.0404*** | -0.0417*** | -0.0336*** |
| | | (0.0018) | (0.0018) | (0.0018) |
| Female (0/1) | | 0.0542*** | 0.0544*** | 0.0509*** |
| | | (0.0012) | (0.0012) | (0.0011) |
| Rural place of origin (0/1) | | -0.0617*** | -0.0625*** | -0.0573*** |
| | | (0.0020) | (0.0020) | (0.0020) |
| Internal migrant (0/1) | | -0.0084*** | -0.0088*** | -0.0078*** |
| | | (0.0019) | (0.0019) | (0.0018) |
| Resident in capital (0/1) | | 0.0691*** | 0.0676*** | 0.0589*** |
| | | (0.0044) | (0.0045) | (0.0062) |
| Distance from border (1000 km) | | | | |
| Unemployment rate | | | -0.0018*** | -0.0013 |
| | | | (0.0006) | (0.0011) |
| GDP growth | | | 0.0053*** | 0.0031* |
| | | | (0.0014) | (0.0018) |
| GDP per capita | | | 0.0000003*** | 0.0000017*** |
| | | | (0.0000) | (0.0000) |
| Constant | 0.0007 | -57.8952 | -55.1003 | -105.0627** |
| | (0.0061) | (43.3386) | (44.3083) | (43.2951) |
| Demographic controls | No | Yes | Yes | Yes |
| Country F.E. | No | No | No | Yes |
| Observations | 465155 | 418865 | 418704 | 421545 |
| R-squared | 0.001 | 0.197 | 0.198 | 0.219 |
| Adjusted R-squared | 0.001 | 0.197 | 0.198 | 0.219 |

*Notes:* The sample consists of Italian migrants aged 30–75 who migrated at age 20 or older. The relative educational position within birth–region cohorts is used as a measure of relative skills. Redistribution is measured as the difference between destination-country and Italy redistribution experienced by each migrant from the year of arrival, and is standardized. Demographic controls include birth year (quadratic), sex, Italian region of origin, year of arrival of the migrant and of the first household member abroad, a dummy for being the first household member to migrate, for internal migration experience, and rural origin (less than 150 inhabitants/km$^2$). Columns (3)–(4) additionally control for destination-country macroeconomic characteristics. Country fixed effects are included in column (4). Standard errors clustered at the country–year level in parentheses. $^{*}\,p < 0.10$, $^{**}\,p < 0.05$, $^{***}\,p < 0.01$.

## Table C7: Earnings vs. relative redistribution (no residents in capitals)

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Relative Redistribution** | -0.0421*** | -0.0255*** | -0.0243*** | -0.0731*** |
| | (0.0042) | (0.0029) | (0.0026) | (0.0164) |
| Network size (province share) | | -0.4265*** | -0.4242*** | -0.3564*** |
| | | (0.0328) | (0.0308) | (0.0288) |
| Other family member migrated (0/1) | | -0.1053*** | -0.1069*** | -0.0988*** |
| | | (0.0037) | (0.0037) | (0.0037) |
| Rural place of origin (0/1) | | -0.1417*** | -0.1423*** | -0.1355*** |
| | | (0.0045) | (0.0045) | (0.0045) |
| Distance from border (1000 km) | | 0.0011** | 0.0008 | |
| | | (0.0005) | (0.0005) | |
| Unemployment rate | | | -0.0007 | 0.0031* |
| | | | (0.0005) | (0.0016) |
| GDP growth | | | 0.0096*** | -0.0025 |
| | | | (0.0025) | (0.0025) |
| GDP per capita | | | 0.0000004*** | 0.0000026*** |
| | | | (0.0000) | (0.0000) |
| Constant | 9.8615*** | -1118.9449*** | -1137.7987*** | -1209.1853*** |
| | (0.0044) | (149.0069) | (145.9272) | (132.4128) |
| Demographic controls | No | Yes | Yes | Yes |
| Country F.E. | No | No | No | Yes |
| Observations | 222747 | 204023 | 203917 | 205047 |
| R-squared | 0.016 | 0.158 | 0.159 | 0.175 |
| Adjusted R-squared | 0.016 | 0.157 | 0.159 | 0.175 |

*Notes:* The sample consists of Italian migrants aged 35–55 who migrated at age 20 or older and do not reside in foreign capitals. The dependent variable is counterfactual log labor earnings in Italy predicted from a Mincer regression estimated on stayers and interpreted as a measure of migrants' skills. Redistribution is measured as the difference between destination-country and Italy redistribution experienced by each migrant from the year of arrival, and is standardized. Demographic controls include Italian region of origin, year of arrival of the migrant and of the first household member abroad, a dummy for being the first household member to migrate, and rural origin (less than 150 inhabitants/km$^2$). Columns (3)–(4) additionally control for destination-country macroeconomic characteristics. Country fixed effects are included in column (4). Standard errors clustered at the country–year level in parentheses. $^*p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$.

## Table C8: Earnings vs. redistribution by sex

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Results for Men** | | | | |
| Relative Redistribution | -0.0196*** | -0.0172*** | -0.0169*** | -0.0895*** |
| | (0.0037) | (0.0032) | (0.0030) | (0.0176) |
| **Results for Women** | | | | |
| Relative Redistribution | -0.0293*** | -0.0170*** | -0.0163*** | -0.1035*** |
| | (0.0040) | (0.0030) | (0.0028) | (0.0177) |
| Demographic controls | No | Yes | Yes | Yes |
| Country F.E. | No | No | No | Yes |

*Notes:* The samples for both men and women consist of Italian migrants aged 35–55 who migrated at age 20 or older. The dependent variable is counterfactual log labor earnings in Italy predicted from a Mincer regression estimated on stayers and interpreted as a measure of migrants' skills. Redistribution is measured as the difference between destination-country and Italy redistribution experienced by each migrant from the year of arrival, and is standardized. Demographic controls include Italian region of origin, year of arrival of the migrant and of the first household member abroad, a dummy for being the first household member to migrate, and rural origin (less than 150 inhabitants/km$^2$). Columns (3)–(4) additionally control for destination-country macroeconomic characteristics. Country fixed effects are included in column (4). Standard errors clustered at the country–year level in parentheses. $^*p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$.

## Table C9: Earnings vs. relative redistribution (inverse Mills ratio)

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Relative Redistribution** | -0.0371*** | -0.0232*** | -0.0229*** | -0.1048*** |
| | (0.0036) | (0.0027) | (0.0025) | (0.0161) |
| Network size (province share) | | -0.4114*** | -0.4098*** | -0.3490*** |
| | | (0.0325) | (0.0311) | (0.0309) |
| Other family member migrated (0/1) | | -0.0986*** | -0.1002*** | -0.0936*** |
| | | (0.0039) | (0.0040) | (0.0040) |
| Rural place of origin (0/1) | | -0.1392*** | -0.1400*** | -0.1341*** |
| | | (0.0042) | (0.0042) | (0.0042) |
| Resident in capital (0/1) | | 0.0646*** | 0.0641*** | 0.0651*** |
| | | (0.0041) | (0.0041) | (0.0048) |
| Distance from border (1000 km) | | 0.0014*** | 0.0012** | |
| | | (0.0005) | (0.0005) | |
| Unemployment rate | | | -0.0007 | 0.0014 |
| | | | (0.0004) | (0.0016) |
| GDP growth | | | 0.0054*** | -0.0002 |
| | | | (0.0019) | (0.0022) |
| GDP per capita | | | 0.0000004*** | 0.0000020*** |
| | | | (0.0000) | (0.0000) |
| Constant | 9.8809*** | -257.9278* | -274.4643** | -356.1720*** |
| | (0.0038) | (131.7677) | (129.3521) | (118.9587) |
| Demographic controls | No | Yes | Yes | Yes |
| Country F.E. | No | No | No | Yes |
| Observations | 274290 | 252642 | 252530 | 253660 |
| R-squared | 0.012 | 0.152 | 0.153 | 0.166 |
| Adjusted R-squared | 0.012 | 0.152 | 0.152 | 0.166 |

*Notes:* The sample consists of Italian migrants aged 35–55 who migrated at age 20 or older. The dependent variable is counterfactual log labor earnings in Italy predicted from a Mincer regression estimated on stayers including the inverse Mills ratio to correct for selection into migration and interpreted as a measure of migrants' skills. Redistribution is measured as the difference between destination-country and Italy redistribution experienced by each migrant from the year of arrival, and is standardized. Demographic controls include Italian region of origin, year of arrival of the migrant and of the first household member abroad, a dummy for being the first household member to migrate, and rural origin (less than 150 inhabitants/km$^2$). Columns (3)–(4) additionally control for destination-country macroeconomic characteristics. Country fixed effects are included in column (4). Standard errors clustered at the country–year level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

## Table C10: Skill Selection, Resource Equality, and Redistribution

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Resource Equality Index** | -0.0502*** | -0.0236*** | -0.0254*** | 0.0803*** |
| | (0.0046) | (0.0028) | (0.0026) | (0.0136) |
| **Redistribution** | -0.0223*** | -0.0215*** | -0.0204*** | -0.0765*** |
| | (0.0043) | (0.0033) | (0.0030) | (0.0146) |
| **Resource Equality × Redistribution** | -0.0123*** | -0.0085*** | -0.0080*** | 0.0038 |
| | (0.0019) | (0.0012) | (0.0012) | (0.0061) |
| Network size (province share) | | -0.4091*** | -0.4129*** | -0.3477*** |
| | | (0.0317) | (0.0314) | (0.0309) |
| Other family member migrated (0/1) | | -0.0965*** | -0.0980*** | -0.0934*** |
| | | (0.0040) | (0.0040) | (0.0039) |
| Rural place of origin (0/1) | | -0.1356*** | -0.1364*** | -0.1313*** |
| | | (0.0042) | (0.0042) | (0.0042) |
| Resident in capital (0/1) | | 0.0622*** | 0.0614*** | 0.0653*** |
| | | (0.0042) | (0.0041) | (0.0048) |
| Distance from border (1000 km) | | 0.0004 | 0.0001 | |
| | | (0.0005) | (0.0004) | |
| Unemployment rate | | | -0.0011*** | 0.0033** |
| | | | (0.0004) | (0.0016) |
| GDP growth | | | 0.0016 | 0.0014 |
| | | | (0.0019) | (0.0021) |
| GDP per capita | | | 0.0000004*** | 0.0000012*** |
| | | | (0.0000) | (0.0000) |
| Constant | 9.8815*** | -1195.4508*** | -1226.2313*** | -1275.6645*** |
| | (0.0029) | (131.8790) | (129.5128) | (120.9585) |
| Demographic controls | No | Yes | Yes | Yes |
| Country F.E. | No | No | No | Yes |
| Observations | 274290 | 252642 | 252530 | 253660 |
| R-squared | 0.019 | 0.152 | 0.153 | 0.165 |
| Adjusted R-squared | 0.019 | 0.152 | 0.153 | 0.165 |

*Notes:* The sample consists of Italian migrants aged 35–55 who migrated at age 20 or older. The dependent variable is counterfactual log labor earnings in Italy predicted from a Mincer regression estimated on stayers and interpreted as a measure of migrants' skills. Equality in access to resources is measured as the difference between destination-country and Italy resource access equality experienced by each migrant from the year of arrival, and is standardized. Redistribution is measured as the difference between destination-country and Italy redistribution experienced by each migrant from the year of arrival, and is standardized. The interaction term captures the joint effect of resource equality and redistribution. Demographic controls include Italian region of origin, year of arrival of the migrant and of the first household member abroad, a dummy for being the first household member to migrate, and rural origin (less than 150 inhabitants/km$^2$). Columns (3)–(4) additionally control for destination-country macroeconomic characteristics. Country fixed effects are included in column (4). Standard errors clustered at the country–year level in parentheses. $^{*}\ p < 0.10$, $^{**}\ p < 0.05$, $^{***}\ p < 0.01$.

## Table C11: Skill Selection and Subcomponents of Resource Equality

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Public Goods** | -0.0262*** | -0.0103*** | -0.0128*** | -0.0090 |
| | (0.0045) | (0.0026) | (0.0028) | (0.0093) |
| **Redistribution** | -0.0308*** | -0.0233*** | -0.0221*** | -0.1075*** |
| | (0.0042) | (0.0029) | (0.0027) | (0.0155) |
| **Public Goods × Redistribution** | -0.0042 | -0.0064*** | -0.0056*** | 0.0037* |
| | (0.0026) | (0.0015) | (0.0014) | (0.0021) |
| **Welfare Universalism** | 0.0040** | -0.0033* | -0.0011 | -0.0352*** |
| | (0.0020) | (0.0018) | (0.0024) | (0.0110) |
| **Redistribution** | -0.0342*** | -0.0220*** | -0.0222*** | -0.0899*** |
| | (0.0040) | (0.0027) | (0.0024) | (0.0146) |
| **Universalism × Redistribution** | 0.0025 | -0.0021 | -0.0035** | -0.0122*** |
| | (0.0023) | (0.0017) | (0.0015) | (0.0041) |
| **Education (E)-Quality** | -0.0362*** | -0.0083*** | -0.0163*** | 0.0782*** |
| | (0.0047) | (0.0027) | (0.0026) | (0.0096) |
| **Redistribution** | -0.0331*** | -0.0254*** | -0.0245*** | -0.0345** |
| | (0.0044) | (0.0031) | (0.0030) | (0.0156) |
| **Education × Redistribution** | -0.0096*** | -0.0061*** | -0.0065*** | -0.0345*** |
| | (0.0024) | (0.0014) | (0.0013) | (0.0069) |
| **Health (E)-Quality** | -0.0349*** | -0.0102*** | -0.0121*** | 0.0463*** |
| | (0.0038) | (0.0009) | (0.0027) | (0.0081) |
| **Redistribution** | -0.0239*** | -0.0221*** | -0.0214*** | -0.0886*** |
| | (0.0044) | (0.0008) | (0.0030) | (0.0146) |
| **Health × Redistribution** | -0.0074*** | -0.0048*** | -0.0042*** | -0.0088 |
| | (0.0020) | (0.0004) | (0.0014) | (0.0057) |
| Demographic controls | No | Yes | Yes | Yes |
| Country F.E. | No | No | No | Yes |
| Observations | 274290 | 252642 | 252530 | 253660 |

*Notes:* The sample consists of Italian migrants aged 35–55 who migrated at age 20 or older. Each block reports results from a regression of counterfactual log labor earnings predicted from a Mincer regression estimated on stayers on one subcomponent of equality of resources (standardized), redistribution (standardized), and their interaction. Indicators are measured as the difference between destination-country and Italy experienced by each migrant from the year of arrival. Demographic controls include Italian region of origin, year of arrival, migration network measures, and rural origin. Country fixed effects are included in column (4). Standard errors clustered at the country–year level in parentheses. $^{*}\ p < 0.10$, $^{**}\ p < 0.05$, $^{***}\ p < 0.01$.

Table C12: Earnings vs. rel. redistribution (Countries as Corneo and Neidhöfer, 2021)

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Relative Redistribution** | -0.5508*** | -0.5027*** | -0.4390*** | -0.9176** |
| | (0.0720) | (0.0469) | (0.0347) | (0.3612) |
| Network size (province share) | | -0.4148*** | -0.3806*** | -0.3499*** |
| | | (0.0331) | (0.0307) | (0.0316) |
| Other family member migrated (0/1) | | -0.1073*** | -0.1036*** | -0.1000*** |
| | | (0.0049) | (0.0049) | (0.0050) |
| Rural place of origin (0/1) | | -0.1435*** | -0.1405*** | -0.1367*** |
| | | (0.0052) | (0.0052) | (0.0051) |
| Resident in capital (0/1) | | 0.0714*** | 0.0738*** | 0.0676*** |
| | | (0.0062) | (0.0066) | (0.0064) |
| Distance from border (1000 km) | | -0.0001 | -0.0043*** | |
| | | (0.0005) | (0.0007) | |
| Unemployment rate | | | 0.0110*** | 0.0049 |
| | | | (0.0013) | (0.0044) |
| GDP growth | | | 0.0592*** | 0.0025 |
| | | | (0.0075) | (0.0046) |
| GDP per capita | | | -0.0000005 | 0.00000094*** |
| | | | (0.0000) | (0.0000) |
| Constant | 9.8685*** | -1279.8390*** | -1235.5304*** | -1260.6309*** |
| | (0.0045) | (163.2398) | (160.0109) | (156.6609) |
| Demographic controls | No | Yes | Yes | Yes |
| Country F.E. | No | No | No | Yes |
| Observations | 195618 | 182781 | 182766 | 182766 |
| R-squared | 0.013 | 0.166 | 0.172 | 0.177 |
| Adjusted R-squared | 0.013 | 0.166 | 0.172 | 0.177 |

*Notes:* The sample consists of Italian migrants aged 35–55 who migrated at age 20 or older and who reside in one of the 13 countries analyzed by Corneo and Neidhöfer (2021). The dependent variable is counterfactual log labor earnings in Italy predicted from a Mincer regression estimated on stayers and interpreted as a measure of migrants' skills. Relative redistribution is measured as the difference between destination-country and Italy redistribution experienced by each migrant from the year of arrival. Demographic controls include Italian region of origin, year of arrival of the migrant and of the first household member abroad, a dummy for being the first household member to migrate, and rural origin (less than 150 inhabitants/km$^2$). Columns (3)–(4) additionally control for destination-country macroeconomic characteristics. Country fixed effects are included in column (4). Standard errors clustered at the country–year level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

## Table C13: Education vs. Resource Equality

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Resource Equality Index** | -0.0244*** | -0.0159*** | -0.0208*** | 0.0550*** |
| | (0.0028) | (0.0017) | (0.0017) | (0.0080) |
| Network size (province share) | | -0.3431*** | -0.3493*** | -0.3052*** |
| | | (0.0095) | (0.0094) | (0.0080) |
| Other family member migrated (0/1) | | -0.0379*** | -0.0397*** | -0.0332*** |
| | | (0.0018) | (0.0018) | (0.0017) |
| Female (0/1) | | 0.0538*** | 0.0539*** | 0.0504*** |
| | | (0.0012) | (0.0012) | (0.0011) |
| Rural place of origin (0/1) | | -0.0602*** | -0.0610*** | -0.0569*** |
| | | (0.0020) | (0.0020) | (0.0020) |
| Internal migrant (0/1) | | -0.0070*** | -0.0079*** | -0.0071*** |
| | | (0.0019) | (0.0019) | (0.0018) |
| Resident in capital (0/1) | | 0.0664*** | 0.0665*** | 0.0594*** |
| | | (0.0042) | (0.0043) | (0.0061) |
| Distance from border (1000 km) | | -0.0007* | -0.0011*** | |
| | | (0.0004) | (0.0004) | |
| Unemployment rate | | | -0.0010** | -0.0032*** |
| | | | (0.0005) | (0.0012) |
| GDP growth | | | -0.0001 | 0.0017 |
| | | | (0.0014) | (0.0019) |
| GDP per capita | | | 0.0000007*** | 0.0000017*** |
| | | | (0.0000) | (0.0000) |
| Constant | 0.0030 | -44.4604 | -38.5970 | -86.3386** |
| | (0.0057) | (41.9425) | (43.1746) | (42.3181) |
| Demographic controls | No | Yes | Yes | Yes |
| Country F.E. | No | No | No | Yes |
| Observations | 481449 | 433567 | 430047 | 433009 |
| R-squared | 0.008 | 0.197 | 0.199 | 0.217 |
| Adjusted R-squared | 0.008 | 0.196 | 0.199 | 0.217 |

*Notes:* The sample consists of Italian migrants aged 30–75 who migrated at age 20 or older. The relative educational position within birth–region cohorts is used as a measure of relative skills. Equality in access to resources is measured as the difference between destination-country and Italy resource access equality experienced by each migrant from the year of arrival, and is standardized. Demographic controls include birth year (quadratic), sex, Italian region of origin, year of arrival of the migrant and of the first household member abroad, a dummy for being the first household member to migrate, for internal migration experience, and rural origin (less than 150 inhabitants/km$^2$). Columns (3)–(4) additionally control for destination-country macroeconomic characteristics. Country fixed effects are included in column (4). Standard errors clustered at the country–year level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

## Table C14: Education vs. subcomponents of equality of resources

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Public Goods Index** | -0.0544*** | -0.0193*** | -0.0225*** | -0.0067 |
| | (0.0051) | (0.0022) | (0.0024) | (0.0053) |
| **Welfare Universalism Index** | -0.0122*** | -0.0164*** | -0.0173*** | -0.0294*** |
| | (0.0046) | (0.0017) | (0.0023) | (0.0072) |
| **Education Equality Index** | -0.0349*** | -0.0108*** | -0.0244*** | 0.0293*** |
| | (0.0037) | (0.0018) | (0.0019) | (0.0071) |
| **Health Equality Index** | -0.0231*** | -0.0158*** | -0.0210*** | 0.0379*** |
| | (0.0031) | (0.0018) | (0.0017) | (0.0052) |
| Demographic controls | No | Yes | Yes | Yes |
| Country F.E. | No | No | No | Yes |
| Observations | 481449 | 433567 | 430047 | 433009 |

*Notes:* The sample consists of Italian migrants aged 30–75 who migrated at age 20 or older. Each row reports the coefficient of one subcomponent index of equality of resources in a regression with the relative educational position within birth–region cohorts as the dependent variable. The indicators are measured as the difference between destination-country and Italy experienced by each migrant from the year of arrival, and are standardized. Demographic controls include birth year (quadratic), sex, Italian region of origin, year of arrival of the migrant and of the first household member abroad, a dummy for being the first household member to migrate, for internal migration experience, and rural origin (less than 150 inhabitants/km$^2$). Columns (3)–(4) additionally control for destination-country macroeconomic characteristics. Country fixed effects are included in column (4). Standard errors clustered at the country–year level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

## Table C15: Marginal Effect of Institutions on Selection

| Rel. redistr. gap | Marginal effect of Inst. | Std. error |
|---|---|---|
| $-2.0$ | $0.0888^{***}$ | (0.0195) |
| $-1.5$ | $0.0954^{***}$ | (0.0187) |
| $-1.0$ | $0.1021^{***}$ | (0.0185) |
| $-0.5$ | $0.1087^{***}$ | (0.0188) |
| $0.0$ | $0.1153^{***}$ | (0.0197) |
| $0.5$ | $0.1219^{***}$ | (0.0211) |
| $1.0$ | $0.1285^{***}$ | (0.0229) |
| $1.5$ | $0.1351^{***}$ | (0.0250) |
| $2.0$ | $0.1417^{***}$ | (0.0273) |
| Observations | 253,660 | |

*Notes:* Table reports average marginal effects of institutional quality (WGI principal component, standardized) on predicted counterfactual earnings. Effects are evaluated at different levels of the redistribution gap relative to Italy (in standard deviations). The dependent variable is predicted log counterfactual earnings. Statistical significance: $^{*}p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$. Source: own estimations using AIRE, SWIID, and WGI.

Table C16: Average Gaps to Italy in Redistribution, Resource Equality, and Institutional Quality

| Country | Redist. gap | Resource eq. gap | Inst. gap |
|---|---|---|---|
| ALB | -2.1981 | -0.9844 | -3.2567 |
| ARG | -4.0581 | -1.2697 | -3.5693 |
| AUS | -0.6427 | -0.0615 | 0.6317 |
| AUT | 0.9014 | 0.2949 | 0.2814 |
| BEL | 1.2942 | 0.5982 | -0.0825 |
| BRA | -2.1012 | -3.1963 | -3.4250 |
| BGR | -1.9155 | -1.3121 | -2.8715 |
| CAN | -0.2322 | -0.0509 | 0.6108 |
| CHL | -3.3650 | -2.4029 | -0.8574 |
| CHN | -2.7529 | -4.3282 | -3.9143 |
| CRI | -3.5562 | 0.1741 | -1.7887 |
| CZE | 0.8156 | 0.6729 | -0.8751 |
| DNK | 0.8631 | 0.8815 | 1.1282 |
| DOM | -4.1288 | -5.2634 | -3.5484 |
| ECU | -4.8632 | -3.1850 | -4.3239 |
| FIN | 1.3874 | 0.0307 | 1.1838 |
| FRA | 0.6180 | 0.1369 | -0.2853 |
| DEU | 0.7834 | 0.5405 | 0.4235 |
| GRC | -0.2021 | 0.4085 | -2.1701 |
| HUN | 0.8465 | -1.8954 | -2.1219 |
| IRL | 0.9460 | -0.3553 | 0.3341 |
| ISR | -1.1805 | -0.3782 | -0.8817 |
| JPN | -0.6530 | 0.8059 | 0.0012 |
| LUX | 0.1159 | 0.7322 | 0.8787 |
| MEX | -4.0891 | -4.7508 | -3.8056 |
| NLD | 0.8148 | 0.4254 | 0.8464 |
| NZL | -0.6635 | 0.4090 | 1.0141 |
| NOR | 0.9248 | 0.8894 | 1.0497 |
| PAN | -3.5835 | -2.4875 | -3.0067 |
| PER | -3.6802 | -4.3394 | -3.4898 |
| POL | 0.1797 | -0.0759 | -1.7132 |
| PRT | -0.0232 | 0.0885 | -0.8769 |
| ROU | -0.3544 | -2.2078 | -2.6014 |
| RUS | -1.3392 | -1.8188 | -4.9285 |
| SGP | -3.1608 | 0.6346 | 0.5681 |
| SVK | 0.2722 | -0.4974 | -1.6888 |
| SVN | 0.3530 | 0.1966 | -1.0112 |
| ESP | -0.2530 | 0.1470 | -1.0709 |
| SWE | 0.6901 | 0.3335 | 0.9093 |
| CHE | -0.9487 | 0.7294 | 1.0031 |
| THA | -3.8877 | -2.2919 | -3.4779 |
| TUN | -3.9641 | -1.6657 | -3.4983 |
| GBR | 0.4724 | 0.0424 | 0.3282 |
| USA | -1.3295 | -2.1335 | -0.1839 |
| VEN | -4.4345 | -5.5246 | -6.6309 |
| Total | 0.0000 | 0.0100 | 0.0000 |

*Notes:* Entries report country means of the standardized redistribution gap, standardized resource equality gap, and standardized institutional gap relative to Italy. All variables are standardized across the estimation sample.

## Table C17: Non-linear Effects of Redistribution, Resource Equality and Institutions

| | (1) | (2) | (3) |
|---|---|---|---|
| **Redistribution** | -0.1042*** | | |
| | (0.0163) | | |
| **Redistribution$^2$** | 0.0009 | | |
| | (0.0070) | | |
| **Resource Equality** | | -0.0785*** | |
| | | (0.0210) | |
| **Resource Equality$^2$** | | 0.0090** | |
| | | (0.0043) | |
| **WGI PC** | | | 0.1339*** |
| | | | (0.0195) |
| **WGI PC$^2$** | | | 0.0121*** |
| | | | (0.0038) |
| Demographic controls | Yes | Yes | Yes |
| Country F.E. | Yes | Yes | Yes |
| Observations | 253660 | 259921 | 259921 |
| R-squared | 0.165 | 0.164 | 0.164 |

*Notes:* The dependent variable is counterfactual log labor earnings in Italy predicted from a Mincer regression estimated on stayers. Redistribution, resource equality and institutional quality are measured as differences between the destination country and Italy experienced by migrants from the year of arrival onward, and are standardized. All specifications include demographic controls and destination-country fixed effects. Each column reports a quadratic specification including the independent variable and its square to test for non-linear effects. Standard errors clustered at the country–year level are reported in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

## Table C18: Skill Selection, Equality, Redistribution and Interaction

| | Resources | Public goods | Universalism | Education | Health |
|---|---|---|---|---|---|
| Resource equality | 0.0803*** | | | | |
| | (0.0136) | | | | |
| Public goods | | -0.0090 | | | |
| | | (0.0093) | | | |
| Universalism | | | -0.0352*** | | |
| | | | (0.0110) | | |
| Educational equality | | | | 0.0782*** | |
| | | | | (0.0096) | |
| Health equality | | | | | 0.0463*** |
| | | | | | (0.0081) |
| Redistribution | -0.0765*** | -0.1075*** | -0.0899*** | -0.0345** | -0.0886*** |
| | (0.0146) | (0.0155) | (0.0146) | (0.0156) | (0.0146) |
| Equality × Redistribution | 0.0038 | 0.0037* | -0.0122*** | -0.0345*** | -0.0088 |
| | (0.0061) | (0.0021) | (0.0041) | (0.0069) | (0.0057) |
| Demographic controls | Yes | Yes | Yes | Yes | Yes |
| Macroeconomic controls | Yes | Yes | Yes | Yes | Yes |
| Country F.E. | Yes | Yes | Yes | Yes | Yes |
| Observations | 253660 | 253660 | 253660 | 253660 | 253660 |

Notes: Fixed effects only. Resource equality and Redistribution are standardized.

## Table C19: Skill Selection, Resource Equality, and Redistribution at Arrival

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Resource Equality Index** | -0.0160*** | -0.0016 | -0.0054** | 0.0263*** |
| | (0.0035) | (0.0026) | (0.0023) | (0.0056) |
| **Redistribution** | -0.0318*** | -0.0238*** | -0.0217*** | -0.0348*** |
| | (0.0054) | (0.0036) | (0.0033) | (0.0071) |
| Network size (province share) | | -0.4088*** | -0.4133*** | -0.3500*** |
| | | (0.0322) | (0.0316) | (0.0310) |
| Other family member migrated (0/1) | | -0.0979*** | -0.0998*** | -0.0933*** |
| | | (0.0040) | (0.0041) | (0.0039) |
| Rural place of origin (0/1) | | -0.1362*** | -0.1369*** | -0.1317*** |
| | | (0.0042) | (0.0042) | (0.0042) |
| Resident in capital (0/1) | | 0.0648*** | 0.0644*** | 0.0656*** |
| | | (0.0042) | (0.0041) | (0.0048) |
| Distance from border (1000 km) | | 0.0012** | 0.0009** | |
| | | (0.0005) | (0.0004) | |
| Unemployment rate | | | -0.0008** | 0.0010* |
| | | | (0.0004) | (0.0005) |
| GDP growth | | | 0.0018 | 0.0014* |
| | | | (0.0011) | (0.0008) |
| GDP per capita | | | 0.0000008*** | 0.0000015*** |
| | | | (0.0000) | (0.0000) |
| Constant | 9.8736*** | -1186.8486*** | -1238.6380*** | -1270.1937*** |
| | (0.0036) | (132.7423) | (128.9943) | (121.5964) |
| Demographic controls | No | Yes | Yes | Yes |
| Country F.E. | No | No | No | Yes |
| Observations | 274263 | 252632 | 251693 | 252822 |
| R-squared | 0.017 | 0.151 | 0.152 | 0.164 |
| Adjusted R-squared | 0.017 | 0.151 | 0.152 | 0.164 |

*Notes:* The dependent variable is counterfactual log labor earnings in Italy predicted from a Mincer regression estimated on stayers and interpreted as a measure of migrants' skills. Equality in access to resources and redistribution are measured as destination-country values minus Italy values in the migrant's year of arrival and are standardized. Demographic controls include migration network size, family migration status, rural origin, residence in the destination capital, birth year and its square, year of arrival, and year of arrival of the first household member abroad. Columns (3)–(4) additionally control for destination-country macroeconomic characteristics measured at arrival. Country fixed effects are included in column (4). Standard errors clustered at the country–year-of-arrival level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

## Table C20: Skill Selection and Subcomponents of Resource Equality at Arrival

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Public Goods** | -0.0209*** | -0.0095*** | -0.0124*** | -0.0023 |
| | (0.0037) | (0.0027) | (0.0028) | (0.0043) |
| **Redistribution** | -0.0365*** | -0.0222*** | -0.0212*** | -0.0348*** |
| | (0.0034) | (0.0025) | (0.0023) | (0.0071) |
| **Welfare Universalism** | 0.0024 | -0.0051*** | -0.0032 | -0.0101** |
| | (0.0024) | (0.0020) | (0.0024) | (0.0043) |
| **Redistribution** | -0.0418*** | -0.0246*** | -0.0242*** | -0.0348*** |
| | (0.0039) | (0.0027) | (0.0026) | (0.0071) |
| **Education (E)-Quality** | -0.0127*** | 0.0054** | -0.0003 | 0.0202*** |
| | (0.0031) | (0.0022) | (0.0024) | (0.0044) |
| **Redistribution** | -0.0370*** | -0.0259*** | -0.0243*** | -0.0305*** |
| | (0.0045) | (0.0030) | (0.0029) | (0.0069) |
| **Health (E)-Quality** | -0.0122*** | 0.0009 | -0.0026 | 0.0123*** |
| | (0.0033) | (0.0008) | (0.0023) | (0.0036) |
| **Redistribution** | -0.0344*** | -0.0251*** | -0.0232*** | -0.0361*** |
| | (0.0050) | (0.0008) | (0.0031) | (0.0073) |
| Demographic controls | No | Yes | Yes | Yes |
| Country F.E. | No | No | No | Yes |
| Observations | 274263 | 252632 | 251693 | 252822 |

*Notes:* Each block reports results from a regression of counterfactual log labor earnings in Italy predicted from a Mincer regression estimated on stayers on one standardized subcomponent of equality of resources and standardized redistribution. Indicators are measured as destination-country values minus Italy values in the migrant's year of arrival. Demographic controls include migration network size, family migration status, rural origin, residence in the destination capital, birth year and its square, year of arrival, and year of arrival of the first household member abroad. Country fixed effects are included in column (4). Standard errors clustered at the country–year-of-arrival level in parentheses, except column (2) of the health equality block, which follows the robust specification reported in the log. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

## Table C21: Skill Selection, Resource Equality, and Redistribution Within Two Years of Arrival

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Resource Equality Index** | -0.0219*** | -0.0032 | -0.0069*** | 0.0286*** |
| | (0.0033) | (0.0025) | (0.0023) | (0.0066) |
| **Redistribution** | -0.0225*** | -0.0210*** | -0.0183*** | -0.0862*** |
| | (0.0048) | (0.0034) | (0.0031) | (0.0169) |
| Network size (province share) | | -0.4104*** | -0.4113*** | -0.3489*** |
| | | (0.0326) | (0.0320) | (0.0309) |
| Other family member migrated (0/1) | | -0.0979*** | -0.0996*** | -0.0933*** |
| | | (0.0041) | (0.0041) | (0.0039) |
| Rural place of origin (0/1) | | -0.1366*** | -0.1372*** | -0.1313*** |
| | | (0.0042) | (0.0042) | (0.0042) |
| Resident in capital (0/1) | | 0.0642*** | 0.0631*** | 0.0652*** |
| | | (0.0042) | (0.0041) | (0.0048) |
| Distance from border (1000 km) | | 0.0012*** | 0.0009** | |
| | | (0.0005) | (0.0004) | |
| Unemployment rate | | | -0.0007* | 0.0011* |
| | | | (0.0004) | (0.0006) |
| GDP growth | | | 0.0039*** | 0.0029** |
| | | | (0.0015) | (0.0012) |
| GDP per capita | | | 0.0000*** | 0.0000*** |
| | | | (0.0000) | (0.0000) |
| Constant | 9.8740*** | -1191.5123*** | -1237.4598*** | -1288.3088*** |
| | (0.0037) | (133.2797) | (128.5744) | (119.8373) |
| Demographic controls | No | Yes | Yes | Yes |
| Macro controls | No | No | Yes | Yes |
| Year-of-arrival F.E. | No | Yes | Yes | Yes |
| Country F.E. | No | No | No | Yes |
| Observations | 274290 | 252642 | 252571 | 253701 |
| R-squared | 0.015 | 0.151 | 0.152 | 0.166 |
| Adjusted R-squared | 0.015 | 0.151 | 0.152 | 0.165 |

*Notes:* The dependent variable is counterfactual log labor earnings in Italy predicted from a Mincer regression estimated on stayers and interpreted as a measure of migrants' skills. Equality in access to resources and redistribution are measured as destination-country values minus Italy values, averaged over the window covering the two years before and the two years after the migrant's year of arrival, and standardized. Demographic controls include migration network size, family migration status, rural origin, residence in the destination capital, birth year and its square, and the year of arrival of the first household member abroad. Columns (2)–(4) include year-of-arrival fixed effects. Columns (3)–(4) additionally control for destination-country macroeconomic characteristics averaged over the corresponding exposure window. Country fixed effects are included in column (4). Standard errors clustered at the country–year-of-arrival level are in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

## Table C22: Skill Selection and Subcomponents of Resource Equality Within Two Years of Arrival

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Public Goods** | -0.0233*** | -0.0101*** | -0.0121*** | -0.0034 |
| | (0.0041) | (0.0026) | (0.0028) | (0.0045) |
| **Redistribution** | -0.0311*** | -0.0200*** | -0.0187*** | -0.0929*** |
| | (0.0030) | (0.0024) | (0.0021) | (0.0168) |
| **Welfare Universalism** | 0.0030 | -0.0049*** | -0.0024 | -0.0127*** |
| | (0.0022) | (0.0019) | (0.0024) | (0.0047) |
| **Redistribution** | -0.0367*** | -0.0226*** | -0.0216*** | -0.0890*** |
| | (0.0036) | (0.0026) | (0.0025) | (0.0164) |
| **Education (E)-Quality** | -0.0152*** | 0.0049** | -0.0003 | 0.0275*** |
| | (0.0030) | (0.0022) | (0.0025) | (0.0053) |
| **Redistribution** | -0.0308*** | -0.0237*** | -0.0216*** | -0.0664*** |
| | (0.0041) | (0.0028) | (0.0027) | (0.0168) |
| **Health (E)-Quality** | -0.0186*** | -0.0008 | -0.0038* | 0.0140*** |
| | (0.0032) | (0.0008) | (0.0023) | (0.0044) |
| **Redistribution** | -0.0250*** | -0.0223*** | -0.0200*** | -0.0921*** |
| | (0.0044) | (0.0008) | (0.0030) | (0.0170) |
| Demographic controls | No | Yes | Yes | Yes |
| Macro controls | No | No | Yes | Yes |
| Year-of-arrival F.E. | No | Yes | Yes | Yes |
| Country F.E. | No | No | No | Yes |
| Observations | 274290 | 252642 | 252571 | 253701 |

*Notes:* Each block reports results from a regression of counterfactual log labor earnings in Italy predicted from a Mincer regression estimated on stayers on one standardized subcomponent of equality of resources and standardized redistribution. Indicators are measured as destination-country values minus Italy values, averaged over the window covering the two years before and the two years after the migrant's year of arrival. Demographic controls include migration network size, family migration status, rural origin, residence in the destination capital, birth year and its square, and the year of arrival of the first household member abroad. Columns (2)–(4) include year-of-arrival fixed effects. Columns (3)–(4) additionally control for destination-country macroeconomic characteristics averaged over the corresponding exposure window. Country fixed effects are included in column (4). Standard errors clustered at the country–year-of-arrival level are in parentheses, except column (2) of the health equality block, which follows the robust specification reported in the log. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

## Table C23: Skill Selection, Resource Equality, and Redistribution Within Five Years of Arrival

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Resource Equality Index** | -0.0226*** | -0.0035 | -0.0064*** | 0.0437*** |
| | (0.0032) | (0.0025) | (0.0024) | (0.0087) |
| **Redistribution** | -0.0220*** | -0.0208*** | -0.0181*** | -0.0803*** |
| | (0.0047) | (0.0035) | (0.0031) | (0.0173) |
| Network size (province share) | | -0.4102*** | -0.4100*** | -0.3487*** |
| | | (0.0325) | (0.0321) | (0.0309) |
| Other family member migrated (0/1) | | -0.0979*** | -0.0996*** | -0.0933*** |
| | | (0.0041) | (0.0041) | (0.0039) |
| Rural place of origin (0/1) | | -0.1366*** | -0.1372*** | -0.1313*** |
| | | (0.0042) | (0.0042) | (0.0041) |
| Resident in capital (0/1) | | 0.0642*** | 0.0628*** | 0.0652*** |
| | | (0.0042) | (0.0041) | (0.0048) |
| Distance from border (1000 km) | | 0.0012*** | 0.0008* | |
| | | (0.0004) | (0.0004) | |
| Unemployment rate | | | -0.0008** | 0.0014 |
| | | | (0.0004) | (0.0010) |
| GDP growth | | | 0.0059*** | 0.0064*** |
| | | | (0.0021) | (0.0022) |
| GDP per capita | | | 0.0000*** | 0.0000*** |
| | | | (0.0000) | (0.0000) |
| Constant | 9.8740*** | -1191.5189*** | -1239.3838*** | -1293.2424*** |
| | (0.0037) | (133.3144) | (129.1105) | (119.5049) |
| Demographic controls | No | Yes | Yes | Yes |
| Macro controls | No | No | Yes | Yes |
| Year-of-arrival F.E. | No | Yes | Yes | Yes |
| Country F.E. | No | No | No | Yes |
| Observations | 274290 | 252642 | 252609 | 253739 |
| R-squared | 0.015 | 0.151 | 0.153 | 0.166 |
| Adjusted R-squared | 0.015 | 0.151 | 0.152 | 0.165 |

*Notes:* The dependent variable is counterfactual log labor earnings in Italy predicted from a Mincer regression estimated on stayers and interpreted as a measure of migrants' skills. Equality in access to resources and redistribution are measured as destination-country values minus Italy values, averaged over the window covering the five years before and the five years after the migrant's year of arrival, and standardized. Demographic controls include migration network size, family migration status, rural origin, residence in the destination capital, birth year and its square, and the year of arrival of the first household member abroad. Columns (2)–(4) include year-of-arrival fixed effects. Columns (3)–(4) additionally control for destination-country macroeconomic characteristics averaged over the corresponding exposure window. Country fixed effects are included in column (4). Standard errors clustered at the country–year-of-arrival level are in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

## Table C24: Skill Selection and Subcomponents of Resource Equality Within Five Years of Arrival

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Public Goods** | -0.0234*** | -0.0100*** | -0.0114*** | -0.0073 |
| | (0.0044) | (0.0024) | (0.0027) | (0.0053) |
| **Redistribution** | -0.0310*** | -0.0198*** | -0.0183*** | -0.0943*** |
| | (0.0030) | (0.0024) | (0.0021) | (0.0174) |
| **Welfare Universalism** | 0.0034 | -0.0047** | -0.0017 | -0.0192*** |
| | (0.0022) | (0.0019) | (0.0025) | (0.0059) |
| **Redistribution** | -0.0368*** | -0.0226*** | -0.0211*** | -0.0853*** |
| | (0.0036) | (0.0026) | (0.0025) | (0.0166) |
| **Education (E)-Quality** | -0.0159*** | 0.0045** | -0.0004 | 0.0400*** |
| | (0.0029) | (0.0022) | (0.0025) | (0.0075) |
| **Redistribution** | -0.0305*** | -0.0237*** | -0.0211*** | -0.0589*** |
| | (0.0040) | (0.0028) | (0.0027) | (0.0170) |
| **Health (E)-Quality** | -0.0211*** | -0.0013* | -0.0035 | 0.0219*** |
| | (0.0031) | (0.0008) | (0.0023) | (0.0055) |
| **Redistribution** | -0.0233*** | -0.0220*** | -0.0197*** | -0.0901*** |
| | (0.0044) | (0.0008) | (0.0030) | (0.0174) |
| Demographic controls | No | Yes | Yes | Yes |
| Macro controls | No | No | Yes | Yes |
| Year-of-arrival F.E. | No | Yes | Yes | Yes |
| Country F.E. | No | No | No | Yes |
| Observations | 274290 | 252642 | 252609 | 253739 |

*Notes:* Each block reports results from a regression of counterfactual log labor earnings in Italy predicted from a Mincer regression estimated on stayers on one standardized subcomponent of equality of resources and standardized redistribution. Indicators are measured as destination-country values minus Italy values, averaged over the window covering the five years before and the five years after the migrant's year of arrival. Demographic controls include migration network size, family migration status, rural origin, residence in the destination capital, birth year and its square, and the year of arrival of the first household member abroad. Columns (2)–(4) include year-of-arrival fixed effects. Columns (3)–(4) additionally control for destination-country macroeconomic characteristics averaged over the corresponding exposure window. Country fixed effects are included in column (4). Standard errors clustered at the country–year-of-arrival level are in parentheses, except column (2) of the health equality block, which follows the robust specification reported in the log. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

## Table C25: Skill Selection, Redistribution, and Institutional Quality at Arrival

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|---|
| **Redistribution** | -0.0302*** | -0.0302*** | -0.0299*** | -0.0323*** | -0.0272*** | -0.0250*** | -0.0265*** | -0.0268*** |
| | (0.0081) | (0.0086) | (0.0080) | (0.0081) | (0.0078) | (0.0080) | (0.0080) | (0.0079) |
| **Government Effectiveness** | 0.0170*** | | | | | 0.0133*** | | |
| | (0.0049) | | | | | (0.0049) | | |
| **Control of Corruption** | | 0.0065 | | | | -0.0055 | | |
| | | (0.0060) | | | | (0.0057) | | |
| **Voice & Accountability** | | | 0.0234*** | | | 0.0215*** | | |
| | | | (0.0060) | | | (0.0057) | | |
| **Rule of Law** | | | | 0.0091 | | -0.0159** | | |
| | | | | (0.0073) | | (0.0079) | | |
| **Regulatory Quality** | | | | | 0.0182*** | 0.0172*** | | |
| | | | | | (0.0044) | (0.0048) | | |
| **WGI Principal Component** | | | | | | | 0.0343*** | 0.0337*** |
| | | | | | | | (0.0082) | (0.0082) |
| **Redistr. × WGI PC** | | | | | | | | -0.0012 |
| | | | | | | | | (0.0035) |
| Individual and migration controls | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Macro controls | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Year-of-arrival F.E. | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Country F.E. | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations | 243558 | 243558 | 243558 | 243558 | 243558 | 243558 | 243558 | 243558 |
| R-squared | 0.160 | 0.159 | 0.160 | 0.159 | 0.160 | 0.160 | 0.160 | 0.160 |

*Notes:* The sample consists of Italian migrants with non-missing predicted log income in Italy. The dependent variable is counterfactual log labor income in Italy predicted from a Mincer regression estimated on stayers and interpreted as a measure of migrants' skills. Redistribution and institutional quality are measured in the migrant's year of arrival. All redistribution and institutional variables are expressed as destination-country values minus Italy values in the year of arrival and standardized. Individual and migration controls include network share, family migration status, rural origin, residence in the destination capital, birth year and its square, and the year of arrival of the first household member abroad. Macro controls include unemployment, GDP growth, and GDP per capita. All specifications include year-of-arrival and country fixed effects. Columns (1)–(5) include relative redistribution and one WGI institutional indicator at a time. Column (6) includes all institutional indicators jointly. Column (7) uses the first principal component of the WGI indicators. Column (8) additionally includes the interaction between redistribution and the WGI principal component. Standard errors clustered at the country–year-of-arrival level are in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table C26: Skill Selection, Redistribution, and Institutional Quality Within Two Years of Arrival

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|---|
| **Redistribution** | -0.0839*** | -0.0868*** | -0.0818*** | -0.0881*** | -0.0665*** | -0.0650*** | -0.0755*** | -0.0763*** |
| | (0.0172) | (0.0179) | (0.0171) | (0.0169) | (0.0179) | (0.0183) | (0.0168) | (0.0170) |
| **Government Effectiveness** | 0.0268*** | | | | | 0.0232*** | | |
| | (0.0053) | | | | | (0.0057) | | |
| **Control of Corruption** | | 0.0093 | | | | -0.0086 | | |
| | | (0.0067) | | | | (0.0066) | | |
| **Voice & Accountability** | | | 0.0265*** | | | 0.0213*** | | |
| | | | (0.0069) | | | (0.0067) | | |
| **Rule of Law** | | | | 0.0173** | | -0.0153* | | |
| | | | | (0.0077) | | (0.0092) | | |
| **Regulatory Quality** | | | | | 0.0210*** | 0.0166*** | | |
| | | | | | (0.0053) | (0.0060) | | |
| **WGI Principal Component** | | | | | | | 0.1014*** | 0.1120*** |
| | | | | | | | (0.0190) | (0.0201) |
| **Redistr. × WGI PC** | | | | | | | | 0.0150** |
| | | | | | | | | (0.0074) |
| Individual and migration controls | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Macro controls | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Year-of-arrival F.E. | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Country F.E. | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations | 253701 | 253701 | 253701 | 253701 | 253701 | 253701 | 253701 | 253701 |
| R-squared | 0.166 | 0.166 | 0.166 | 0.166 | 0.166 | 0.166 | 0.166 | 0.166 |

*Notes:* The sample consists of Italian migrants with non-missing predicted log income in Italy. The dependent variable is counterfactual log labor income in Italy predicted from a Mincer regression estimated on stayers and interpreted as a measure of migrants' skills. Redistribution and institutional quality are measured over windows covering the two years before and the two years after the migrant's year of arrival. All redistribution and institutional variables are expressed as destination-country values minus Italy values over the corresponding exposure window and standardized. Individual and migration controls include network share, family migration status, rural origin, residence in the destination capital, birth year and its square, and the year of arrival of the first household member abroad. Macro controls include unemployment, GDP growth, and GDP per capita measured over the corresponding exposure window. All specifications include year-of-arrival and country fixed effects. Columns (1)–(5) include relative redistribution and one WGI institutional indicator at a time. Column (6) includes all institutional indicators jointly. Column (7) uses the first principal component of the WGI indicators. Column (8) additionally includes the interaction between redistribution and the WGI principal component. Standard errors clustered at the country–year-of-arrival level are in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table C27: Skill Selection, Redistribution, and Institutional Quality Within Five Years of Arrival

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|---|
| **Redistribution** | -0.0762*** | -0.0836*** | -0.0777*** | -0.0907*** | -0.0600*** | -0.0535*** | -0.0659*** | -0.0614*** |
| | (0.0168) | (0.0179) | (0.0174) | (0.0172) | (0.0173) | (0.0177) | (0.0173) | (0.0174) |
| **Government Effectiveness** | 0.0372*** | | | | | 0.0256*** | | |
| | (0.0077) | | | | | (0.0088) | | |
| **Control of Corruption** | | 0.0207** | | | | -0.0112 | | |
| | | (0.0091) | | | | (0.0102) | | |
| **Voice & Accountability** | | | 0.0410*** | | | 0.0269*** | | |
| | | | (0.0093) | | | (0.0091) | | |
| **Rule of Law** | | | | 0.0331*** | | -0.0147 | | |
| | | | | (0.0104) | | (0.0142) | | |
| **Regulatory Quality** | | | | | 0.0403*** | 0.0295*** | | |
| | | | | | (0.0077) | (0.0084) | | |
| **WGI Principal Component** | | | | | | | 0.0626*** | 0.0684*** |
| | | | | | | | (0.0113) | (0.0121) |
| **Redistr. × WGI PC** | | | | | | | | 0.0068 |
| | | | | | | | | (0.0055) |
| Individual and migration controls | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Macro controls | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Year-of-arrival F.E. | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Country F.E. | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations | 253739 | 253739 | 253739 | 253739 | 253739 | 253739 | 253739 | 253739 |
| R-squared | 0.166 | 0.166 | 0.166 | 0.166 | 0.166 | 0.166 | 0.166 | 0.166 |

*Notes:* The sample consists of Italian migrants with non-missing predicted log income in Italy. The dependent variable is counterfactual log labor income in Italy predicted from a Mincer regression estimated on stayers and interpreted as a measure of migrants' skills. Redistribution and institutional quality are measured over windows covering the five years before and the five years after the migrant's year of arrival. All redistribution and institutional variables are expressed as destination-country values minus Italy values over the corresponding exposure window and standardized. Individual and migration controls include network share, family migration status, rural origin, residence in the destination capital, birth year and its square, and the year of arrival of the first household member abroad. Macro controls include unemployment, GDP growth, and GDP per capita measured over the corresponding exposure window. All specifications include year-of-arrival and country fixed effects. Columns (1)–(5) include relative redistribution and one WGI institutional indicator at a time. Column (6) includes all institutional indicators jointly. Column (7) uses the first principal component of the WGI indicators. Column (8) additionally includes the interaction between redistribution and the WGI principal component. Standard errors clustered at the country–year-of-arrival level are in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table C28: Dynamic Selection Without Pre-Gap Interaction: Redistribution and Earnings

| | Counterfactual log earnings |
|---|---|
| **1996** | -0.0717*** |
| | (0.0231) |
| **1997** | -0.0551*** |
| | (0.0158) |
| **1998** | -0.0514*** |
| | (0.0175) |
| **1999** | -0.0412*** |
| | (0.0143) |
| **2000** | -0.0255* |
| | (0.0151) |
| **2001** | -0.0097 |
| | (0.0161) |
| **2002** | -0.0184 |
| | (0.0172) |
| **2004** | 0.0073 |
| | (0.0145) |
| **2005** | 0.0304** |
| | (0.0136) |
| **2006** | 0.0448*** |
| | (0.0147) |
| **2007** | 0.0599*** |
| | (0.0145) |
| **2008** | 0.0660*** |
| | (0.0130) |
| **2009** | 0.0646*** |
| | (0.0133) |
| **2010** | 0.0685*** |
| | (0.0128) |
| **2011** | 0.0838*** |
| | (0.0142) |
| **2012** | 0.0836*** |
| | (0.0131) |
| **2013** | 0.0788*** |
| | (0.0130) |
| **2014** | 0.0732*** |
| | (0.0134) |
| **2015** | 0.0779*** |
| | (0.0139) |
| **2016** | 0.0810*** |
| | (0.0142) |
| **2017** | 0.0845*** |
| | (0.0138) |
| **2018** | 0.0888*** |
| | (0.0141) |
| **2019** | 0.0862*** |
| | (0.0152) |
| Redistribution gap | Yes |
| Demographic controls | Yes |
| Macro controls | Yes |
| Country F.E. | Yes |
| Arrival-year F.E. | No |
| Omitted year | 2003 |
| Observations | 248824 |
| R-squared | 0.155 |

*Notes:* The dependent variable is counterfactual log labor earnings in Italy. Each coefficient is an arrival-year indicator relative to the omitted year 2003. This specification does not interact event-year indicators with the pre-2004 institutional gap; it therefore describes the average evolution of migrant selection over time. The specification controls for the redistribution gap, demographic controls, macroeconomic controls, and destination-country fixed effects. Arrival-year fixed effects are not included because the event-year indicators are the coefficients of interest. Standard errors clustered at the country–year level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table C29: Dynamic Selection: Institutions, Redistribution and Earnings

| | Counterfactual log earnings |
|---|---|
| **1997 × pre-2004 WGI gap** | -0.0083 |
| | (0.0147) |
| **1998 × pre-2004 WGI gap** | -0.0004 |
| | (0.0150) |
| **1999 × pre-2004 WGI gap** | -0.0040 |
| | (0.0140) |
| **2000 × pre-2004 WGI gap** | -0.0040 |
| | (0.0128) |
| **2001 × pre-2004 WGI gap** | -0.0062 |
| | (0.0128) |
| **2002 × pre-2004 WGI gap** | -0.0052 |
| | (0.0138) |
| **2004 × pre-2004 WGI gap** | 0.0041 |
| | (0.0121) |
| **2005 × pre-2004 WGI gap** | 0.0072 |
| | (0.0112) |
| **2006 × pre-2004 WGI gap** | 0.0127 |
| | (0.0119) |
| **2007 × pre-2004 WGI gap** | 0.0149 |
| | (0.0114) |
| **2008 × pre-2004 WGI gap** | 0.0194* |
| | (0.0110) |
| **2009 × pre-2004 WGI gap** | 0.0163 |
| | (0.0107) |
| **2010 × pre-2004 WGI gap** | 0.0191* |
| | (0.0107) |
| **2011 × pre-2004 WGI gap** | 0.0236** |
| | (0.0106) |
| **2012 × pre-2004 WGI gap** | 0.0187* |
| | (0.0106) |
| **2013 × pre-2004 WGI gap** | 0.0199* |
| | (0.0105) |
| **2014 × pre-2004 WGI gap** | 0.0225** |
| | (0.0107) |
| **2015 × pre-2004 WGI gap** | 0.0177 |
| | (0.0111) |
| **2016 × pre-2004 WGI gap** | 0.0127 |
| | (0.0109) |
| **2017 × pre-2004 WGI gap** | 0.0155 |
| | (0.0105) |
| **2018 × pre-2004 WGI gap** | 0.0146 |
| | (0.0107) |
| **2019 × pre-2004 WGI gap** | 0.0093 |
| | (0.0109) |
| Redistribution gap | Yes |
| Demographic controls | Yes |
| Macro controls | Yes |
| Country F.E. | Yes |
| Arrival-year F.E. | Yes |
| Omitted year | 2003 |
| Observations | 223516 |
| R-squared | 0.158 |

*Notes:* The dependent variable is counterfactual log labor earnings in Italy. Each coefficient interacts an arrival-year dummy with the standardized pre-2004 institutional gap between the destination country and Italy, here constructed as the country-level WGI gap to Italy averaged over 1997–2003. The specification controls for the redistribution gap, demographic controls, macroeconomic controls, destination-country fixed effects, and arrival-year fixed effects. Standard errors clustered at the country–year level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

## Table C30: Skill Selection, Redistribution, Resource Equality, and Institutional Quality

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---|---|---|---|---|---|---|---|
| **Redistribution** | -0.1034*** | -0.1036*** | -0.0963*** | -0.0456 | -0.0894** | -0.0781** | -0.0781** |
| | (0.0373) | (0.0369) | (0.0327) | (0.0399) | (0.0363) | (0.0372) | (0.0377) |
| **Public Goods** | | -0.0128 | | | | | |
| | | (0.0226) | | | | | |
| **Welfare Universalism** | | | -0.0245 | | | | |
| | | | (0.0195) | | | | |
| **Education (E)-Quality** | | | | 0.0632** | | | |
| | | | | (0.0280) | | | |
| **Health (E)-Quality** | | | | | 0.0471* | | |
| | | | | | (0.0259) | | |
| **WGI Principal Component** | | | | | | 0.1050* | 0.1153* |
| | | | | | | (0.0600) | (0.0579) |
| **Redistr. × WGI PC** | | | | | | | 0.0132 |
| | | | | | | | (0.0115) |
| Demographic controls | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Country F.E. | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations | 253660 | 253660 | 253660 | 253660 | 253660 | 253660 | 253660 |

*Notes:* The sample consists of Italian migrants aged 35–55 who migrated at age 20 or older. The dependent variable is counterfactual log labour earnings in Italy predicted from a Mincer regression estimated on stayers and interpreted as a measure of migrants' skills. Redistribution, resource-equality components, and institutional quality are measured as differences between destination-country and Italy values experienced by each migrant from the year of arrival, and are standardized. All specifications include demographic controls and country fixed effects. Demographic controls include Italian region of origin, year of arrival of the migrant and of the first household member abroad, a dummy for being the first household member to migrate, migration network measures, and rural origin. Columns (2)–(5) each add one component of the equality of resources index. Column (6) uses the first principal component of the WGI indicators. Column (7) additionally includes the interaction between redistribution and the WGI principal component. Standard errors clustered at the country level (44 clusters) in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

## Table C31: Skill Selection and Redistribution

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Redistribution** | -0.0367** | -0.0230** | -0.0227** | -0.1034*** |
| | (0.0175) | (0.0108) | (0.0097) | (0.0373) |
| Network size (province share) | | -0.4122*** | -0.4106*** | -0.3499*** |
| | | (0.1380) | (0.1318) | (0.1244) |
| Other family member migrated (0/1) | | -0.0984*** | -0.0999*** | -0.0934*** |
| | | (0.0131) | (0.0133) | (0.0139) |
| Rural place of origin (0/1) | | -0.1367*** | -0.1374*** | -0.1316*** |
| | | (0.0153) | (0.0153) | (0.0159) |
| Resident in capital (0/1) | | 0.0645*** | 0.0640*** | 0.0650*** |
| | | (0.0112) | (0.0118) | (0.0134) |
| Distance from border (1000 km) | | 0.0014 | 0.0012 | |
| | | (0.0017) | (0.0017) | |
| Unemployment rate | | | -0.0007 | 0.0015 |
| | | | (0.0014) | (0.0048) |
| GDP growth | | | 0.0053 | -0.0003 |
| | | | (0.0055) | (0.0027) |
| GDP per capita | | | 0.0000004 | 0.0000020 |
| | | | (0.0000003) | (0.0000020) |
| Constant | 9.8744*** | -1192.221*** | -1208.614*** | -1289.115*** |
| | (0.0178) | (145.0294) | (126.2108) | (137.0854) |
| Demographic controls | No | Yes | Yes | Yes |
| Country F.E. | No | No | No | Yes |
| Observations | 274290 | 252642 | 252530 | 253660 |
| R-squared | 0.012 | 0.151 | 0.152 | 0.165 |
| Adjusted R-squared | 0.012 | 0.151 | 0.152 | 0.165 |

*Notes:* The sample consists of Italian migrants aged 35–55 who migrated at age 20 or older. The dependent variable is counterfactual log labor earnings in Italy predicted from a Mincer regression estimated on stayers and interpreted as a measure of migrants' skills. Redistribution is measured as the difference between destination-country and Italy redistribution experienced by each migrant from the year of arrival, and is standardized. Demographic controls include Italian region of origin, year of arrival of the migrant and of the first household member abroad, a dummy for being the first household member to migrate, and rural origin (less than 150 inhabitants/km$^2$). Columns (3)–(4) additionally control for destination-country macroeconomic characteristics. Country fixed effects are included in column (4). Standard errors clustered at the country level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

## Table C32: Skill Selection and Subcomponents of Resource Equality

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Public Goods** | -0.0264 | -0.0107 | -0.0136 | -0.0128 |
| | (0.0194) | (0.0097) | (0.0107) | (0.0226) |
| **Redistribution** | -0.0277** | -0.0181** | -0.0172** | -0.1036*** |
| | (0.0111) | (0.0076) | (0.0065) | (0.0369) |
| **Welfare Universalism** | 0.0043 | -0.0036 | -0.0024 | -0.0245 |
| | (0.0073) | (0.0066) | (0.0099) | (0.0195) |
| **Redistribution** | -0.0352** | -0.0215** | -0.0211** | -0.0963*** |
| | (0.0163) | (0.0099) | (0.0086) | (0.0327) |
| **Education (E)-Quality** | -0.0242*** | -0.0002 | -0.0086 | 0.0632** |
| | (0.0065) | (0.0059) | (0.0069) | (0.0280) |
| **Redistribution** | -0.0270* | -0.0215** | -0.0201** | -0.0456 |
| | (0.0137) | (0.0102) | (0.0092) | (0.0399) |
| **Health (E)-Quality** | -0.0260*** | -0.0041 | -0.0067 | 0.0471* |
| | (0.0065) | (0.0071) | (0.0068) | (0.0259) |
| **Redistribution** | -0.0207 | -0.0200* | -0.0191* | -0.0894** |
| | (0.0142) | (0.0103) | (0.0095) | (0.0363) |
| Demographic controls | No | Yes | Yes | Yes |
| Country F.E. | No | No | No | Yes |
| Observations | 274290 | 252642 | 252530 | 253660 |

*Notes:* The sample consists of Italian migrants aged 35–55 who migrated at age 20 or older. Each block reports results from a regression of counterfactual log labor earnings predicted from a Mincer regression estimated on stayers on one subcomponent of equality of resources (standardized) and redistribution (standardized). Indicators are measured as the difference between destination-country and Italy experienced by each migrant from the year of arrival. Demographic controls include Italian region of origin, year of arrival, migration network measures, and rural origin. Country fixed effects are included in column (4). Standard errors clustered at the country level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

## Table C33: Skill Selection, Redistribution and Institutional Quality

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|---|
| **Redistribution** | -0.0962** | -0.0857** | -0.0886** | -0.0953*** | -0.0724** | -0.0712* | -0.0781** | -0.0781** |
| | (0.0359) | (0.0401) | (0.0385) | (0.0342) | (0.0347) | (0.0384) | (0.0372) | (0.0377) |
| **Government Effectiveness** | 0.0357 | | | | | 0.0029 | | |
| | (0.0378) | | | | | (0.0353) | | |
| **Control of Corruption** | | 0.0413 | | | | -0.0158 | | |
| | | (0.0379) | | | | (0.0339) | | |
| **Voice & Accountability** | | | 0.0411 | | | 0.0325 | | |
| | | | (0.0460) | | | (0.0357) | | |
| **Rule of Law** | | | | 0.0723* | | 0.0133 | | |
| | | | | (0.0428) | | (0.0423) | | |
| **Regulatory Quality** | | | | | 0.0796** | 0.0749** | | |
| | | | | | (0.0337) | (0.0293) | | |
| **WGI Principal Component** | | | | | | | 0.1050* | 0.1153* |
| | | | | | | | (0.0600) | (0.0579) |
| **Redistr. × WGI PC** | | | | | | | | 0.0132 |
| | | | | | | | | (0.0115) |
| Demographic controls | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Country F.E. | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations | 253660 | 253660 | 253660 | 253660 | 253660 | 253660 | 253660 | 253660 |

*Notes:* The sample consists of Italian migrants aged 35–55 who migrated at age 20 or older. The dependent variable is counterfactual log labor earnings in Italy predicted from a Mincer regression estimated on stayers and interpreted as a measure of migrants' skills. Redistribution and institutional quality are measured as the differences between destination-country and Italy redistribution and institutional quality experienced by each migrant from the year of arrival, and are standardized. Demographic controls include Italian region of origin, year of arrival of the migrant and of the first household member abroad, a dummy for being the first household member to migrate, and rural origin (less than 150 inhabitants/km$^2$). All coefficients are from fixed-effects specifications. Columns (1)–(5) report regressions including relative redistribution and one institutional indicator at a time. Column (6) includes all institutional indicators jointly. Column (7) uses the first principal component of the WGI indicators. Column (8) additionally includes the interaction between the WGI principal component and relative redistribution (normalized). Standard errors clustered at the country level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table C34: Dynamic Selection: Institutions, Redistribution and Earnings

| | Counterfactual log earnings |
|---|---|
| **2000 × pre-2004 WGI gap** | -0.0049 |
| | (0.0111) |
| **2001 × pre-2004 WGI gap** | -0.0072 |
| | (0.0133) |
| **2002 × pre-2004 WGI gap** | -0.0054 |
| | (0.0100) |
| **2004 × pre-2004 WGI gap** | 0.0049 |
| | (0.0070) |
| **2005 × pre-2004 WGI gap** | 0.0079 |
| | (0.0094) |
| **2006 × pre-2004 WGI gap** | 0.0129 |
| | (0.0101) |
| **2007 × pre-2004 WGI gap** | 0.0151 |
| | (0.0104) |
| **2008 × pre-2004 WGI gap** | 0.0204* |
| | (0.0113) |
| **2009 × pre-2004 WGI gap** | 0.0174 |
| | (0.0107) |
| **2010 × pre-2004 WGI gap** | 0.0206* |
| | (0.0115) |
| **2011 × pre-2004 WGI gap** | 0.0252** |
| | (0.0099) |
| **2012 × pre-2004 WGI gap** | 0.0204* |
| | (0.0110) |
| **2013 × pre-2004 WGI gap** | 0.0219* |
| | (0.0124) |
| **2014 × pre-2004 WGI gap** | 0.0244* |
| | (0.0132) |
| **2015 × pre-2004 WGI gap** | 0.0204 |
| | (0.0141) |
| **2016 × pre-2004 WGI gap** | 0.0156 |
| | (0.0141) |
| **2017 × pre-2004 WGI gap** | 0.0185 |
| | (0.0126) |
| **2018 × pre-2004 WGI gap** | 0.0177 |
| | (0.0139) |
| **2019 × pre-2004 WGI gap** | 0.0126 |
| | (0.0128) |
| Redistribution gap | Yes |
| Demographic controls | Yes |
| Macro controls | Yes |
| Country F.E. | Yes |
| Arrival-year F.E. | Yes |
| Omitted year | 2003 |
| Observations | 214852 |
| R-squared | 0.151 |

*Notes:* The dependent variable is counterfactual log labor earnings in Italy. Each coefficient interacts an arrival-year dummy with the standardized pre-2004 institutional gap between the destination country and Italy, here constructed as the country-level WGI gap to Italy averaged over 2001–2003. The sample is further restricted to migrants arriving between 2000 and 2019 inclusive. The omitted reference year is 2003. The specification controls for the redistribution gap, demographic controls, macroeconomic controls, destination-country fixed effects, and arrival-year fixed effects. Standard errors clustered at the country level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table C35: Robustness check: linear trend in the dose effect

| | (1) Baseline | (2) + Linear trend × dose |
|---|---|---|
| Post-2004 × Dose | 0.0242*** | 0.0230*** |
| | (0.0056) | (0.0037) |
| Arrival 2003 × Dose (placebo) | 0.0058 | 0.0056 |
| | (0.0092) | (0.0096) |
| Year of arrival × Dose (linear trend) | | 0.0001 |
| | | (0.0006) |
| Observations | 214,852 | 214,852 |
| $R^2$ | 0.151 | 0.151 |
| Country FE | Yes | Yes |
| Arrival-year FE | Yes | Yes |
| Controls | Yes | Yes |

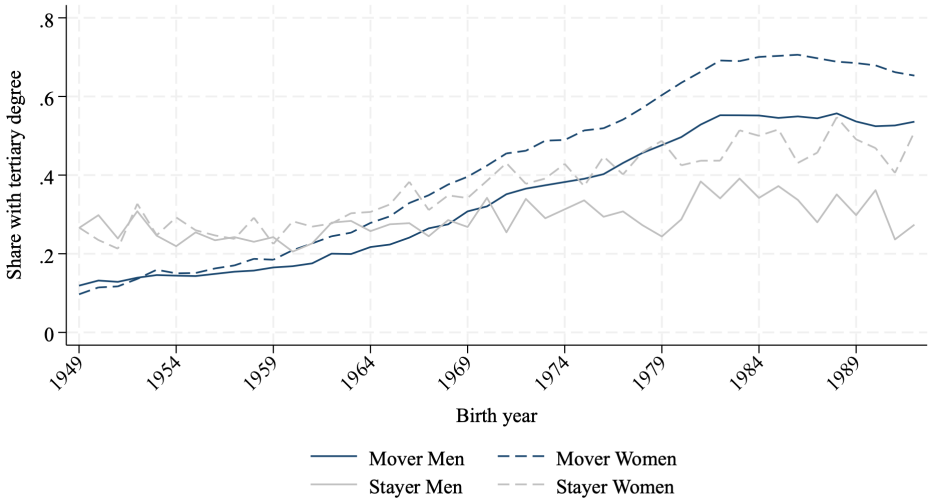
*Notes:* Dependent variable is $Selection_{ict}$, predicted counterfactual earnings. "Dose" is $PreInstGap_c$, here the standardized pre-2004 destination–Italy institutional gap averaged over 2001–2003. The sample is restricted to migrants arriving between 2000 and 2019. Column 1 estimates a single post-break dose interaction plus a one-period pre-break placebo (arrival in 2003, the last pre-reform year) interacted with dose. Column 2 estimates equation (11), which adds a linear arrival-year × dose interaction to test whether the estimated break is better explained by a pre-existing linear trend in the dose-outcome relationship. Standard errors clustered at the country level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table C36: Augmented Mincer regressions to predict log labor earnings (migrant share)

| | Italians in Italy (SHIW) | | Italians worldwide |
|---|---|---|---|
| | (1) OLS | (2) Heckman | (3) Selection equation |
| Dependent variable | log labor Earnings | | Stayer (0/1) |
| Female | $-0.379^{***}$ | $-0.376^{***}$ | $0.171^{***}$ |
| | (0.0296) | (0.0300) | (0.0132) |
| Age | 0.033 | 0.018 | $0.165^{***}$ |
| | (0.0378) | (0.0405) | (0.0185) |
| Age × Age | $-0.00023$ | $-0.00006$ | $-0.00163^{***}$ |
| | (0.00042) | (0.00045) | (0.00020) |
| Years of education | $0.062^{***}$ | $0.062^{***}$ | $-0.020^{***}$ |
| | (0.00494) | (0.00493) | (0.00204) |
| Internal migrant | $0.097^{**}$ | $0.093^{**}$ | $-0.031$ |
| | (0.0446) | (0.0453) | (0.0215) |
| Inverse Mills Ratio | | 0.025 | |
| | | (0.0272) | |
| Migrant share | | | $-34.915^{***}$ |
| | | | (0.8742) |
| Constant | $7.94^{***}$ | $8.18^{***}$ | $-5.24^{***}$ |
| | (0.8563) | (0.8857) | (0.4187) |
| Region of origin/birth controls | Yes | Yes | Yes |
| Observations | 2,787 | 2,787 | 287,279 |
| $R^2$/Pseudo $R^2$ | 0.2701 | 0.2705 | 0.1134 |

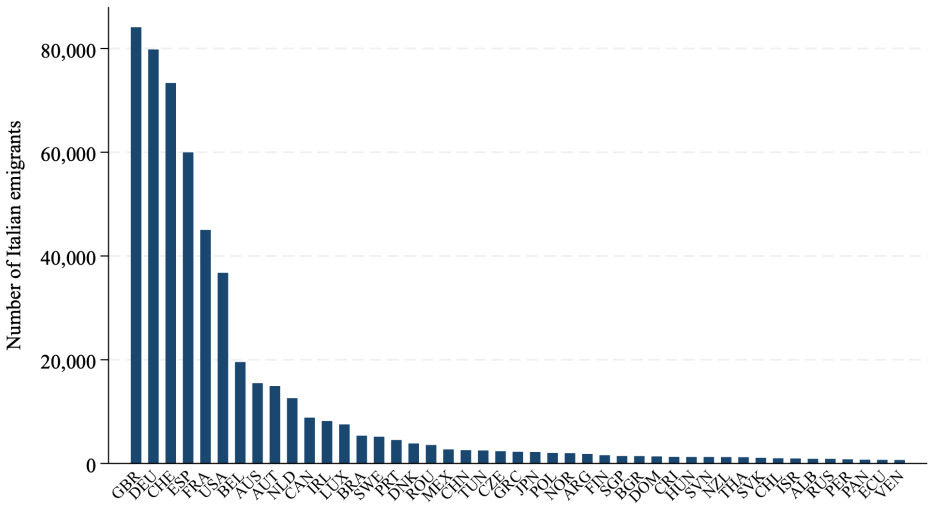
*Notes:* Table reports earnings equations for Italians residing in Italy from SHIW. Column (1) estimates OLS and column (2) a Heckman selection model. Column (3) reports the first-stage selection equation for residing in Italy versus abroad, estimated on Italians worldwide using AIRE and SHIW. The inverse Mills ratio in column (2) is derived from column (3). "Migrant share" denotes the share of emigrants from the same region of origin among all emigrants of the same birth cohort. All samples include individuals aged 35–55 who migrated at age 20 or older. Columns (1) and (2) are weighted by SHIW sampling weights. Robust standard errors are reported in parentheses. Statistical significance: $^{*}p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$. Sources: own estimations using AIRE and SHIW.

## Figure C1: Share of Movers and Stayers with Tertiary Degree




*Notes:* Share of Italian movers and stayers with tertiary education by birth cohort and sex. Movers are identified from AIRE and stayers from SHIW. The sample consists of individuals aged 30–75 who migrated at age 20 or older (movers) or remained in Italy (stayers). Source: own calculations based on AIRE and SHIW.

## Figure C2: Restricted Sample of Italian Emigrants in their Destinations



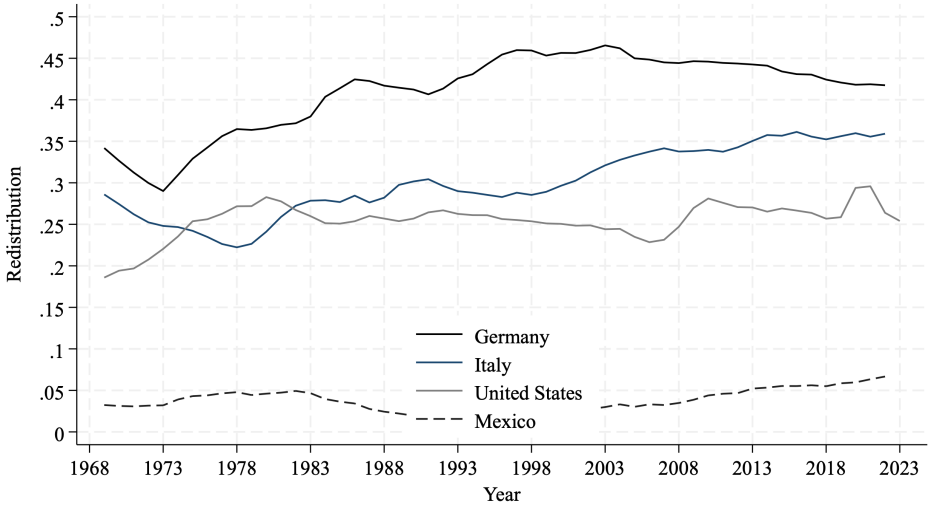

*Notes:* Number of Italian emigrants aged between 30 and 75 who moved at age 20 or older across the 45 destination countries included in the analysis. Counts refer to individuals still registered in AIRE in 2024. Source: data from AIRE.

## Figure C3: Pre- and Post-redistribution Inequality




*Notes:* Pre- and post-redistribution inequality (Gini) averaged over all available years. The horizontal axis shows pre-redistribution inequality and the vertical axis post-redistribution inequality. The vertical distance from the 45° line equals absolute redistribution. Source: own calculations based on SWIID and AIRE.

## Figure C4: Redistribution Italy, Germany, United States and Mexico



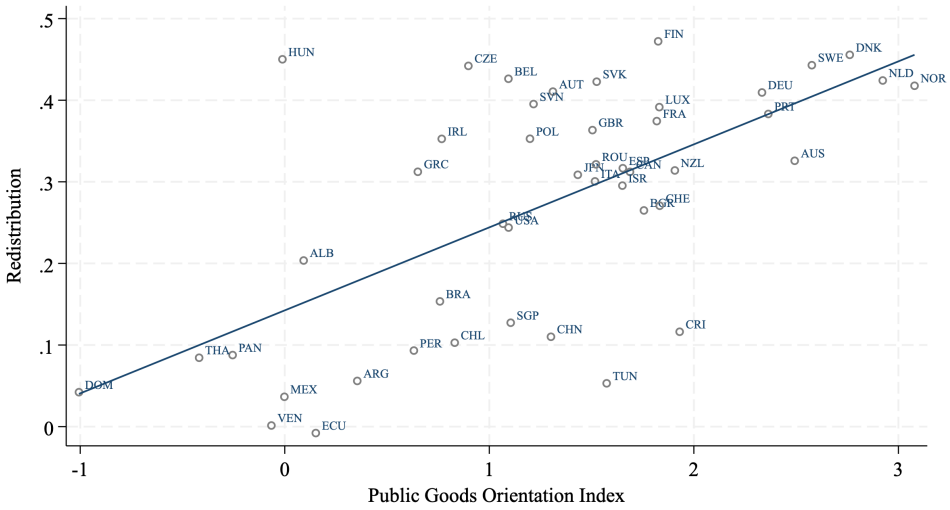

*Notes:* Relative redistribution indices for Germany, Italy, the United States, and Mexico, 1960–2024. Relative redistribution is defined as the relative difference between market and net inequality. Source: data from SWIID.

## Figure C5: Redistribution vs Equality of Resources




*Notes:* For each country, the time-series mean of relative redistribution and the equality of resources index is computed over 1969 to the last available year. Each dot represents a country. Source: own calculations based on SWIID and VDem

## Figure C6: Redistribution vs Public Goods Index



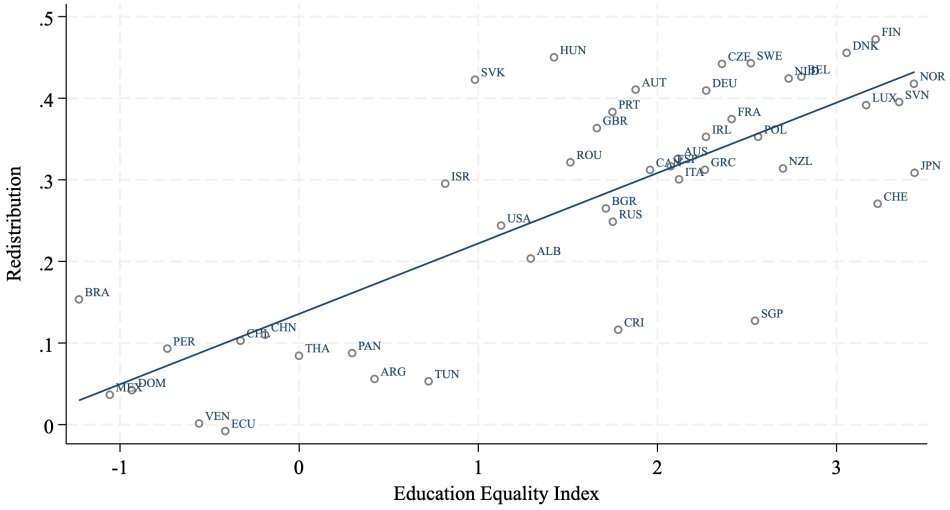

*Notes:* For each country, the time-series mean of relative redistribution and the public goods orientation index is computed over 1969 to the last available year. Each dot represents a country. Source: own calculations based on SWIID and VDem.

## Figure C7: Relative redistribution vs welfare universalism index




*Notes:* For each country, the time-series mean of relative redistribution and the welfare universalism index is computed over 1969 to the last available year. Each dot represents a country. Source: own calculations based on SWIID and VDem.

## Figure C8: Redistribution vs Education Equality Index



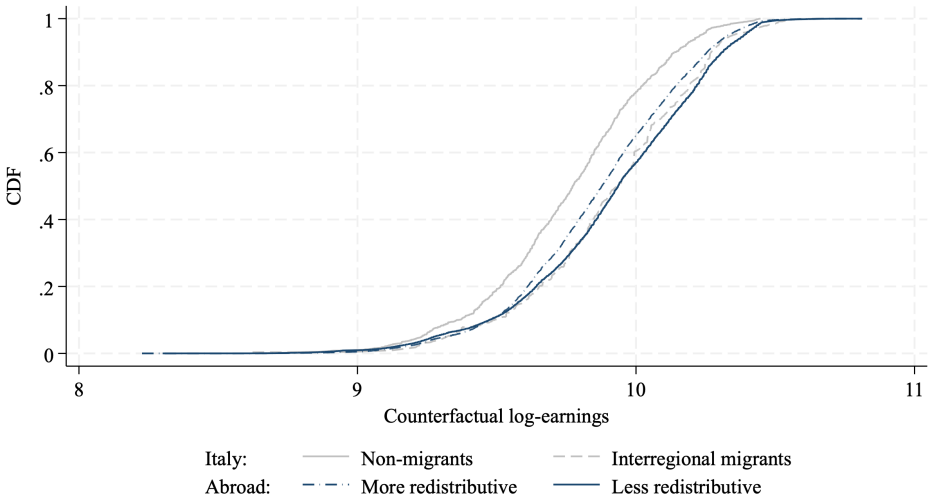

*Notes:* For each country, the time-series mean of relative redistribution and the education equality index is computed over 1969 to the last available year. Each dot represents a country. Source: own calculations based on SWIID and VDem.

## Figure C9: Redistribution vs Health Equality Index



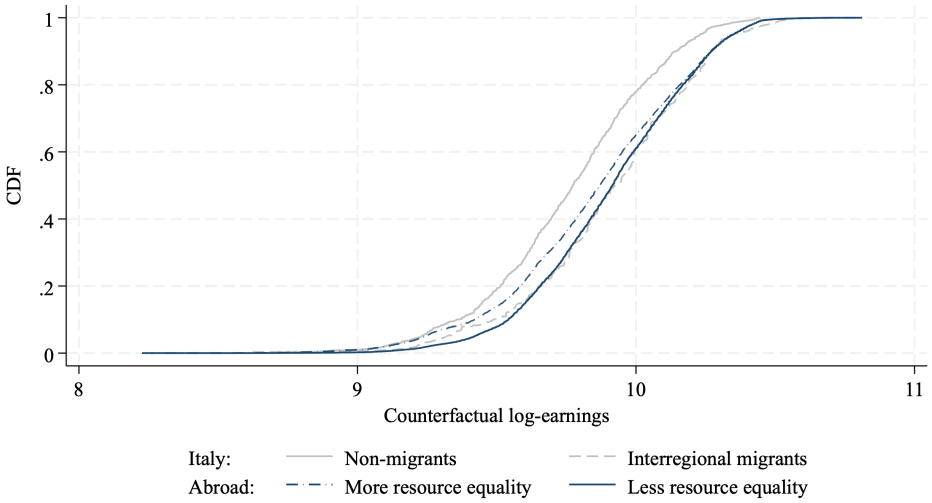

*Notes:* For each country, the time-series mean of relative redistribution and the health equality index is computed over 1969 to the last available year. Each dot represents a country. Source: own calculations based on SWIID and VDem.

## Figure C10: Cumulative Distributions of Counterfactual Log-Earnings



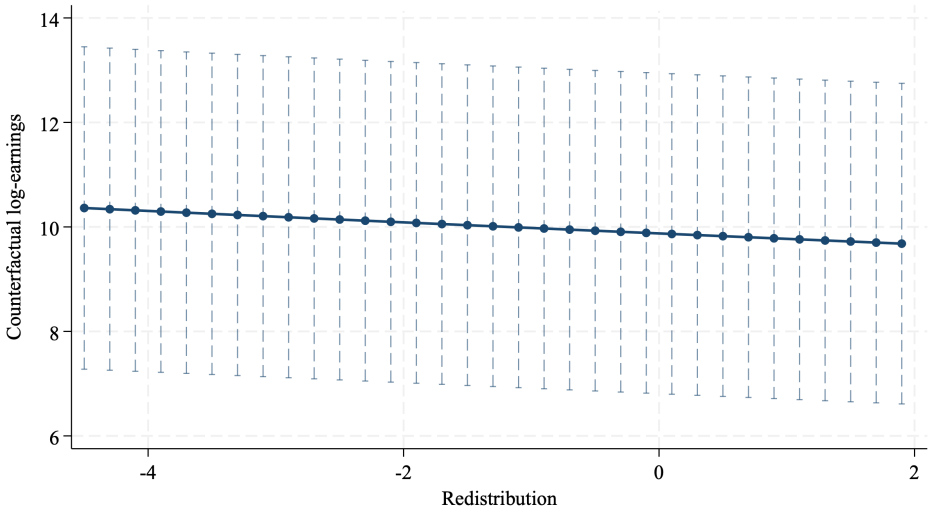

*Notes:* Cumulative distributions of counterfactual log earnings in Italy for four groups: Italian non-migrants, internal migrants, emigrants to more redistributive destinations than Italy, and emigrants to less redistributive destinations. Counterfactual earnings are predicted from a Mincer regression estimated on stayers. Internal migrants and non-migrants use SHIW survey weights, while emigrants are unweighted AIRE observations. All samples include individuals aged 35–55. Source: own calculations based on AIRE, SHIW and SWIID.

## Figure C11: Cumulative Distributions of Counterfactual Log-Earnings



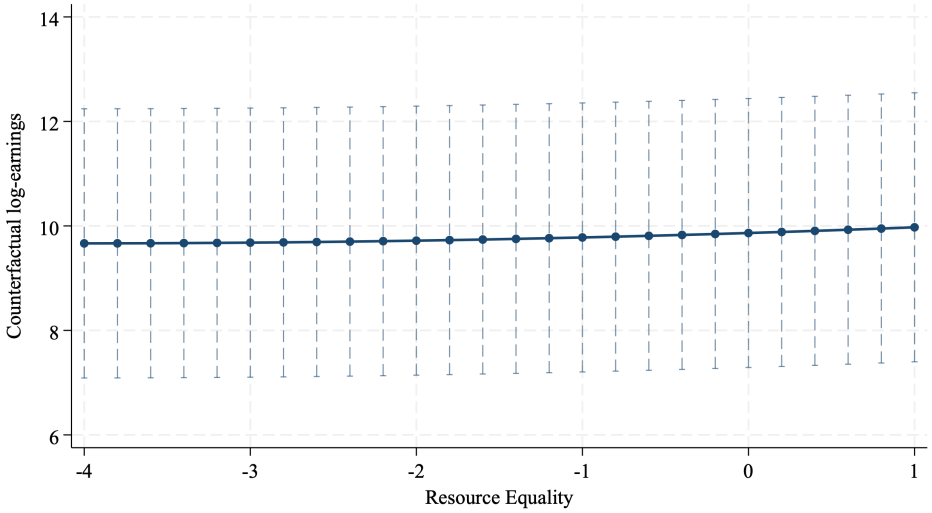

*Notes:* Cumulative distributions of counterfactual log earnings in Italy for four groups: Italian non-migrants, internal migrants, emigrants to destinations with more resource equality than Italy, and emigrants to destinations with less resource equality. Counterfactual earnings are predicted from a Mincer regression estimated on stayers. Internal migrants and non-migrants use SHIW survey weights, while emigrants are unweighted AIRE observations. All samples include individuals aged 35–55. Source: own calculations based on AIRE, SHIW and VDem.

## Figure C12: Non-Linear Effect of Redistribution



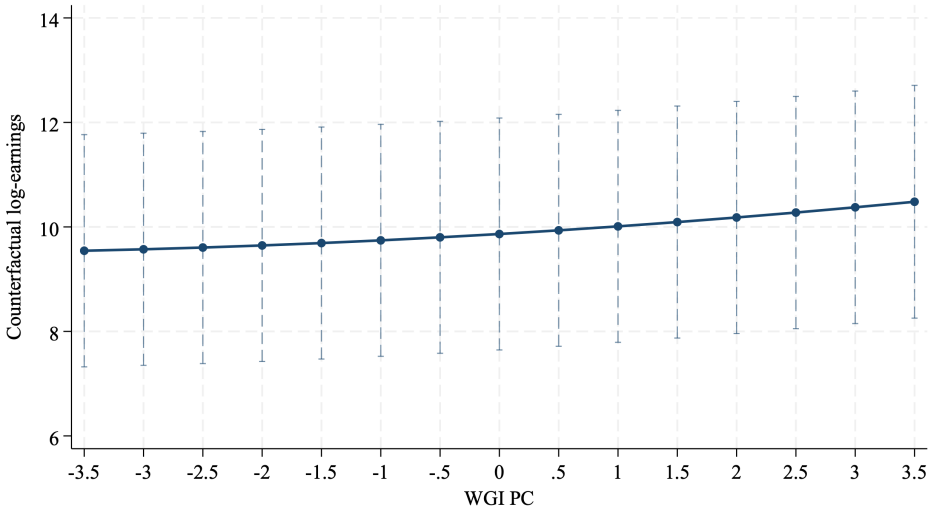

*Notes:* Graph shows the average marginal effects from a quadratic regression of migrants' counterfactual log earnings on the redistribution gap between the destination country and Italy, using country fixed effects. The dependent variable is counterfactual earnings predicted from a Mincer regression estimated on stayers and interpreted as a measure of migrants' skills. Redistribution is measured as the standardized difference between destination-country and Italian redistribution experienced by each migrant from the year of arrival onward. The graph reports linear predictions evaluated at different levels of the redistribution gap (in standard deviations). The regression includes demographic controls and destination-country fixed effects. Standard errors are clustered at the country–year level. Source: own calculations using AIRE and SWIID

## Figure C13: Non-Linear Effect of Resource Equality




*Notes:* Graph shows the average marginal effects from a quadratic regression of migrants' counterfactual log earnings on the resource equality gap between the destination country and Italy, using country fixed effects. The dependent variable is counterfactual earnings predicted from a Mincer regression estimated on stayers and interpreted as a measure of migrants' skills. Resource equality is measured as the standardized difference between destination-country and Italian resource equality experienced by each migrant from the year of arrival onward.. The graph reports linear predictions evaluated at different levels of the resource equality gap (in standard deviations). The regression includes demographic controls and destination-country fixed effects. Standard errors are clustered at the country–year level. Source: own calculations using AIRE and V-Dem

## Figure C14: Non-linear Effect of Institutional Quality




*Notes:* Graph shows the average marginal effects from a quadratic regression of migrants' counterfactual log earnings on the institutional quality (WGI PC) gap between the destination country and Italy, using country fixed effects. The dependent variable is counterfactual earnings predicted from a Mincer regression estimated on stayers and interpreted as a measure of migrants' skills. Institutional quality is measured as the standardized difference between destination-country and Italian institutional quality experienced by each migrant from the year of arrival onward. The graph reports linear predictions evaluated at different levels of the institutional-quality gap (in standard deviations). The regression includes demographic controls and destination-country fixed effects. Standard errors are clustered at the country–year level. Source: own calculations using AIRE and WGI.



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