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Mr. Rossi, Mr. Hu and politics. The role of immigration in shaping natives' voting behavior☆

Guglielmo Barone [a,b,*], Alessio D'Ignazio [c], Guido de Blasio [c], Paolo Naticchioni [d,e]

[a] Bank of Italy, Regional Economic Research Staff, Bologna Branch, Italy
[b] RCEA, Italy
[c] Bank of Italy, Directorate General for Economics, Statistics and Research, Italy
[d] Roma Tre University, Italy
[e] IZA, Germany

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ABSTRACT

Using Italian municipality-level data on national elections and IV estimation strategy, we find that immigration generates a sizable causal increase in votes for the center-right coalition, which has a political platform less favorable to immigrants. Additional findings are: (i) the effect is heterogeneous across municipalities with different sizes; (ii) the gain in votes for the center-right coalition corresponds to a loss of votes for the center and center-left parties, a decrease in voter turnout, and a rise in protest votes; (iii) the relationship between immigration and electoral gains percolates to mayoral election at the municipality level; (iv) cultural diversity, competition in the labor market and for public services, and political competition are the most relevant channels at work.

1. Introduction

International migration is a global phenomenon. According to the United Nations, in 2013 there were 136 million international migrants in developed countries with a sizeable increase between 2000 and 2010 (UN, 2013). The effects of immigration for the receiving countries have been extensively investigated. The literature has focused mainly on labor market aspects (see for instance Friedberg and Hunt, 1995; Card, 2001; Ottaviano and Peri, 2008), the cultural environment (Ottaviano and Peri, 2006), the crime rate (Moehling and Piehl, 2007; Bianchi et al., 2012), and the attitudes of natives (Card et al., 2012; Mayda, 2006). An important but less investigated issue concerns the role of immigration for the voting behavior of the natives, who often have strong views and prejudices on the issue. At the European institutional level the issue is even more important, since immigration policy is at the core of the debate on the future of the European Union. Interestingly, parties that are against the Euro area and that are proposing an exit strategy for their countries are often associated with protectionist views on immigration. The Front National in France, the Dutch Freedom Party, the United Kingdom Independence Party in the UK, and the Italian Lega Nord (Northern League) offer some examples of these combined political positions. This political divide at the European level has been exacerbated by the "refugee crisis" which occurred in the summer 2015, where right-wing parties have clearly shown their strong opposition to a political solution of the crisis. As a symbolic example, the decision of the Hungarian right-wing leader, Mr. Orban, to construct a massive fence along the country's border with Serbia to stop the refugee inflows.

This paper analyzes the role of immigration in shaping electoral outcomes in the thus far unexplored case of Italy, which – we argue – is particularly interesting for two reasons above all. First, immigration has been a recent and rapidly growing phenomenon, which means that the power of the empirical test we carry out is very high. In 1998 the share of immigrants over natives, according to Eurostat data, was as low as 1.7% (compared with 9% in Germany, 5.6% in France). Since 1998, however, the country has seen ample inflows, reaching 8% in

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* Corresponding author. Tel.: +39 0516430255; fax: +39 051263925.
E-mail addresses: guglielmo.barone@bancaditalia.it (G. Barone), alessio.dignazio@bancaditalia.it (A. D'Ignazio), guido.deblasio@bancaditalia.it (G. de Blasio), p.naticchioni@gmail.com (P. Naticchioni).

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2012, while in Germany and France, for instance, the share of immigrants has remained fairly constant. As reported by a national newspaper,[1] of the first ten family names entered at the register office of Milan in 2012, three were originally from China, the second most recorded being the Chinese "Hu". The most frequently recorded name remains "Rossi", a typical Italian surname. Twenty-five years ago no foreign surname (among the first ten) was recorded at the same office. Second, in the last 20 years the Italian political scene has been dominated by Mr. Silvio Berlusconi and his center-right coalition: this has given rise to an international debate on Italian politics, given Mr. Berlusconi's media control (Durante and Knight, 2012; Barone et al., 2015) and his ambiguous adherence to the rule of law (Ginsborg, 2005; Lane, 2005; The Economist[2]).

We focus on the parliamentary national elections of 2001, 2006, and 2008. Two of them (2001 and 2008) were won by the center-right coalition, headed by Mr. Silvio Berlusconi. The election of 2006 was, instead, won by the center-left coalition, headed by Mr. Romano Prodi. With respect to immigration, the political platforms of the two coalitions were, consistently over the three elections, very different. In short, the center-left alliance had a more open stance, stressing the importance of the immigrants for the prospects of the domestic economy, the duty of solidarity for a high-income country, and the benefits of a multi-ethnic society. On the other hand, the political program of the center-right coalition had a less liberal stance: the emphasis was more on the social problems (e.g. crime and lack of jobs) related to immigration and the threat that people with different backgrounds could pose for the domestic way of life. Moreover, in all the elections the center-right coalition included the Lega Nord party, which has taken on the role of a nationalistic party opposed to immigration (Passarelli, 2013), and Alleanza Nazionale, the more moderate successor of the Movimento Sociale Italiano (MSI), the neo-fascist party in post-WWII Italy.

We investigate the impact of immigrants on the political choices of natives at the national political elections by comparing the voting pattern in about 8000 municipalities differently exposed to migration flows. Focusing on small territorial units delivers substantial benefits in the empirical strategy, as attitudes to migration depend mainly on the proximity between natives and immigrants, for instance, because there could be competition for the public services provided locally and for jobs in the local labor market. To deal with endogeneity issues we use the well-known instrument proposed by Card (2001), as slightly modified by Cortes and Pan (2015), which exploits the fact that immigrants tend to move to an area where a group of immigrants of the same ethnicity is already present. The identifying assumption is that local economic shocks that attracted immigrants in the past (in 1991) are uncorrelated with current political preferences, conditional on the full set of controls. We claim that this instrument is extremely convincing for our empirical application, because of the sharp discontinuity that occurred in Italian politics after the so-called 'Mani Pulite' scandal (1992–1994). One of its effects was the disappearance of the Democrazia Cristiana and the Partito Socialista, the two main parties that governed the country in the previous decades. Two issues are crucial for our analysis. First, the two parties that disappeared in 1992–94 did not have any specific stance against immigration, which was still a minor phenomenon at that time. Second, new parties joined the political arena after 1992–1994. Silvio Berlusconi's party was founded in January 1994. Further, the two main parties included in the center-right coalition with a more explicit anti-immigration stance (Lega Nord and Alleanza Nazionale) started participating in the Italian national elections after 1991, the year used to derive our instrument. This ensures that the location choices of the first wave of immigrants in 1991 were not affected by the political local strength of Silvio Berlusconi's coalition and of related parties.

[1] See: http://milano.repubblica.it/cronaca/2012/04/15/news/fra_i_cognomi_pi_diffusi_a_milano_il_cinese_hu_scalza_sciur_brambilla-33351789/

[2] http://www.economist.com/topics/silvio-berlusconi.

Our results are as follows. In our preferred specification, i.e. controlling for endogeneity and municipality unobserved heterogeneity, we find that a 1 percentage point (p.p.) increase in the share of immigrants in a municipality entails a 0.86 p.p. increase in the share of voting going to the center-right coalition.

We carry out two main sets of robustness checks. The first one lies in addressing the issue of possible spillover effects due to the fact that immigration flows in a single municipality might also affect the surrounding municipalities, invalidating the SUTVA assumption. The second robustness check regards the change in the national electoral system in 2005 that applied to elections in 2006 and 2008, as in principle the impact of immigration on electoral outcomes might be affected by how votes are translated into seats. Both sets of robustness checks provide evidence confirming our baseline estimates.

Compared to the existing literature (see Section 2), we also derive several original additional findings in the paper. First, we find significant heterogeneity across municipality size: results are driven by municipalities in the middle of the municipality size distribution, while no effects are detected for the tails. We also discuss the explanations underlying such findings.

Second, we show that the gain in votes for the center-right coalition is associated with a loss of votes for all the other coalitions of center and left. Furthermore, we highlight that the increase in immigration causes a decrease in voter turnout, and a rise in protest votes, i.e. blank and invalid ballot papers. The latter finding suggests that the recent trends in immigration have contributed to a surge of disaffection toward political participation.

Third, we investigate the impact of immigration on outcomes in mayoral elections at the municipality level, to carry out a comparison with the impact derived at the National elections. The evidence suggests that the relationship between immigration and electoral gains percolates to mayoral elections, and that the magnitudes of the effects are comparable.

The final contribution of the paper concerns the channels along which the impact of immigration on votes for the center-right coalition occurs. Broadly speaking, one might think about two main categories of mechanisms. The first one regards the voters' side, i.e., how voters change preferences and voting behavior as a reaction to immigration inflows. The second one concerns the political parties' side, i.e., how parties change their strategies when immigration inflows increase. We show that cultural diversity (in terms of religious diversity), competition in the labor market and competition for public services all play an important and statistically significant role in affecting changes in voters' preferences, while political competition might be a driver in the political parties' side.

The paper is structured as follows. Section 2 briefly summarizes the literature on the subject. Section 3 illustrates for Italy the trends in immigration and how it is regulated, together with the political platforms of the two main coalitions. Section 4 introduces the data while Section 5 focuses on the empirical strategy. In Section 6 we present our baseline results and the robustness checks. Section 7 provides some additional findings while Section 8 describes potential channels along which the effect of immigration on voting patterns percolates. Section 9 concludes.

2. Related literature

The literature on the impact of immigration on electoral outcomes is very recent and rather scant.

Mendez and Cutillas (2014) investigate whether the immigration to Spain affected the outcome of the national elections held in the 1996–2011 period, when the immigrant share rose sharply. They use 48 provinces observed in five election years as units of analysis. Using province-level fixed effects and instrumental variable analysis (following Card, 2001) they find that immigration inflow has no robust effect on support for anti-immigration coalitions. When they split the immigrant incidence according to nationality, a positive impact on

anti-immigration coalitions emerges when African immigration is considered.

Another very recent contribution is due to Otto and Steinhardt (2014), who analyze the impact of immigration inflows on 103 districts in the city of Hamburg for the 1987–1998 period. Their OLS fixed-effects estimates document that a one percentage-point increase in the share of immigrants entails a 0.225 percentage-point increase in the share of extreme right-wing parties in both federal state and national elections (and a corresponding decrease for the left-wing Green party). In a robustness check, these findings are qualitatively confirmed when they instrument the current share of immigrants with its 10-year lagged value.

Two additional (so far unpublished) papers deal with the impact of immigration on the political preferences of the natives. Halla et al. (2013) analyze whether immigration trends positively affect the votes for the Freedom Party of Austria (FPO), a party with a clear anti-immigration stance. They make use of historical settlement patterns of immigrants as a source of exogenous variation for the recent spatial distribution of immigrants (Card, 2001). Their baseline 2SLS-estimate suggests that a one-percentage-point increase in the share of immigrants in a municipality increases the percentage of FPO votes in general elections by about 0.35 percentage points. Their analysis is mainly in cross-section, exploiting a pooled sample of six national elections at the municipality levels (from 1979 to 2002), using a time invariant instrument. They also investigate some heterogeneity in the impact, according to the skill level of natives and immigrants, and to the share of immigrant children.

Gerdes and Wadensjö (2008) investigate how the influx of refugees has affected votes for the main political parties at the municipality levels in Denmark. Their analysis covers a period that includes four local government elections and four general elections between 1989 and 2001. According to their OLS and fixed-effects estimates, the shares of refugees are positively associated with the two main anti-immigration parties while mixed evidence is detected for other political parties.

While the literature on immigration and electoral outcomes is rather scant, there is a wider literature on the relationship between immigration and attitudes/political preferences and on the determinants of individual attitudes toward immigration. Mayda (2006) analyzes economic and non-economic determinants of individual attitudes toward immigrants, within and across countries. This paper finds that opinions about immigration policy are significantly correlated with individual skills in the host country. Skilled individuals are more (less) likely to be pro-immigration in countries where the relative skill composition of natives to immigrants is high (low). Mayda (2006) also shows that individual skill is positively correlated with pro-immigration preferences in countries with high per capita GDP, and negatively correlated with pro-immigration preferences in those with low per capita GDP. Facchini and Mayda (2009) focus on similar research issues with a specific focus on welfare policies. Another related paper is Card et al. (2012), which investigates the impact of immigration on the changes in composition of the local population, threatening the compositional amenities that natives derive from their neighborhoods, schools, and workplaces. They find that compositional concerns are 2–5 times more important than concerns over wages and taxes in accounting for individual attitudes toward immigration.

Scheve and Slaughter (2001) analyze to what extent labor-market competition shapes individual preferences over immigration policy in the United States. They find that less-skilled workers are more likely to prefer limiting immigrant inflows into the country. O'Rourke and Sinnott (2006) provide a cross-country study on the determinants of individual attitudes toward immigration. They suggest that labor market competition is a relevant channel, and at the same time that anti-immigration attitudes reflect cultural aspects; in particular, nationalist sentiment among respondents. Hainmueller and Hiscox (2010) use US survey data to explore the determinants of the anti-immigrant sentiment among natives. They find that self-interested economic concerns receive only mixed support, suggesting that non-economic (deep-seated cultural and ideological) considerations and perceptions play a major role in shaping attitudes.

3. Immigration trends, regulations and political platforms in Italy

3.1. Immigration trends in Italy

Immigration is a phenomenon of growing importance in many countries, and particularly in Europe. Unlike other large European economies, Italy has experienced immigration as a recent phenomenon. As stressed in the Introduction, in 1998 the share of immigrants over Italian natives, according to the Eurostat data, was still as low as 1.7%; it was 9% in Germany and 5.6% in France, while nowadays the three countries have very similar immigration rates (around 8–9%). Further, it is interesting to note that the increase in immigration in Italy from the nineties to recent years has been rather smooth, with a mild acceleration at the beginning of the 2000s.

Differently from other main European countries, immigrants to Italy mainly come from non-European Union and low-income countries, with no relevant change over time. In 2001 the top 10 countries of origin were (in descending order): Albania, Morocco, Romania, China, Philippines, Tunisia, Serbia-Montenegro, Senegal, India and Peru. They accounted for 57% of total immigrants. In 2006, Ukraine and Macedonia entered the top 10 ranking (India and Peru exited) that covered 59% of the total; two years later, Poland and India entered the top 10 group, while Serbia-Montenegro and Ecuador exited (62% of total immigrants).[3] Immigration from EU countries has always been rather low: it averages about 5% over our sample period.

3.2. Immigration regulations and political platforms in Italy

This section documents that the two main political coalitions that competed to run the country in 2001, 2006 and 2008 had two very different platforms with regard to immigration. The two different standpoints remained unchanged over the decade.

The anti-immigration stance of the Berlusconi coalition has been one of the recurrent issues in the election campaign, due also to the presence in the coalition, apart from Berlusconi's party Forza Italia, of both Alleanza Nazionale (National Alliance), headed by Gianfranco Fini, the successor to the neo-fascist party in post-WWII Italy (Movimento Sociale Italiano – MSI – Italian Social Movement), and Lega Nord, headed by Umberto Bossi, which has also taken the role of a nationalistic party against immigration.[4]

On the other hand, the center-left coalition had a more open stance with respect to immigration. First, this coalition underscored the importance of immigrants for the prospects of the domestic economy. Second, harking back to the tradition of internationalism within the leftist parties (and that of hospitality of the Catholic parties belonging to the center-left alliance), what was highlighted as important was the duty of a high-income country to show solidarity. Finally, on a more cultural level, the leading spokespersons of the center-left coalition frequently presaged the benefits of a multi-ethnic society.

The diverging electoral platforms corresponded to very different legislative and administrative activities of the two coalitions, once in power. In 1998, the center-left government headed by Romano Prodi issued Law 40/98 (the so-called 'Turco-Napolitano law'), which was an attempt to regularize the position of non-EU immigrants and improve their integration, introducing regulations in the areas of employment,

[3] Data for 1991, which are computed on residency permits instead of residents (as in the period 2001–2008), indicate the following top 10 nationalities: Morocco, Tunisia, US, Philippines, Deutschland, Yugoslavia, Albania, Senegal, Egypt and UK. They accounted for 52% of total permits.

[4] In Barone et al. (2014), we included some very informative election posters about the anti-immigration stance of Alleanza Nazionale and Lega Nord.

health and education. The three main goals of the Turco-Napolitano were to implement more effective planning in dealing with persons entering for employment reasons, preventing illegal immigration, and integrating foreign citizens who had legal residence permits. The Turco-Napolitano was considered a liberal, and even pro-immigrant, law, compared with some closed-door policies of other European countries at that time.

In 2001, the center-right coalition had no sooner won the election than it passed Law No. 189/2002, known as the 'Bossi-Fini law', Bossi and Fini being the leaders of the two parties with more accentuated anti-immigration stances within the coalition. This law amended the 1998 immigration law and introduced some new stringent clauses. According to the Bossi-Fini law, every year the Prime Minister has to lay down the number of non-EU workers who can be admitted in the country in the following calendar year. The law states that in order to apply for a residence permit, an immigrant needs a 'residence contract' ('contratto di soggiorno') — i.e. a contract of dependent employment. When the contract expires, the immigrant worker must either renew it or return to the country of origin. Residence permits issued for employment reasons can last for a maximum of two years, even if the worker has an open-ended employment contract.[5] After six years of regular residence in Italy, non-EU citizens will be able to apply for a form of permanent permit. Furthermore, with this law Italy has been one of the first European countries to require immigrants applying for residence permits to provide their fingerprints, an issue with a very important symbolic content. Another relevant difference with the Turco-Napolitano law is that, in the case an expulsion decision is issued, the expulsion is immediate and will not be suspended even if the immigrant appeals to the courts (as stated in the 1998 law). Furthermore, if illegal immigrants return to Italy, they will be arrested and tried by the courts.[6]

Differences between coalitions in political platforms and attitudes against immigrants are borne out when the "Fondazione Rodolfo De Benedetti" index of the strictness of migration policies is taken into account. In Barone et al. (2014), we make a comparison of this index for a number of EU countries over the 1994–2006 period. Italy scores high in the ranking, even though the level of its anti-immigration policy features seems to be quite in line with other European countries (except France). More interestingly for our purpose, the value of the index during the years (1996–2001) in which the center-left coalition was in office is appreciably lower (2.70) than the value referring to the two periods (respectively 2.99 and 3.04 in the periods 1994–96 and 2001–06) in which there was a center-right government.

Finally, the number of expulsion orders can be taken as an additional proxy for the effectiveness and enforcement of the immigration policies of the two coalitions. Over the period 1998–2008, for which we have data, the Italian judiciary prescribed over 300,000 expulsions. Splitting the time-span according to the type of ruling coalition, we find that under a center-left government on average just over 20,000 immigrants per year were forced to abandon the country. Under a center-right government this figure rose to just over 35,000.

4. Data

We use a panel of all Italian municipalities for which we observe the outcomes of national political elections that took place in 2001, 2006 and 2008, the immigration share, as well as other relevant demographic and economic features.

Data on election outcomes are drawn from the dataset 'Atlante storico elettorale Zanichelli' (Corbetta and Piretti, 2009), which provides for each municipality detailed information on votes for all parties in the political elections that took place over the 2000s. Political parties were grouped according to their political platforms (right, center-right, center, center-left, left) and the share of votes was then computed.[7]

With regard to immigration, we exploit a detailed dataset maintained by the National Institute of Statistics (Istat), which provides for each of the 8000 Italian municipalities the number of foreign born residents on January, 1, starting from 2002.[8] As for control variables, the time-variant variables used in our baseline OLS specification were drawn from Istat Territorial Statistics while the time-invariant covariates come from the Istat Census held in 2001 (Istat, 2001).

Data on immigrants by municipality and country of origin in 1991, which we use to construct our instrumental variable (see Section 5), have been estimated by combining information on immigrants according to municipality and area of origin in the world (provided by Istat) and data on residence permits by province and country of origin (provided by the Italian Ministry of the Interior). Namely, we impute data by municipality and nationality using the nationality breakdown available at the provincial level.[9]

5. Empirical strategy

The institutional setting allows us to focus our analysis on natives, since immigrants cannot vote in National political elections. Further, since immigration was very low until the nineties and since it takes a long time applying for and receiving Italian citizenship, we can disregard the issue of naturalization, which is still a very recent and negligible phenomenon in Italy.

Another advantage of focusing on a national voting context is that the political platforms of the two competing coalitions with respect to immigration are clearly identifiable. Moreover, they do not reflect local circumstances, as might be the case with local elections. Finally, electoral regulation at the nation-wide level is the same all over the country.

We estimate the following regression model:

$$y_{mt} = \beta_0 + \beta_1 IMM_{mt} + X'_{at}\beta_2 + \lambda_m + \mu_t + \varepsilon_{mt} \quad (1)$$

where the dependent variable y_{mt} is the share of valid votes for the center-right alliance,[10] defined at the municipality level m for each of the three elections ($t = 2001, 2006, 2008$).[11] Our variable of interest is $IMM_{mt} = \left(\frac{Immigrants}{Population}\right)$, i.e., the share of immigrants over population

[5] The new law also states that only non-EU immigrants with a regular residence permit are entitled to request family reunification.

[6] The anti-immigration stance of the center-right coalition can also be detected from public statements. For instance, in 2007 the would-be Prime Minister Silvio Berlusconi threatened to ban Romanian workers from Italy (*The International Herald Tribune*, November 4, 2007) and then, once in power, called for the expulsion of groups of migrants (*The Economist*, January 29, 2009), which earned the Italian government a reprimand from the EU.

[7] See the online annex for a detailed definition of the coalitions. Note that there is a residual coalition, called 'cross parties coalition', which is composed of a mix of very small parties that cannot easily be attributed to the other coalitions. This residual coalition accounts for less than 1% in terms of votes at the national elections. We gave it no further consideration in the following pages.

[8] Note that since these data start in 2002, we use the 2002 wave (computed on January, 1st) for the 2001 election.

[9] An example helps clarify the imputation procedure. Consider the municipality a belonging to province A. From official data on residence permits we know that, say, 300 people from Africa live in A: 100 Moroccans and 200 Tunisians. From official data on residence we also know that 18 people from Africa live in municipality a. The imputed number of people from Morocco living in a is given by (100 / 300)*18 = 6; analogously, the imputed number of people from Tunisia living in a is given by (200 / 300)*18 = 12. The assumption is that the nationality distribution within area of the world (the nationality composition of people from Africa in the example above) is the same for all municipalities in the same province.

[10] The extreme right parties are included in the centre-right coalition; these parties, however, are negligible in terms of votes. Our results do not change when excluding the extreme right parties, as shown in Table 7.

[11] In 2001 there was a mixed electoral system (25% of members under a proportional system and 75% under a majoritarian system). We consider as dependent variable the coalition vote shares under the proportional system. In 2006 and 2008 elections the system becomes basically proportional with a winning bonus, and hence our dependent variable is the coalition share.

in the municipality. λ_m is a set of municipality fixed effects that controls for any time-invariant unobserved variable, while year dummies μ_t control for changes in political preferences at the national level; ε_{mt} represents the regression error. X_{at} is a set of variables aimed at capturing observable economic and social differences across municipalities. It includes time variant covariates: population to capture demographic dynamics; population density to capture non-linear urban effects; yearly GDP growth rate at regional (NUTS-2) level to take into account local business cycles that may simultaneously affect both immigrant settlement and political preferences. Note also that in the specifications without municipality fixed effects we can use the following time-invariant covariates computed in 2001, to control for additional observed differences across municipalities: a proxy for social capital (the share of employee in the no profit sector at municipality level); the aging index (ratio between population over 65 and population below 15); the share of graduates; the employment rate. Finally, standard errors are clustered at the municipality level. Table 1 provides the descriptive statistics for all variables.

The OLS estimates, even when including municipality fixed effects, cannot be interpreted in a causal way. They might be flawed by the usual drawbacks. First, an omitted variable bias may be at work. For instance, an unobserved positive productivity shock affecting firms located in the municipality could lead to an increase of both labor demand for immigrants and political preferences for the center-right alliance, to the extent that the latter better serves the needs of the rich. This would entail an upward bias. Second, our results might reflect reverse causation, as the immigrants could avoid places where a large proportion of people averse to multiculturalism live. This would imply a downward bias. Finally, there could also be measurement error in the independent variable, as the tracking of non-natives over the national territory is admittedly imperfect, both because of illegal immigrants and because those who leave a municipality may omit to signal their departure. Also in this case the estimates would be biased downward.

To address all these issues, we adopt an instrumental variable strategy. We follow the approach proposed by Card (2001), as slightly modified by Cortes and Pan (2015). We exploit the fact that immigrants tend to move to areas where a group of immigrants with the same ethnicity has already settled in the past. The identifying assumption is that local economic shocks that attracted immigrants in the past are uncorrelated with present political preferences conditional on the full set of controls included in the Eq. (1). In detail, we construct our instrument as follows:

$$\frac{\sum_{c=1}^{N} \delta_{mc} Immigrants_{ct,-m}}{Population_{mt}}$$

where δ_{mc} is the estimated share of immigrants from country c in municipality m in 1991, $Immigrants_{ct,-m}$ is the country-level number of immigrants from country c in year t ($t = 2001, 2006, 2008$), net of the contribution of municipality m to the total (as in Cortes and Pan, 2015), $Population_{mt}$ is the total population in municipality m and year t, and N stands for the number of top foreign nationalities in Italy in 2001, 2006, 2008.[12]

As pointed out in the Introduction, we claim this instrument is particularly convincing for our empirical analysis because of the breakdown that occurred in Italian politics in 1992–1994, the so called 'Mani Pulite' scandal. One of the effects of this scandal was the disappearance of the Democrazia Cristiana, the main party that had headed the country since the end of WWII, and of the Partito Socialista, which had played a very important role in supporting Democrazia Cristiana in the eighties. It is worth noting that these two parties that disappeared in 1992–94 did not have any specific stance against immigration, which was at that time still a minor phenomenon. Even more important for our empirical approach, new parties joined the political arena after 1992–1994. Silvio Berlusconi's party (Forza Italia) was founded in January 1994. Further, the two main parties included in the center-right coalition with anti-immigration stances (Lega Nord and Alleanza Nazionale) started participating in Italian national elections after 1991, the year used to derive our instrument. The Lega Nord participated for the first time in 1992, Alleanza Nazionale in 1994.[13] This ensures that the location choices of the first wave of immigrants in 1991 were not affected by the political local strength of Silvio Berlusconi's coalition and related parties.

Table 1
Descriptive statistics.

Time-variant variables	Mean	Std. dev.	Min	Max
Center-right coalition share	0.472	0.105	0.004	0.881
Share of immigrants	0.048	0.037	0.000	0.293
Population	219.0	548.2	0.1	2506.2
Population density	1.248	1.826	0.001	13.048
GDP growth rate	0.007	0.009	−0.008	0.029
Time-invariant variables				
Social Capital	0.024	0.026	0.000	0.814
Aging index	1.422	0.634	0.220	41.500
Share of graduates	0.071	0.038	0.000	0.366
Employment rate	0.370	0.077	0.132	0.609

Number of observations: 22,671. Municipalities weighted by population. Center-right coalition share comes from the Atlante Storico Zanichelli. Immigrant share is taken from Istat. The time variant covariates come from the Istat Territorial Statistics, while the time invariant covariates come from the Istat Census in 2001. Population and population density are in thousands.

6. Main econometric results

6.1. Baseline results

Table 2 displays the baseline estimates. In column (1) we start by showing the OLS results of the specification without municipality fixed effects but including both the time-variant and time-invariant controls described above, and year dummies. Since our dataset is a panel of roughly 8000 municipalities observed over the three election years (2001, 2006, 2008), OLS estimates in column (1) exploit both cross-section and time variability. Estimates suggest a positive (and statistically significant) correlation between the share of immigrants and the percentage voting for the center-right coalition. The magnitude of the effect is not negligible: a 1 p.p. increase in the share of immigrants is associated with an increase of 0.39 p.p. at the polls. In column (2) we introduce municipality fixed effects, in order to deal with unobserved municipality heterogeneity (dropping the time-invariant covariates from the specification). The estimated coefficient falls slightly (0.321) while remaining highly significant.

Column (3) documents the result derived using the IV estimator with municipality fixed effects. The impact of local immigration on the share of preferences for the center-right coalition is now much larger and highly significant, suggesting a substantial overall downward bias in the FE estimates. This finding highlights the fact that among the sources of biases those delivering attenuation, such as measurement error and/or reverse causality, are likely to play a major role. The size of the estimated effect is large: an increase in 1 p.p. of the immigrant shares entails an increase in votes for the center-right party of 0.86 p.p.; put differently, a one-standard deviation increase in immigration rates entails an increase in the dependent variable amounting to about 1/3 of its standard deviation. Note that the instrument fits well the actual distribution of immigrants across Italy's municipalities: the first stage coefficient has the expected sign, it is highly significant and equal to

[12] We set N equal to 15: Albania, Romania, Morocco, China, Philippines, Tunisia, Serbia and Montenegro, Macedonia, Poland, India, Peru, Senegal, Egypt, Sri Lanka, Ecuador. The share of these nationalities in 1991 amounted to around 50% of total immigration.

[13] Alleanza Nazionale was founded in January 1994. With respect to the pre-existing party, the former fascist party Movimento Sociale Italiano, Alleanza Nazionale had the main goal to enter a center-right government, while the Movimento Sociale had very little political importance before 1994 since it had always been an opposition party.

Table 2
Immigration and voting for the center-right.

	(1)	(2)	(3)
	OLS	FE	FE-IV
Immigrant share	0.390***	0.321***	0.856***
	(0.0459)	(0.0363)	(0.322)
Population	−0.000101*	−0.000293	−0.000306
	(5.28e-05)	(0.000230)	(0.000279)
Population density	0.0217***	0.115***	0.111***
	(0.00285)	(0.0181)	(0.0191)
GDP growth NUTS-2	0.735***	0.147	0.517**
	(0.216)	(0.116)	(0.251)
Social capital	0.0274		
	(0.0290)		
Aging index	−0.00224*		
	(0.00130)		
Share of graduates	−0.626***		
	(0.0730)		
Employment rate	0.235***		
	(0.0221)		
Constant	0.422***	0.465***	
	(0.00856)	(0.00527)	
Observations	22,761	22,761	22,761
Municipality FE	NO	YES	YES
Year FE	YES	YES	YES
F-stat Excl. instruments			81.72
R-squared	0.153	0.507	0.495

*, **, and *** stand for statistical significance at 10, 5, and 1% levels, respectively. The dependent variable is the share of votes for the center-right coalition at the municipality level. The immigrant share is computed over total municipality population. Standard errors are included in parentheses. Instrument used in the IV estimates: share of immigrants by municipality in 1991.

0.16 (t-stat equal to 9.04); the F-statistic equals 81.72, well above 10, meaning that our estimates do not suffer from the issue of a weak instrument. From now on, the specification of column (3) is taken to be our preferred one, since it allows for controlling for both unobserved municipality heterogeneity and endogeneity.[14,15]

6.2. Robustness checks

We carry out two main robustness checks. We substantiate our identification strategy with respect to (i) challenges due to natives' mobility and (ii) changes in the electoral rule.[16]

6.2.1. Spillover effects

Our identification strategy might be criticized due to the fact that immigration flows in a single municipality might also affect the surrounding municipalities through the mobility decisions of natives: the arrival of immigrants triggers an outflow of natives toward borderline cities (Betts and Fairlie, 2003; Card and Di Nardo, 2000, among others). In such a case, our estimates might prove biased. On more technical grounds, when spillover effects materialize the stable unit treatment value assumption (SUTVA) would not hold. The SUTVA, which is a crucial assumption in order to identify a causal effect in the IV framework correctly, states that the treatment status of any given unit does not have to affect the potential outcomes of other units. To take the issue of possible spillovers into account we propose two sets of tests.

First, we check whether our results hold using more aggregate spatial units. In particular, we move from about 8000 municipalities to about 650 local labor markets, which are self-contained areas since they are defined with respect to daily commuting patterns. The underlying intuition is that spillover effects across local labor markets are less likely than across municipalities. We then aggregate all the relevant variables at the local labor market level, and perform the same estimates as in Eq. (1). As shown in Table 3, column (1), our IV results do not change much with respect to the analysis at the municipality level, suggesting that spillover effects across surrounding municipalities play a negligible role: a 1 p.p. increase in the share of immigrants entails an increase in the votes for the center-right coalition of 1 p.p., which is near the baseline estimate.

Second, we explicitly consider the impact of immigration on the mobility of residents across municipalities. Within the same empirical framework and using municipality data, we compute the impact of immigration on net migratory balance (resident inflows minus resident outflows taken from Istat). In column (2) of Table 3 we carry out an estimation as the baseline econometric IV specification of Table 2 in which we replace the net migratory balance as the dependent variable. Interestingly, it comes out that immigration has a non-significant impact on net migratory balance. This is strongly reassuring for our identification strategy, since it suggests that immigration does not systematically affect the location choices of residents. However, a possible limit of this check is that it does not tell much about the skill composition of residents. In other words, the impact of immigration on the net migratory balance might be zero and at the same time the skill composition of residents could change over time, for instance because unskilled and poorly educated natives might move away from municipalities where immigration increases and be replaced by skilled and educated natives. Unfortunately, we cannot address the change over time of the skill composition of residents with the available data. Nonetheless, we can indirectly test that such skill reshuffling is not at work by dropping municipalities characterized by a high level of resident outflows. More specifically, using municipality data we exclude from the sample of the

Table 3
Immigration and voting for the center-right coalition using LLM data, and the effect of immigration on household mobility. FE-IV estimates.

		Municipality data		
	LLM data	Effect on household mobility	Excluding Top 5%	Excluding Top 10%
	(1)	(2)	(3)	(4)
Immigrant share	0.999**	−0.037	0.878***	0.952***
	(0.503)	(0.071)	−0.325	−0.313
Population	−0.004	0.000	−0.000306	−0.000345
	(0.005)	(0.000)	−0.000289	−0.00041
Population density	0.403**	0.027***	0.000117***	0.000111***
	(0.173)	(0.006)	−0.0000212	−0.0000239
GDP growth NUTS-2	−0.098	−0.015	0.510**	0.585**
	(0.426)	(0.058)	−0.258	−0.255
Observations	2049	22,761	21,412	20,035
LLM (Municipality) FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
F-stat Excl. instruments	10.74	81.72	79.19	74.22
R-squared	0.661	0.643	0.501	0.498

*, **, and *** stand for statistical significance at 10, 5, and 1% levels, respectively. The dependent variable is the share of votes for the center-right coalition at the local labor market level. The immigrant share is computed over total population of the local labor market. Standard errors are (in parentheses) clustered by local labor market. Instrument used in the IV estimates: share of immigrants by local labor market in 1991.

[14] Note that it has been shown that Card's type of instrument might be non-neutral in terms of migrants' self-selection, for the reason that ethnic enclaves provide services that benefit low-skill workers the most (McKenzie and Rapoport, 2010). The instrument, therefore, will perform better to predict the spatial distribution of immigrants from demographically larger and educationally lower-quality immigration flows. Nonetheless, in the Italian case this concern should represent a minor issue, since immigration is mainly composed of unskilled labor (Dell'Aringa and Pagani, 2011). See also Section 3.1 for the list of top 10 sending countries in the 2000s.

[15] Another related issue lies in the possibility to test whether, according to our results, immigration has been a crucial factor in determining the electoral victories of the center-right coalitions (2001 and 2008) or the reduced margin of victory for the center-left alliance in 2006. Unfortunately, our findings hardly serve this purpose, since we use an IV approach (with unweighted observations.). The advantage of this approach is that it is possible to derive a causal impact of immigration on electoral outcomes. The disadvantage is that the impact is identified on the group of compliers, and not on the whole population (Deaton, 2010).

[16] In the online appendix we provide additional robustness checks: spatial specific linear time trends; dynamic panel approach; geographic split of the baseline specification; exogeneity of the instrument and location choices of immigrants in 1991.

baseline estimates (Table 2) those municipalities in the top 5 or 10% of the distribution of normalized (with respect to population) resident outflows: again, the results are substantially unaffected (Table 3, columns 3 and 4), with the coefficient being very close to the baseline estimates confirming that our findings are not driven by municipalities featuring high resident outflows. Overall, the estimates in Table 3 are also consistent with the findings of Cattaneo et al. (2013), who find no evidence of an increased likelihood that European workers will leave employment or the region of residence when immigrants 'take their jobs'.

6.2.2. Change in the electoral rules

The second robustness check takes into account the fact that in 2005 Italy experienced a change in the electoral rule for the national elections (Law No. 270–2005, also called the Calderoli law).[17] The change in the electoral rule provides us with the fortunate opportunity to test whether the impact of immigration on electoral outcomes is specific to a given set of rules. For instance, the political economy literature suggests that some electoral mechanisms, for instance the adoption of a majority electoral system, might be more sensitive to the role of particular issues (such as the regulation of immigration in specific municipalities) vis-à-vis the general ones, i.e. a high-profile and credible government (Gagliarducci et al., 2011; Milesi-Ferretti et al., 2002).

In Table 4 we illustrate the results obtained by considering each election separately. Even though the rules for the 2006 (won by the center-left) and 2008 (won by the center-right) elections differed from those of 2001, the impact of immigration on the voting for the center-right coalition is quite similar across columns, and quite close to the coefficient derived in Table 2. Note also that in the specifications of Table 4 we cannot introduce municipality fixed effects, since there is no time variation in the data. To control for spatial unobserved heterogeneity we make use for each election year of two different spatial unobserved heterogeneities, i.e. regional (NUTS-2) and provincial (NUTS-3) fixed effects.

7. Additional findings

7.1. Municipality size heterogeneity

This section investigates whether results are heterogeneous across municipality size. Interaction between natives and immigrants may be very different in small versus large cities for a number of reasons. Table 5 shows the IV fixed effects estimates split by municipality size. They clearly show that the main findings of our paper are driven by municipalities in the middle of the municipality size distribution. More specifically, the impact is the strongest for municipalities ranging between the 10th and the 50th percentiles of the distribution (column 2), and it is still positive and significant, but lower in magnitude, for those ranging from the median to the 90th percentile (column 3). On the contrary, for the two tails of the distribution these results no longer hold. As for the municipalities below the 10th percentile, there are also important identification issues, since the instrument proves to be weak. This is not surprising, since for municipalities below the 10th percentile (less than around 500 habitants) the natives' perception of immigration depends clearly also on the immigration inflows of surrounding municipalities, and hence the SUTVA might be violated and instruments might not be reliable. However, we claim this is a minor issue with respect to the main punch line of the paper, since the share of the national population in municipalities below the 10th percentile of the municipality distribution is less than 1%. Much more important from a quantitative point of view is the fact that our main findings do not hold for big cities, i.e. the municipalities with a population greater than that of the 90th percentile of the distribution (column (4)), and also for the very big cities (above the 99th percentile of the distribution, column (5)). From column (4) it emerges that the instrument works fine, with an F-statistics equal to 35, and the coefficient is still positive but largely non-significant. Also in column (5) the coefficient is not statistically significant, and the point estimate is even negative, although the instrument proves to be weak, probably due to the small number of observations.

This evidence suggests that the impact of immigration on electoral outcomes decreases along the municipality distribution, and becomes not statistically significant above the 90th percentile: big cities behave differently, i.e. there is no impact of immigration on votes for the center-right coalition. We propose three tentative and (possibly) complementary explanations. First, in big cities it is easier to have segmented neighborhoods, i.e., natives and immigrants might be located at a certain distance from each other. Therefore, natives may have a lower perception of some possible negative sides of immigrations (such as crime, competition for local public services, etc.), while however having the opportunity to exploit the positive sides of immigration (such as cheap housemaids and nannies, etc.). A number of papers have studied the residential segregation of migrants (e.g. Cutler et al., 1999, for the US; Boeri et al., 2012, for Italy). Interestingly for our purposes, these papers focused on medium-large size cities, thus implicitly signaling that segregation is clearly a phenomenon that can arise only above a certain population threshold. Second, people living in big cities are on average more skilled: the share of graduates in big cities (municipalities in the top 1% and 10% percentile of the population distribution) is about more than twice that of the rest the population distribution. At the same time, as we show in Section 8, skilled workers may be more protected from the increased labor market competition resulting from immigration.[18] Third, immigration in big cities may have started sooner than in smaller municipalities: the share of immigrants was equal to almost 2% in 1991 in big cities (top 1%) while being 0.8% in the remaining percentiles. This might imply that having become accustomed to the presence of the immigrants for some time could have induced an adaptive response in the natives' attitudes, diminishing initial apprehensions.

7.2. Who gains and who loses out from immigrant inflows?

So far we have investigated the impact of immigration on the votes for the center-right coalition, which is our main dependent variable. However, in order to provide a more complete picture, it is interesting to look into the impact of immigration on additional electoral outcomes.

First, we focus on the impact on the votes for other political coalitions. We compute the vote shares for the center, the center-left, and the extreme left coalitions. We also disentangle the center-right coalition from the extreme right component and the moderate right component. We then replicate our preferred specification, IV estimates with municipality fixed effects, for this full-fledged set of electoral outcomes for coalitions. Column (1) of Table 6 refers to votes for the extreme-right component, which were included in the center-right coalition in previous estimates. Interestingly, we find that the coefficient is smaller, i.e. 0.246, suggesting that in the case of Italy immigration has boosted the extreme right-wing party to a limited extent. Note however that the share of the extreme right party is much smaller than that of the moderate component, and hence in relative terms the impact is even greater, even if with little importance for the election outcome. When

[17] The new rule was approved by the center-right coalition, while the center-left coalition and the other small parties vigorously opposed it. In 2001 the electoral rule consisted of a mixed system (75% of seats elected with the majoritarian system, 25% with the proportional system). The new electoral rule introduced the following changes: a winning bonus (the party/coalition with the highest number of votes could have an overwhelming majority in Parliament); a threshold (4%) for the smaller political parties to have Parliamentary representation; abolition of the possibility to choose the candidate (voters were only allowed to choose the party/coalition).

[18] This explanation is consistent with Mayda (2006), which stresses that attitudes toward immigration depend greatly on education levels.

Table 4
Change in the electoral rule. Single election estimates. IV estimates.

	2001		2006		2008	
	Regional FE	Provincial FE	Regional FE	Provincial FE	Regional FE	Provincial FE
Immigrant share	0.915***	0.630***	0.637***	0.543***	0.772***	0.639***
	(0.225)	(0.202)	(0.175)	(0.175)	(0.184)	(0.187)
Population	−0.000*	0.000	−0.000	0.000	−0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Population density	0.003*	−0.011***	−0.001	−0.009***	0.002	−0.007***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Social capital	−0.018	−0.042*	−0.024	−0.046**	−0.021	−0.046*
	(0.029)	(0.025)	(0.025)	(0.021)	(0.027)	(0.025)
Aging index	−0.006***	−0.002	−0.006***	−0.004**	−0.009***	−0.006**
	(0.002)	(0.001)	(0.002)	(0.002)	(0.003)	(0.003)
Share of graduates	−0.271***	−0.184***	−0.264***	−0.179***	−0.579***	−0.473***
	(0.064)	(0.060)	(0.058)	(0.056)	(0.066)	(0.063)
Employment rate	−0.284***	0.086**	−0.109**	0.128***	−0.153***	0.097*
	(0.043)	(0.038)	(0.043)	(0.042)	(0.051)	(0.050)
Constant	0.665***	0.478***	0.521***	0.366***	0.621***	0.468***
	(0.019)	(0.017)	(0.020)	(0.019)	(0.024)	(0.024)
Observations	7587	7587	7587	7587	7587	7587
Regional FE	YES	NO	YES	NO	YES	NO
Provincial FE	NO	YES	NO	YES	NO	YES
F-stat Excl. instr.	42.372	39.578	104.68	95.144	133.754	127.94
R-squared	0.312	0.579	0.409	0.587	0.409	0.576

*, **, and *** stand for statistical significance at 10, 5, and 1% levels, respectively. The dependent variable is the share of votes for the center-right coalition at the municipality level. The immigrant share is computed over total municipality population. Standard errors (in parentheses) are clustered by municipality. Instrument used in the IV estimates: share of immigrants by municipality in 1991. In columns (1), (3), and (5) regional fixed effects (20) are introduced, while columns (2), (4), and (6) include provincial fixed effects (103). GDP growth is not identified because of regional and provincial fixed effects.

considering the moderate right component, the impact is still very strong (0.610), confirming that the impact of immigration on electoral outcomes in Italy comes mainly through the moderate voters. Furthermore, the higher share for center-right coalitions comes at the expense of votes for the center, the center-left and the extreme left, as expected. However, only for the center coalition the coefficient is statistically significant (−0.521).

Another series of outcomes worth investigating relate to the possibility that an increase in the number of immigrants might not only have shifted votes across parties, but might also have affected the turnout at the elections and triggered some forms of political protests, such as ballot papers deliberately left blank or made invalid. Also for these outcomes we illustrate the results from our preferred specification, the IV approach with municipality fixed effects. The results are set out in Table 7. It emerges that the increase in immigration has a negative and strongly significant impact on voter turnout. It might suggest that part of the center and left-wing voters, who are ideologically more in favor of a multi-ethnic society but are not happy about the immigration trends and regulations, might have decided not to vote instead of directly voting for the center-right coalition. A similar interpretation can be applied to the findings regarding blank and invalid ballots, which show a sharp increase with the share of immigrants, with coefficients higher than one and largely significant: some individuals are not satisfied with any of the existing political parties and the related immigration platforms, and prefer to signal their disappointment using this form of protest.

7.3. Mayoral elections at the municipality-level

So far we have focused on national political elections. As explained in Section 3, at the national level political platforms related to immigration are clearly identifiable. Moreover, the central government is the one in charge of setting the rules when it comes to regulating the arrival of immigrants. Nevertheless, immigration might play a role in shaping mayoral election outcomes as well. In fact, in the Italian context many

Table 5
The role of size of municipality. IV estimates.

	(1)	(2)	(3)	(4)	(5)
	<10	10–50	50–90	>90	>99
Immigrant share	−1.664	1.949*	0.370*	0.061	−0.305
	(4.255)	(1.111)	(0.219)	(0.247)	(0.838)
Population	0.661	0.118***	0.004	0.000	0.000
	(0.542)	(0.034)	(0.004)	(0.000)	(0.000)
Population density	−2.404	0.109	0.126***	0.024*	−0.052
	(4.413)	(0.114)	(0.031)	(0.012)	(0.060)
GDP growth NUTS-2	0.725	1.522**	−0.131	−0.953***	−1.192
	(1.981)	(0.623)	(0.219)	(0.304)	(1.159)
Observations	2049	9333	9105	2274	225
Municipality FE	(0.106)	(0.025)	(0.006)	(0.008)	(0.022)
Year FE	YES	YES	YES	YES	YES
F-stat Excl. instruments	0.798	15.89	77.79	35.09	1.806
R-squared	0.196	0.375	0.592	0.691	0.782

*, **, and *** stand for statistical significance at 10, 5, and 1% levels, respectively. The dependent variable is the share of votes for the center-right coalition at the municipality level. The immigrant share is computed over total municipality population. Standard errors (in parentheses) are clustered by municipality. Instrument used in the IV estimates: share of immigrants by municipality in 1991.

Table 6
Winners and losers from immigration. IV estimates.

	(1)	(2)	(3)	(4)	(5)
	Extreme Right	Moderate-right	Center	Center-left	Left
Immigrant share	0.246***	0.610*	−0.521*	−0.367	−0.152
	(0.080)	(0.332)	(0.278)	(0.285)	(0.117)
Population	0.000**	−0.001**	0.000**	−0.000	0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Population density	−0.006	0.116***	−0.028**	−0.070***	−0.000
	(0.004)	(0.020)	(0.013)	(0.014)	(0.004)
GDP growth NUTS-2	−0.079	0.596**	−1.386***	1.113***	−0.021
	(0.063)	(0.258)	(0.212)	(0.223)	(0.096)
Observations	22,761	22,761	22,761	22,761	22,761
Municipality FE	YES	YES	YES	YES	YES
F-stat Excl. instruments	81.72	81.72	81.72	81.72	81.72
R-squared	0.386	0.486	0.120	0.317	0.587

*, **, and *** stand for statistical significance at 10, 5, and 1% levels, respectively. The dependent variable is the share of votes for different parties at the municipality level (see column title). The immigrant share is computed over total municipality population. Standard errors (in parentheses) are clustered by municipality. Instrument used in the IV estimates: share of immigrants by municipality in 1991.

Table 7
Immigration and protest votes. IV estimates.

	Turnout	Blank	Invalid
	(1)	(2)	(3)
Immigrant share	−1.174***	0.967***	1.143***
	(0.305)	(0.139)	(0.156)
Population	−0.000	0.000	0.000
	(0.001)	(0.000)	(0.000)
Population density	−0.140***	0.014	0.012
	(0.034)	(0.014)	(0.015)
GDP growth NUTS-2	−1.374***	0.115	−0.085
	(0.252)	(0.107)	(0.121)
Observations	22,761	22,698	22,761
Municipality FE	YES	YES	YES
F-stat Excl. instruments	81.72	81.72	81.72
R-squared	0.169	0.480	0.555

*, **, and *** stand for statistical significance at 10, 5, and 1% levels, respectively. The dependent variable is the share of turnout, and of blank and invalid votes (out of valid votes). for the center-right coalition at the municipality level. The immigrant share is computed over total municipality population. Standard errors (in parentheses) are clustered by municipality. Instrument used for the IV estimates: share of immigrants by municipality in 1991.

Table 8
Immigration and voting for the center-right: administrative elections.

	Administrative elections		Political elections	
	(1)	(2)	(3)	(4)
	LPM	LPM-IV	LPM	LPM-IV
Change in immigrants share	0.654***	3.710**	0.305*	3.402*
	(0.118)	(1.471)	(0.163)	(1.948)
Change in share of BA degree	−0.249***	−0.552***	−0.111	−0.393**
	(0.0907)	(0.137)	(0.125)	(0.181)
Change in employment rate	0.234***	0.532***	0.0920	0.370**
	(0.0897)	(0.136)	(0.124)	(0.181)
Constant	0.138***	0.138***	0.933***	0.921***
	(0.0368)	(0.0501)	(0.0507)	(0.0664)
Region dummies	Yes	Yes	Yes	Yes
1st stage F-stat		51.49		51.49
R-squared	0.057	−0.031	0.322	0.289
Observations	7060	6742	7060	6742

*, **, and *** stand for statistical significance at 10, 5, and 1% levels, respectively. Robust standard (in parentheses) errors in parentheses. The immigrant share is computed over total municipality population. Instrument used for the IV estimates: share of immigrants by municipality in 1991.

political decisions that influence the relationship between natives and immigrants are taken at the municipality level. Examples include allowing the construction of a new mosque, managing waiting lists for primary education, etc. An interesting research question is to check whether the impact of immigration on outcomes in mayoral elections is similar or not to that of national elections, suggesting, in the latter cases, that the mechanisms behind the two election levels are different. For instance, one might argue that at the local political level some ideological and cultural determinants of the voters' stance on immigration might play a reduced role, since voting is supposedly more connected with the concrete costs and benefits of dwelling in a given place.

To investigate the link between immigration and voting at the local level, the preferred dependent variable would be the share of votes to the center-right coalition, as in the case of our baseline model, measured at the municipality administrative elections.[19] However, this route proved to be infeasible, as the large majority of votes at the local level were casted in favor of 'civic' lists (*liste civiche*), whose political stance in the majority of the cases was unknown or not retrievable (we would have ended up with having only about 1000 municipalities for which the preferences for the center-right and center-left coalitions could have been exactly identified). We then decided to exploit a second dataset, namely the local administrators' registry,[20] which provides yearly information on the city council composition, including the political party supporting the elected mayor. Therefore, we are able to identify the mayors supported respectively by center-right and center-left parties for most of the municipalities. We drop the municipalities for which we cannot retrieve this information (only 12% of the total).

We use data referring to the local administrations in charge in the years 2002 and 2008: since in Italy the mayor's mandate lasts five years, by considering a 6-year span we can assess the impact of immigration on mayoral elections for all municipalities.[21] Variations in voting patterns are captured by changes in the supporting coalitions, and hence we estimate the following linear probability model (LPM) in a cross-sectional dimension:

$$y_m = \beta_0 + \beta_1 \Delta \mathrm{IMM}_m + X'_m \beta_2 + \varepsilon_m \quad (2)$$

where the dependent variable y_m is a dummy variable, taking value one if the political stance of the mayor of municipality m changes from center-left to center-right over the period 2002–2008 and zero otherwise; moreover, the dummy takes value one also for those municipalities ruled by center-right in both years.[22] Our covariate of interest is $\Delta \mathrm{IMM}_{mt} = \left(\frac{\Delta Immigrants}{Population_{t0}}\right)$, i.e. the change in the share of immigrants over population in the municipality over the period 2002–2008. X_m is a set of variables aimed at capturing observable economic and social differences across municipalities: the change in the population density and in the growth rate of GDP in the period 2002–2008, and we also include regional dummies. As in our baseline model, we adopt an "à la Card" instrumental variable approach, also in this case as modified by Cortes and Pan (2015). In particular, we construct our instrument as:

$$\frac{\sum_{c=1}^{N} \delta_{mc} Immigrants_{c2008} - \sum_{c=1}^{N} \delta_{mc} Immigrants_{c2002}}{Population_{m2002}}$$

where δ_{mc} is the share of immigrants from country c in municipality m in 1991, $Immigrants_{ct}$ is the country-level number of immigrants from country c in year t ($t = 2002, 2008$), $Population_{m2002}$ is the total population in municipality m in 2002, and N stands for the number of top 15 foreign nationalities in Italy in 1991.

The estimates (Table 8) suggest a positive and statistically significant relationship between the change in share of immigrants and the probability that the political color of the mayor changes from center-left to center-right. In particular, according to the IV estimates (Column 2), which are also in this case greater than the OLS ones, a one standard deviation increase of the share of immigrants (3.2 p.p.) leads to an increase of the probability that the municipality switches to a right-wing mayor by about 9 p.p.

Once having estimated the impact of immigration on local elections, it is possible to compare it with the impact at the national elections. To deal with this issue, we have to recover from the data of the national elections a binary dependent variable similar to the one computed for the local administrative elections. In particular, the binary dependent variable takes value one if either (i) in 2001 the share of votes for the center-right was lower than that for the center-left and in 2008 became greater; or (ii) the share of votes for the center-right was higher than that for the center-left in both years. The results, displayed in columns (3)–(4) of Table 8, show that changes in immigrant shares predict voting outcomes also when the latter are measured through this binary indicator, which is comparable with the variable used in local elections. Overall, the evidence of this section suggests that the relationship between immigration and electoral gains percolates to local

[19] Data are available at http://elezionistorico.interno.it/index.php?tpel=G
[20] Data are available at http://amministratori.interno.it/AmmIndex6.htm.
[21] Note that most municipalities in our sample held their elections in 2004 (more than 60%), in 2006 (about 18%) and in 2007 (about 12%).
[22] As a robustness exercise, we also run our model after dropping those municipalities ruled by centre-right in both years: results are unchanged.

Table 9
Channels behind the relation between immigration and voting for the center-right. A descriptive exploration.

Dependent variable	Voting for the center right	Immigration is a very important issue				
	(1)	(2)	(3)	(4)	(5)	(6)
Immigration is a very important issue	0.0795**					
	(0.0180)					
Threat to culture		0.162***				0.0605***
		(0.0173)				(0.0212)
Threat to jobs			0.155***			0.0639***
			(0.0173)			(0.0210)
Having children				0.0559**		0.0295
				(0.0221)		(0.0221)
Threat in terms of crime					0.198***	0.146***
					(0.0180)	(0.0216)
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Observations	3187	3115	3131	3099	3187	3038

*, **, and *** stand for statistical significance at 10, 5, and 1% levels, respectively. Controls: age, age square, years of schooling, and occupation. Itanes data. The dependent variable is the dummy "immigration is a very important issue". The culture variable refers to a dummy variable on the sentence "immigrants are a threat to our culture". The job variable is related to the dummy "immigrants are a threat to our job", and the crime dummy is associated to the question "immigrants are a threat to crime". Having children refer to individuals who have at least a child. Robust standard errors in parentheses.

political contests, and that the magnitudes of the effects are largely comparable.[23]

8. Possible channels behind our findings

In this section we investigate the transmission mechanisms going from immigration inflows to the natives' voting behavior. We identify two main categories of mechanisms. The first one regards how voters change preferences and voting behavior as a reaction to immigration inflows, i.e. the voters' side. The second one concerns how parties change their strategies when immigration inflows increase, i.e. the political parties' side. These two categories are investigated in the following two subsections.

8.1. Channels behind our findings: the voters' side

We start to explore this issue from a descriptive point of view by making use of the Itanes (Italian National Election Studies) microdata (www.itanes.org), provided by the Itanes Association, a leading Italian research center in political science dealing with voting behavior. In particular, we use responses from more than 3000 voters who were interviewed after the 2001 general election. These data are particularly suitable to our aims since they include information on both voting and attitudes toward immigrants, as well as the usual socio-demographic variables.

We start by showing that voters stating that "immigration is a very important issue" are also more likely to vote for the center-right coalition (Table 9, column 1). This result highlights the missing link in the causal path from immigration to voting: controlling for age, gender, years of schooling, and occupational status, the concern for immigration is associated with voting toward the center-right coalition, which has a political platform less favorable to immigrants. But why are people worried about immigration? The Itanes questionnaire identifies four main channels that might explain why some natives think that immigration is a very important (and alarming) issue. The first channel refers to the cultural dimension, to the fact that immigration might represent a threat to the Italian culture.[24] The second channel concerns the competition of immigrants in the labor market. The literature has stressed that in a developed country the native-immigrant contest for jobs should be tougher for unskilled native workers (Borjas, 2003; Mayda, 2006). This insight is particularly relevant to the case of Italy, where immigrants are mostly unskilled, and even the few medium or high skilled are usually employed in unskilled occupations and have higher over-education rates (Dell'Aringa and Pagani, 2011). The third channel concerns competition for public services. Of course, it is children and the elderly who make most use of public services. Since immigration is a very recent phenomenon in Italy, the share of immigrant elderly individuals is negligible. On the contrary, immigrants have a very high fertility rate, especially when compared to the very low rate for Italians.[25] As a matter of fact, the increase in immigration rates since the beginning of the nineties has determined a huge rise in the share of immigrant children in proportion to native children. This has generated strong competition between immigrants and natives for public services for children, especially admission to public schools. Moreover, when at school immigrants may negatively affect the performance of native children (Ballatore et al., 2014). The fourth channel refers to the perception by natives that immigration can lie behind an increase in criminal activities. This is a standard claim in Italian political campaigns, and it has been traditionally evoked by the center-right coalition. Note that what matters is not whether immigration actually has a causal impact on crime. In this regard, Bianchi et al. (2012) suggests that, when controlling for endogeneity, immigration does not raise the crime rate in Italy. Nonetheless, what really matters is the perception of natives, which can be affected by political campaigns.

Using the Itanes data (Itanes, 2001), it is possible to compute the correlation between being worried about immigration and the above-mentioned channels. In columns (2)–(6) of Table 9 we regress the dummy variable "immigration is a very important issue" on the following dummies: "immigrants are a threat to culture"; "immigrants are a threat to jobs"; "having children" and "immigrants are a threat in terms of crime". All dummies are positively associated with the belief that immigration is an important issue. This evidence applies both when dummies are introduced in the regression one at a time (columns (2)–(5)) and when introduced all at once (column (6)), with having children no longer being statistically significant but still positive).

We now move on to the rigorous causal investigation of the validity of the four channels, by means of estimates with interaction terms and by using municipality data. In particular, we split the whole sample of municipalities by using Istat census data for 1991, to make them as exogenous as possible with respect to migration trends in our analysis,

[23] Indirectly the analysis of mayoral elections provides an additional robustness check along the dimension of the electoral mechanisms (beside the one described in Section 6.2), since the electoral rules in mayoral elections are very different from those prevailing in national elections.

[24] Some papers underline the importance of issues such as cultural diversity (Ottaviano and Peri, 2006), compositional amenities (Card et al., 2012), and religion diversity (Barro and McCleary, 2003).

[25] According to Istat, in 2009–2010 the average number of children amounted to 1.31 for Italian women and 2.23 for immigrant women.

Table 10
Channels. Interaction models with respect to religious diversity, competition in the labor market (education), competition for public services (number of children), intensity of crime, and political competition. IV estimates.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	0.355	0.708***	0.598***	0.324	0.152	1.018***	0.307
Immigrant share	(0.243)	(0.266)	(0.232)	(0.506)	(0.492)	(0.350)	(0.505)
Interactions							
	0.401***				0.338***		0.340***
Imm. share*High cultural diversity	(0.079)				(0.0810)		(0.0812)
		0.398***			0.275**		0.248**
Imm. share*Low education level		(0.120)			(0.115)		(0.116)
			0.327***		0.229*		0.222*
Imm. share*High share of children			(0.125)		(0.135)		(0.135)
				0.203	0.0747		0.0521
Imm. Share*High crime				(0.171)	(0.186)		(0.187)
						−0.282***	−0.189**
Imm. share*High political competition						(0.102)	(0.0857)
	−0.000	−0.000	−0.000	−0.000	−0.000246	−0.000	−0.000242
Population	(0.000)	(0.000)	(0.000)	(0.000)	(0.000195)	(0.000)	(0.000191)
	0.095***	0.087***	0.080***	0.094***	0.0802***	0.104***	0.0771***
Population density	(0.017)	(0.017)	(0.017)	(0.016)	(0.0171)	(0.019)	(0.0171)
	0.216	0.477**	0.297	0.189	0.203	0.558**	0.244
GDP growth NUTS-2	(0.206)	(0.239)	(0.203)	(0.297)	(0.307)	(0.256)	(0.310)
Observations	22,731	22,761	22,761	22,761	22,731	22,761	22,731
Municipality FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
F-stat Excl. instruments	54.414	42.231	48.612	19.848	6.611	40.576	5.52
R-squared	0.519	0.512	0.518	0.523	0.519	0.494	0.518

*, **, and *** stand for statistical significance at 10, 5, and 1% levels, respectively. The dependent variable is the share of votes for the center-right coalition at the municipality level. The immigrant share is computed over total municipality population. Standard errors (in parentheses) are clustered by municipality. Instrument used in column in the IV estimates: share of immigrants by municipality in 1991.

referring to the period 2001–2008. In particular, for each channel we compute a proxy variable, and then compute a corresponding dummy variable (above or below the median). We introduce in the baseline regression the immigrant share and the interaction between immigrant share and the dummy variable for each channel. As is standard when using interaction terms, the instrument for the interaction is equal to the standard instrument times the interaction dummy.

As for the first channel, the cultural dimension, we rank municipalities according to religious diversity, based on a distance function that draws on religion-related data. Foner and Alba (2008), among others, show that immigrant religion might facilitate the successful integration of immigrants and that religion-related activities encourage the development of integrative social identities. Moreover, religion in Italy is a crucial cultural dimension, since Italy hosts the Vatican State and the Pope and is considered the center of Catholicism. For each municipality we compute a religion diversity index, defined as the mean squared difference between the share of Catholics in Italy and that of the first fifteen outbound countries, using the shares of 1991 foreign resident nationalities in the municipality as weights. We then derive a dummy equal to one when a municipality is above the median of this religious diversity index. Column (1) in Table 10 shows that the baseline coefficient is positive and equal to 0.355, even if not statistically significant. Interestingly, the interaction term is highly statistically significant, coming to 0.401, and suggesting that where religious/cultural diversity is greater the impact is stronger.[26]

As for the second channel, competition in the labor market, we compute a dummy variable equal to one if the share of graduates in a municipality is lower than the median of the graduate share computed on all municipalities. In this case the baseline coefficient is positive, significant and similar to the baseline estimate in Table 3, while the interaction term is positive (0.398) and highly significant, implying that the impact of immigration is driven by the group of relatively 'unskilled' municipalities (column (2)). This evidence supports the idea that the switch of votes to the center-right coalition driven by immigration has something to do with the rise in competition in the unskilled labor market.[27]

For the third channel, competition for the public services, we split the sample according to the share of native children, i.e. native population in the class of ages 0–14, computed in 1991. The intuition is that the higher the share of native children, the higher may be the perception that immigrants can 'steal' admission to school in the place of natives.[28] We then compute a dummy variable equal to one for municipalities above the median of the native children's share. Column (3) of Table 10 shows that the impact of immigration is driven by the group of municipalities above the median, since the interaction term is positive (0.327) and highly significant and the baseline coefficient for immigration is still positive and significant (0.598). This suggests that the perception that immigration can be a treat for benefiting from public services also plays a role.

The last channel is crime, i.e. the perception that immigration is a driver of crime. To deal with this issue, we identify the five nationalities associated with the highest rate of criminal activity, which are the following: Egyptian, Moroccan, Rumanian, Serbian, Tunisian.[29] We then compute the share of immigrants belonging to these five nationalities for all municipalities, using 1991 data. The idea is that the perception of a relation between immigration and crime is more accentuated in municipalities characterized by a large presence of immigrants of the nationalities with higher crime rates. The dummy variable is equal to one for municipalities above the median of shares of immigrants of these nationalities. Column (4) of Table 10 suggests that also for this

[26] Note that the Cragg–Donald Wald F statistic of the first stage is much greater than ten. The same applies to all the other columns (apart from columns (5) and (7) where it comes to around 6).

[27] Note that this result is consistent with the explanation of labor market competition but also with a possible alternative explanation related to the 'educated preferences' for immigration (Hainmueller and Hiscox, 2010); similarly, the result related to the public services may be driven by the fact that poor and unskilled individuals might have more children. This possible correlation across channels is somewhat addressed when all interactions are introduced at once (column (5)).

[28] Halla et al. (2013) makes use of a similar sample split approach, using the share of immigrant children. We use native children since immigrant children can hardly be considered as exogenous.

[29] These nationalities have been identified using the first available data on criminal activity by nationality, in 2008, provided by Istat. Using these data it is possible to compute the crime rate for each nationality, i.e. criminal acts by individuals belonging to that specific nationality out of the total number of immigrants of that nationality.

channel the point estimate of the interaction term is positive, i.e., the impact is higher in municipalities above the median. However, the interaction term and the baseline coefficient are not statistically significant, suggesting low explanatory power for this channel.

In column (5) we introduce the interactions all at once, including in the set of instruments all the interacted instruments. This check is important since one might argue that the channels are correlated across municipalities, and hence it is crucial to include them all at once in the regression. Interestingly, the baseline coefficient is positive and not statistically significant. This is not surprising since it refers to municipalities characterized at the same time by low cultural diversity, high education levels, low shares of native children and low incidence of nationalities associated with crime. When moving to interaction terms, the statistical significance remains the same as in columns (1)–(4), and coefficients are only slightly lower than those in columns (1)–(4), implying that channel correlation across municipalities is not a major issue. We can therefore conclude that the only channels that entail a significant impact on votes concern cultural diversity, competition in the labor market, and competition for public services.

8.2. Channels behind our findings: the political parties' side

Apart from voters' preferences, political parties' strategies can be affected by immigration inflows. In this subsection we investigate how immigration can change parties' strategies when different degrees of political competition are at work across municipalities.[30] The political economy literature has shown that political competition plays a crucial role in determining the parties' strategies. In particular, we pay attention to a recent paper, by Nannicini and Galasso (2011), which points out an effect of political competition on the positive selection of politicians in Italy. In particular, politicians with higher ex ante quality, measured by years of schooling, previous market income, and local government experience, are more likely to run in contestable districts, where political competition is higher. Interestingly, Nannicini and Galasso (2011) also distinguish between different types of candidates, i.e. loyalists, with higher ideological component and higher loyalty to the party, and experts, who are better equipped at problem solving. Their paper claims that political competition pushes political parties to allocate experts where political competition is high, i.e. where the share of swing voters is higher. In our framework, one might argue that the strategy of political parties can be affected by the interplay between immigration inflows and political competition. Where political competition is high, political parties should tend to attract swing voters, not only selecting expert candidates but also using a local political campaign focused on non-ideological issues, i.e., avoiding issues such as immigration.

To test this prediction we need to compute a proxy of political competition. We make use of the three national electoral data analyzed so far (2001, 2006, 2008), and we add also the election in 1996, which cannot be used in the rest of the paper since for that year there is no information about immigration shares at the municipality level. We derive an index of political competition computed as the average across the four elections of the differences in the share of votes between the first and the second party at the municipality level. If the index is close to zero, elections in that municipality have been very tough, with the two parties competing very closely. Consistently with the other channels investigated so far, we derive a dummy variable equal to one when the index is lower than the median, i.e., when political competition is high. We hence use as covariates of interest the standard immigration variable and the interaction between immigration and the dummy of political competition. Column (6) of Table 10 strongly confirms our prediction, consistently with the intuitions of Nannicini and Galasso (2011). The coefficient of the baseline immigration variable, which refers to the municipalities where political competition is low, is slightly higher than the baseline coefficient derived in Table 3, i.e. 1.018 versus 0.856. When political competition is low the immigration effect is stronger, since political parties have the incentives to select ideological candidates, which in turn will focus on ideological issues such as immigration. On the contrary, the interaction term is negative, suggesting that when political competition is high the impact of immigration decreases, since parties tend to select expert candidates and more in general will not focus on ideological issues in order to attract the votes of swing voters. A normative implication follows: the adoption of institutions and policies aimed at enhancing political competition and the quality of candidates might mitigate the political impact of ideological issues such as immigration.

When including all the channels at the same time (column (7)) results are confirmed, i.e., still, the correlation across channels is not a major issue.

9. Conclusions

The paper analyzes the impact of immigration on the political preferences of natives. We focus on the case of Italy, which is particularly interesting because the country has experienced fast and large migration inflows as well as right-wing rule for the last 15–20 years. We use municipality data that allow for controlling for unobserved municipality heterogeneity and endogeneity. We find that in municipalities that experienced relatively larger arrivals of immigrants, the electorate has been more willing to vote for the center-right coalition with political platforms less favorable to the immigrants. The size of the city matters: the results are driven by municipalities in the middle of the municipality size distribution, with big cities that behave differently from the others, i.e., no effect of immigration on electoral outcomes is detected. We also point out that the gain in votes for the center-right coalition has gone hand in hand with a loss of votes for the center and center-left parties, with a decrease in voter turnout and an increase in protest votes. Furthermore, we show that the impact of immigration on election outcomes holds also at the local level, with an effect that in magnitude is comparable to the one in National elections. As for explanations behind our findings, we find that multiple channels are at work, namely: cultural diversity, native-immigrant competition in the labor market and in the access to public services; on the other hand, the native perception that immigrants cause crime produces the expected impact but is not statistically significant. Moreover, we show that political competition is an additional channel that can affect party strategy.

Our results regard a country that has recently experienced a surge in immigrant inflows. To the extent that the aversion to immigration decreases over time (because people feel less threatened or start to appreciate the benefits of immigration that might take time to materialize) the impact of immigration on political outcomes might diminish over time. However, the evidence provided for the City of Hamburg in Germany (Otto and Steinhardt, 2014) suggests that anti-immigration sentiment seems not to recede over time.

Appendix A. Additional robustness checks

Supplementary data to this article can be found online at http://dx.doi.org/10.1016/j.jpubeco.2016.03.002.

[30] One might argue that also the effort of parties might be affected by the increase in immigration inflows, for instance because center-right parties might be aware of the potential boost in votes due to immigration, and hence they might have the incentive to increase their effort to benefit from it. We thank a referee for this interesting intuition. Unfortunately, it is very hard to find time varying proxies for parties' effort at the municipality level, and for this reason we can not address this issue in the paper, leaving it for future research.

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