

Stop invasion! Immigrants and the rise of populism in Europe¹

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Abstract

The flourishing of populist parties with an anti-immigrant stance have raised questions about the determinants of their success. A great attention has been devoted to the effect of immigration on the support for these parties all over Europe, but far less has been paid to the channels through which immigration is connected to this political success. We investigate these channels using a particularly rich dataset on Lombardy and taking advantage of the fortuitous coincidence of national and regional elections. We distinguish between the “ideological” anti-immigrant channel of the votes from two “rational” channels – crowding out of social services and competition on the labor market – arising from differences in economic features of immigrants with respect to Italians. After controlling for the ideological channel, our results suggest that economic factors play a significant role and that the competition on the labor market dominates the crowding out effect.

¹ We thank Éupolis Lombardia for giving us access to the very rich dataset this research is based upon.

1. Introduction

There is a vast debate all over Europe on the rise of right-wing populist parties. The Front National in France, the Dutch Freedom Party in the Netherlands, the Freedom Party of Austria (FPÖ), the United Kingdom Independence Party (UKIP) in the UK and the Northern League (NL) in Italy - to name a few examples - have gained a significant consensus over the last years. They took advantage of the increasing pressure of immigrants' flows combined with the aftermath of a long and slowly recovering economic crisis.

A wide literature has studied the effect of immigration on the support for right-wing populist parties. Even if the majority of researchers found a positive effect of immigration on the success of right-wing parties, the empirical evidence is mixed. A positive effect has been found in Denmark, Germany, Austria and Italy². However, Steinmayr (2016) found a negative effect of refugees on the FPÖ vote share. Mendez and Cutillas (2014) found no significant effect on support for anti-immigrants coalition in Spain, even though they found a positive effect of African immigrants. Becker and Fetzer found that immigration in the UK has fostered the support for UKIP, while Levi et al. (2017) argue that it has only had a short-run positive effect on Brexit and UKIP's support that vanishes over time.

Nevertheless, the literature has not investigated whether the votes for these anti-immigrant parties are only ideologically driven or if there is also a rational component based on economic factors. There might be two additional economic explanations due to the heterogeneity of the immigrants relative to the natives: (1) the fear of a possible crowding out effect in social services and public goods³; (2) the fear of a possible competition of the immigrants on the labor market, already under pressure for the long lasting and slowly recovering economic crisis⁴.

We focus our attention to Lombardy, the richest and most populated Italian region. This region has the highest share of immigrant population and is amongst the ones with the highest support for the Northern League. Using a unique - recently released - dataset, we can add to the existing literature accounting for income (and tax) differentials between immigrants and Italians⁵ at the municipal level. We exploit the fortuitous occurrence of a contemporaneous election at the national and regional level⁶.

While the ideological component of the support for the NL should be invariant across different levels of government, if income differentials are important to explain voters' behavior, we can argue that voters are not necessarily anti-immigrant per se, but there might be two additional explanations. On one hand the Italians might not want to pay services or social security measures that benefit primarily the immigrants (a heterogeneity argument à la

² Dustmann et al. (2016), Harmon (2015), Gerdes and Wadensjo (2010) in Denmark; Otto and Steinhardt (2014) in Germany; Halla et al. (2016) in Austria; Barone et al. (2014) in Italy.

³ Alesina et al. (2001); Alesina and La Ferrara (2000); Alesina et al. (1999).

⁴ Longhi, Nijkamp and Poot (2005); Blau and Kahn (2012); Lewis and Peri (2015).

⁵ We carefully avoid the use of the word "natives" because here the discriminating factor is the nationality, which also gives the right to vote. The number of non-natives who have gotten the Italian citizenship now exceeds two hundred and twenty thousand individuals.

⁶ In general, the national and regional elections are not contemporaneous. This coincidence occurred because the Lombardy regional government fell before the end of its term.

Alesina, 2001), but on the other hand they might fear the competition of immigrants in the labor market.

We address endogeneity issues using a Card-instrument following the methodology suggested by Barone et al. (2014). Although our setting does not allow us to estimate precisely each of the effects, given that they operate in opposite directions, we are able to understand which one dominates in shaping voting behavior. The results show that the difference in median incomes – between Italians and immigrants – has a positive effect on the NL electoral outcomes, but the interaction between that difference and the share of immigrants has a negative and stronger effect. The cumulated effect suggests that the labor-market competition effect is then stronger than the crowding out one.

The paper is organized as follows: section 2 reviews the existing literature; section 3 details the three – one ideological and two economic – channels through which immigration might foster the support for right-wing parties or coalitions; section 4 explains the features of the institutional setting; section 5 describes the basic empirical model; section 6 introduces the data at hand and section 7 presents the main results; section 8 concludes. All figures and tables are at the end of the paper.

2. Literature review

The impact of immigration on the electoral success of right-wing parties (or coalitions) has been recently analyzed by many scholars, in Denmark, Germany, Austria, Spain, UK and Italy. Dustmann et al. (2016) analyze the causal effect of refugee migration on voting outcomes at the national and municipal elections in Denmark. They find that the allocation of larger shares of refugee leads to an increase in the vote share for both anti-immigrant parties and center-right parties at large. However, there are heterogeneous effects depending on municipal characteristics, especially along the line urban vs non-urban municipalities. Refugee allocation influences voter turnout and positioning of anti-immigrant parties in municipal elections, too.

Harmon (2015) also investigates the voting behavior among Danes focusing on immigrants and finds a positive association between immigrant shares and right-wing parties' electoral outcomes. Gerdes and Wadensjö (2010) assess the effect of the inflow of refugees on electoral outcomes in Denmark at the municipal level. Their analysis - covering the period from 1989 to 2001 - shows that the shares of refugees is positively associated with the two main anti-immigration parties.

Otto and Steinhardt (2014) analyze the effect of immigration inflows in 103 districts in the city of Hamburg and argue that an increase in the share of immigrants entails an increase in the share of votes of extreme right-wing parties in both federal state and national elections.

Halla et al. (2016) analyze whether immigration positively affect the votes for the Freedom Party of Austria (FPÖ), a party with a clear anti-immigration stance. They find that a 1% increase in the share of immigrants in a municipality increases the FPÖ votes in general elections by about 0.35%. Steinmayr (2016) also focuses on the FPÖ using the availability of appropriate housing as an instrument to assess how having received any refugees affected the

response of voter shares in the 2016 state elections. Unlike all the other analyses, he shows that hosting refugees decreases the FPÖ vote share.

Mendez and Cutillas (2014) study the effect of immigration in Spain on the outcome of the national elections from 1996 to 2011, a period in which the immigrant share rose sharply. They find that immigration inflow has no significant effect on support for anti-immigration coalitions. However, splitting the immigrant incidence by nationality, they find a positive impact of African immigrants on anti-immigration coalitions.

Becker and Fetzer (2016) analyze the electoral success of UKIP at the European Parliament elections following the 2004 accession of eight Eastern European countries (plus Cyprus and Malta) to the European Union. They show that the significant immigration inflow from these new EU members has depressed wages at the lower tail of the wage distribution and accrued pressure on public services and housing. Partially in contrast to these results, Levi et al. (2017) find that the higher support for UKIP and Brexit resulting from an increased immigrant presence is only temporary. Over time, the effect of new immigrant inflows on voting behavior progressively vanishes.

Barone et al. (2014) point their attention to the electoral outcomes of the Northern League at the municipal level for the 8000 Italian municipalities: they find that 1% increase in the share of immigrants of a municipality is associated with a 0.86% increase in the share of votes going to the center-right coalition. The authors also find heterogeneous effects across municipality size, a decrease in voter turnout, an increase in protest votes and an effect on mayoral elections.

The mayoral election itself might affect the inflow of immigrants as pointed out by Bracco et al. (2017): immigrants' location choices are affected by the presence of NL mayors. Immigrants do not flee out from NL ruled towns, but they tend to avoid moving towards municipalities with a NL mayor.

Cattaneo et al. (2013) investigate the labor-market competition channel using a panel for the EU-15 countries. They find that when there is an immigrant inflow in a labor-market the natives increase their probability of moving to a higher-skills job. Moreover, this does not cause a variation in natives' unemployment. Therefore, immigrants move the natives towards better career paths, which, with a lag of 1-2 years, result in an increase in wage incomes. This result is also in line with what Foged and Peri (2015) find for Denmark: refugees inflows push the natives to pursue less manual-intensive occupations. The final outcome is an increase in the wages, employment and occupational mobility of native unskilled workers.

Finally, Gebremedhin and Mavisakalyan (2013) point out how the two economic channels – crowding out of social services and competition in the labor market – can reinforce the support for anti-immigrant parties. The success of these parties can – in turn – lead to an increased political instability and a subsequent increase in military spending.

The literature seems then to suggest that all these three transmission channels – ideological, crowding out and labor-market competition – point to the same direction. However, this is not so clear-cut: as soon as we take into account the heterogeneity and mix of skills and incomes of immigrants and citizens, they might generate different outcomes, as we will explain in more detail in the following section.

3. Channels of transmission

We argue that immigration might affect electoral outcomes through three main channels: (1) “ideological” anti-immigrant feelings; (2) crowding-out effect; (3) labor-market competition. As previously pointed out, a high share of immigrants not necessarily implies all the effects.

The “ideological” anti-immigrant feelings can be defined as the set of fears caused by the worry of not being able to preserve effectively their own language, values norms and customs when facing significant waves of newcomers.

Crowding-out effect and labor-market competition can be summarized as “economic” channels. In this context, we define the crowding-out effect as the fear that poor and/or nonworking immigrants will benefit the generous European welfare system, excluding the natives from the pool of potential beneficiaries. Labor-market competition does not necessarily arise as a consequence of immigration inflows, as it crucially depends on the skill-mix of the immigrants relative to the natives. A simple example will help clarifying both effects.

Consider an extreme situation in which the natives have very high skills and incomes and immigrants have very low skills and income. In this case there will be no crowding-out effect, because none of the natives would be eligible for welfare benefits in any case and no labor-market competition, because the job markets for immigrants and natives do not overlap. On the other extreme, in a situation in which natives and immigrants have very similar skill sets and incomes, there will be both crowding-out and labor-market competition, leading to strong frictions between the two groups.

To summarize, the presence of crowding-out effect and labor-market competition critically depends on the relative skill mix of immigrants and natives and on their income distributions.

4. Institutional setting

We focus our attention on Lombardy and the electoral outcomes - at the municipal level - of the Northern League (henceforth NL), a right-wing party with a strong anti-immigrants stance. Lombardy is a particularly significant setting, because it is a very rich region, the largest one population-wise, with its 10 millions of overall population and it has a share of immigrants of about 12%, accounting for 23% of the total immigrants resident in Italy. The region is divided into 12 provinces. This division is mainly administrative and it does not follow economic sub-areas. Hence, the Istat (National Institute of Statistics) has identified 57 smaller local labor systems (henceforth LLS) which replicate quite precisely the labor markets. Lombardy is also the Italian region with the highest number of municipalities - 1544, as of 2013 - which leaves us with a corresponding number of electoral outcomes for each election. Immigrants are quite unevenly spread across municipalities, as it can be easily seen from figure 1: some municipalities have no immigrants, while others have up to a 30% immigrants' share. At first glance, their concentration is higher in the south-eastern part of the region, with a particularly high concentration in the province capitals. Lombardy is currently run by a

governor from the Northern League, hence it is a setting where populism can have a chance to take off.

In 2013, it underwent both national and regional elections contemporaneously. Share of votes for the NL at different level of government are shown in figures 2-4: surprisingly the highest share of votes to this party came from the municipalities with the lowest share of immigrants, despite very strong anti-immigrant campaign from the NL. The municipalities voting the most for the NL are the ones located in the upper part of the region, with the exception of the province capitals. This result is in line with the contrast between urban and rural areas already highlighted by Dustmann et al. (2016)

5. Empirical model

We analyze the effect of immigration on the votes gained by the Northern League. We study this effect over three contemporaneous elections taking place in 2013 for the renewal of the House, the Senate and the Lombardy Regional council. Our baseline specification is the following:

$$NL_share_of_votes_m^L = X'_{I_m}\beta_I + X'_{E_m}\beta_E^L + Z'_m\gamma(+\alpha_{LLS}) + \varepsilon_m^L$$

where $NL_share_of_votes_m^L$ denotes the share of votes of the NL at the L -th level of government, i.e. House, Senate or Regional council and m denotes the municipality. X_{I_m} is a set of immigration-related explanatory variables that we define "ideological" explanatory variables. Specifically, among these we include the municipal share of immigrants, its square and the growth rate of the immigration share between 2003 and 2012. X_{E_m} denotes a set of economic explanatory variables: the municipal average income level of the Italians, the difference in the median income between Italians and immigrants at the municipal level, its interaction with the share of immigrants, the municipal firms per-capita, the employment rate of the Italians at the local labor local system (employment rate of the Italians when we use LLS fixed effects). Z_m is a set of socio-political municipal controls, i.e. the past share of votes of the NL at the national elections, population, share of females, the percentage of each age class and the level of education of the residents. Finally, α_{LLS} denotes local labor system fixed effects.

If the votes for the Northern League are purely anti-immigrants - i.e., the share of votes depends only on the share of immigrants resident in that municipality - we expect the income differentials to be insignificant and the Northern League share of votes not to change among different types of elections. On the other hand, if the share of votes for the Northern League has also an "economic" component, which is not purely driven by populism, we expect those differentials to be significant and the share of votes for the NL to vary across different levels of government, depending on the actual power that level of government has on immigration management.

By definition, the ideological component of our model β_1 does not vary across the different levels of government. Hence, computing the difference in the share of votes gained by the NL at the House and at the Regional elections we can get rid of this ideological component. This enables us to disentangle the economic-driven components from the ideological ones. We are then left with the following specification:

$$\Delta NL_share_of_votes_m^{HR} = X'_m \beta^{HR} (+ S'_m \gamma^{HR}) + (\alpha_{LLS} +) \varepsilon_m^{HR}$$

If β_{HR} are significant, it means that the economic explanatory variable can explain the non-ideological component of the votes gained by the NL. As a robustness check, we will also allow the social features to be election-variant: S_m includes all the social control appearing in Z_m , but the past share of votes of the NL. Finally, we control for LLS fixed effects for both specifications.

6. Data

Our dataset relies on two main sources: ISTAT - through *Éupolis Lombardia*⁷ - and the Italian Ministry of Interior. From ISTAT we got access to a unique dataset featuring the entire population of Lombardy residents, both natives and immigrants. This dataset stems from the ARCHIMEDE project run by ISTAT to relate the information coming from different databases: fiscal archives, archives of the chambers of commerce, social security archives, insurance archives and ministry of education archives. It consists of nearly 10 million individuals, clustered into nearly 4.4 million households for the year 2012. Starting from this database we computed municipal variables that we used as explanatory and control variables. From *Éupolis Lombardia* we also got data on the number of firms at the municipal level, which is part of our set of economic explanatory variables.

From the Ministry of Interior we got the data for our dependent variables, the results, at the municipal level, for the national -- both for the House and the Senate -- and regional elections of 2013. The contemporaneity of these elections allows us to investigate whether the voters behaved differently when casting their votes for different levels of government, if the youngest behaved differently from the other voters⁸ and if there is any correlation with the municipal economic variables and if the differentials in the median incomes between natives and immigrants play a role.

Summary statistics for our dependent and independent variables are reported in Table 1. Data on elections refer to 2013 while the explanatory variables refer to 2012, unless otherwise

⁷ We are very grateful to *Éupolis Lombardia* - the regional statistical office - for which we worked as consultants over the last three years - for granting us access to this database.

⁸ The electoral pool for the Senate elections is smaller and older, because voters can vote for the Senate only after their 25th birthday.

stated. Starting from a cross-section database with 1544 observations, we had to drop 27 municipalities (26 were miscoded observations and one was an outlier⁹).

The share of votes of the NL is, on average, above 15%, but with a variance ranging from 0% up to more than 50%. The difference between the share of votes for different levels of government ranges from -0.7% and 1.7% of the votes. In particular, it seems clear that the difference between the House and the Senate only depends on the different age composition of the electoral pool for the elections of the Senate (above 25 years old). The difference between the House and the Region – by 1% – is instead important; adding it to the difference between House and Senate generates the Senate-Region difference.

The share of immigrants ranges from zero to 30% and its growth rate has been computed between 2003 and 2012.

The income is defined as the gross taxable income according to the definition of the personal income tax. The employment rate is defined as the share of people having worked in the last 12 months and not having received any unemployment benefit, both at the LLS and municipal level. Firms per capita is the simple ratio between the number of resident firms and the municipal population.

7. Results

The results of our baseline specification for the three elections considered – House, Senate and Regional Council – are showed in Table 2. Columns (1) and (2) show the results for the House elections for the basic specification and the FE one respectively. In the basic specification both the share of immigrants and its square are positive and significant, suggesting a positive impact of the immigrant concentration on the share of votes of the NL. The growth rate of the share of immigrants, instead, does not seem to have an impact. The past share of votes - as expected - plays a very significant role. Among the economic explanatory variables, we included the average income level of the Italians (in logs) and the difference in the median level of income (in logs) between the Italians and the immigrants and its interaction with the share of immigrants.

We use the average level of income because we consider it as a proxy for the welfare of the municipality, given the progressivity of the fiscal system. Instead, we use the difference in median incomes because it captures better the actual relative position of the immigrants relative to the income of the median Italian¹⁰. Not surprisingly, the average level of income of the voters has a negative effect on the dependent variable, given that the NL tends to get more support from poorer voters. The difference in the median incomes, instead has, overall a negative effect: the direct effect is positive, but the interaction with the share of immigrants is positive, by a factor of ten. This result suggests that immigration has a positive effect on the

⁹ In one municipality there was a resident immigrant with a very high income, which – given the smallness of the municipality – generated a very high average income of the immigrants relative to the Italians and a very high and negative difference between the average income of the Italians and the immigrants.

¹⁰ It is worth noting that the electoral pool contains only Italians, because the right to vote depends on the citizenship. Hence, the median adult Italian coincides with the median voter.

NL share of votes, but only when the immigrants have an income structure which is quite similar to the Italians' one. Hence, the voters seem to react to immigrants if they are competing on the labor market, while they are more welcoming with immigrant that do poorer jobs for which they are not competing. This intuition is confirmed by the coefficient relative to the Italians employment rate, which is negative and significant. In the specification with no fixed effect, we used the employment rate at the LLS level, while we moved to the municipal one when using LLS fixed effects. This resulted negative and significant in both specifications. We also used the number of firms per capita at the municipal level to account for the entrepreneurial liveliness of the municipality; this variable does not seem to play much of a role. Across all specification showed in table 1 we also controlled for a set of social variables, such as the municipal population, its age structure and the gender shares. The fixed effect specification is similar, even though the size of the coefficients is reduced.

The results for the election of the Senate are very similar and the very high R^2 suggest that we nearly saturated the model. The results are not so satisfying for the Regional council elections, for which the "ideological" and economic variables are not individually significant, especially in the fixed effect specification shown in column (6). The only variables that are individually significant are the square of the share of immigrants, the number of firms per capita and the employment rate of the Italians (even though they have just a 10% significance level) in the specification with no fixed effects.

We then considered the difference between the share of votes of the NL at the House and at the Regional elections. We focused on this difference because these two are the only elections for which the electoral pool coincides. We did not include the "ideological" explanatory variables, because they are – by definition – washed away by the differentiation. The first two columns show results for the specification without social controls, while the last two account for them too. The specification of column (1) does not show significant coefficients, but most of them turn positive when adding LLS fixed effects. The difference in median incomes and the municipal employment rate are strongly significant and keep the same sign they had in the baseline specifications of Table 2. The average level of income, instead, does not play a role anymore. Columns (3) and (4) show how adding the social controls increases the explanatory power of the model but not by much.

In conclusion, the economic explanatory variables can still explain more than half of the variability in the different share of votes of the House relative to the Region, suggesting that voters are not only ideological and make different electoral choices depending on the level of government they are voting for. In particular, they vote more for the NL at the national election: the voters recognize that NL officials have a higher chance to affect the immigration policies when appointed at the national level. At the regional level, instead, they have much less power on immigration management.¹¹

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¹¹ We are aware of the presence of a civic list supporting the NL candidate to the regional presidency. We argue that these type of lists are generally used to capitalize the political personal reputation of the candidate and hence are chosen by the voters who want to vote for that specific candidate, but feel uncomfortable voting for the parties supporting him.

8. Conclusions

Immigration has shown to be an important determinant of the growing support for populist parties all over Europe, as many authors had already pointed out. We confirm this result arguing that immigration fosters the support for anti-immigrant parties through three channels: (1) “ideological” anti-immigrant feelings; (2) crowding-out effect; (3) labor-market competition. There is not only an ideological anti-immigrant component to the votes for the NL, but there are other important economic factors that play a role. These economic variables can help explaining a relevant share of variability in the difference share of votes collected by the NL across different levels of government, suggesting that voters take them into account when choosing who to vote for at different elections. After controlling for the ideological channel, our results suggest that the competition on the labor market dominates the crowding out effect.

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Figure 1 - Share of immigrants by municipality

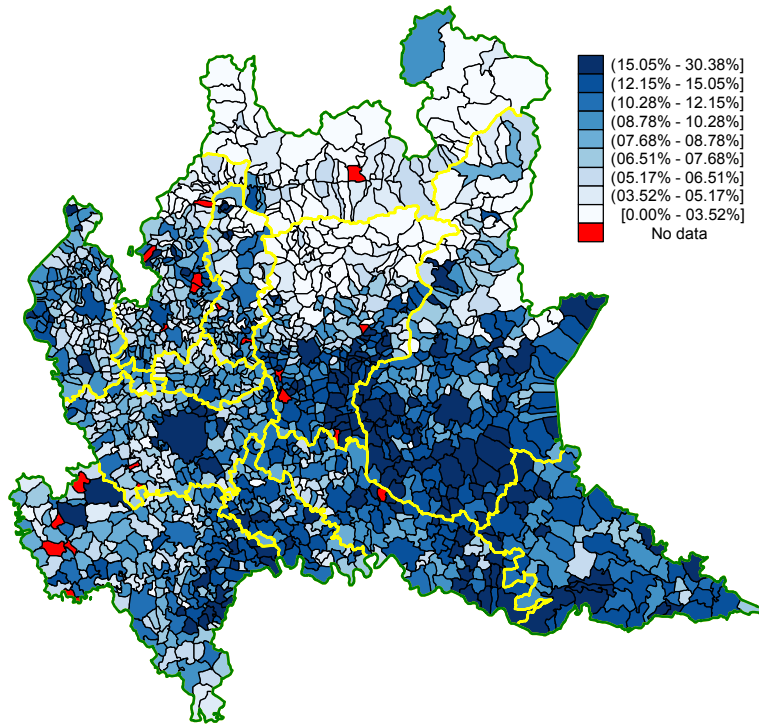


Figure 2 - Votes for the NL at the House, 2013

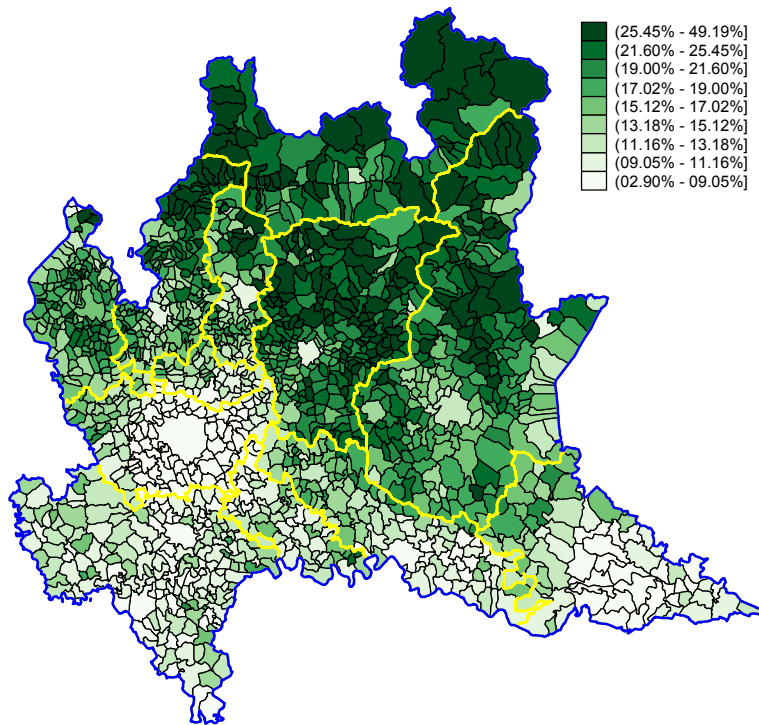


Figure 3 - Votes for the NL at the Senate, 2013

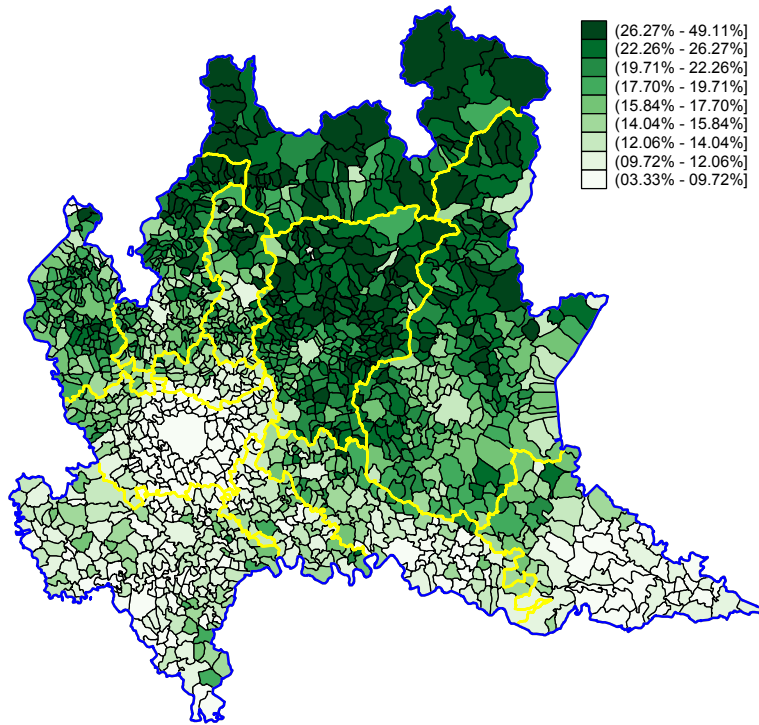


Figure 4 - Votes for the NL at the Region, 2013

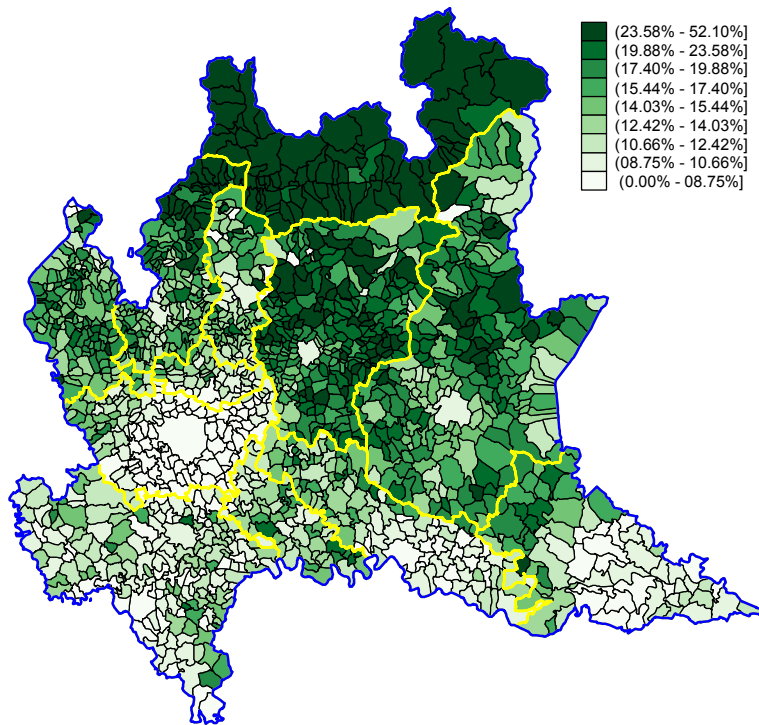


Figure 5 - Average incomes of the Italians

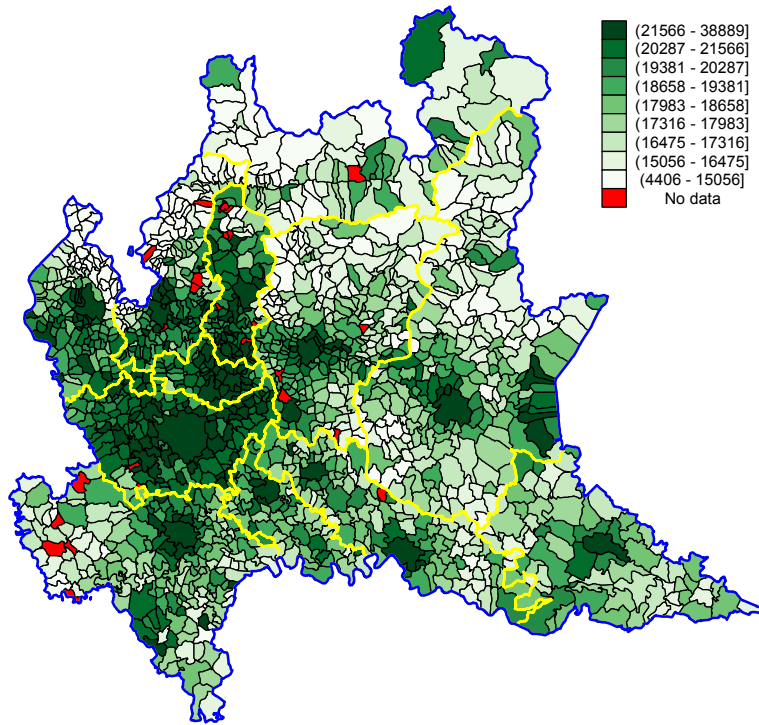


Figure 6 - Delta in median incomes: Italians vs Immigrants (reverse scale)

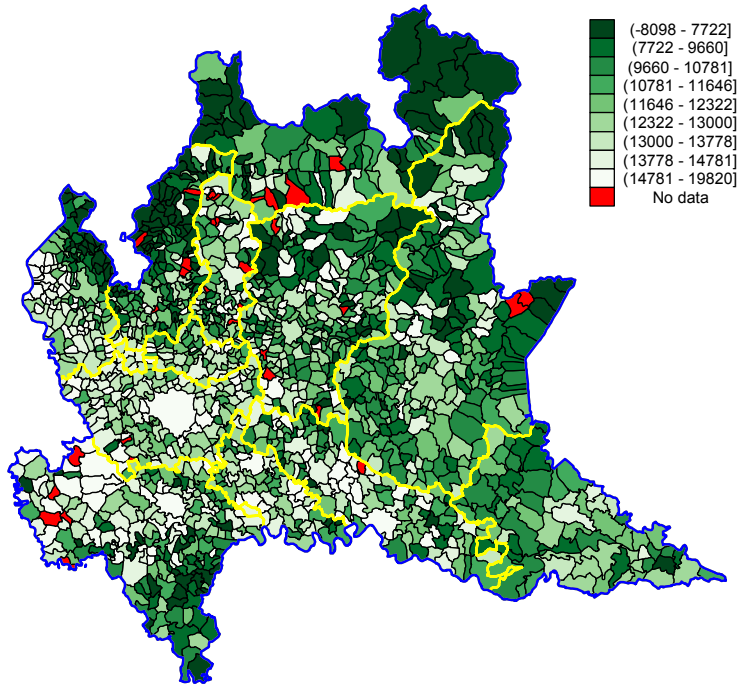


Figure 7 - Delta votes for the NL: House vs Region, 2013

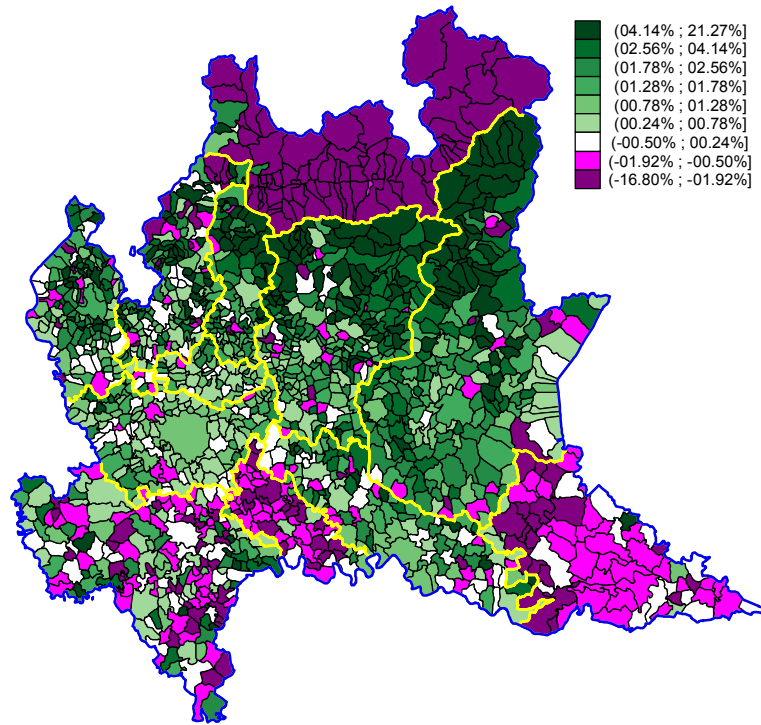


Table 1 - Summary statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
NL vote shares - House	1517	16,8%	6,7%	2,9%	49,2%
NL vote shares - Senate	1517	17,5%	6,6%	3,3%	49,1%
NL vote shares - Region	1517	15,8%	6,8%	0,0%	52,1%
Δ NL votes - House vs Region	1517	1,0%	3,6%	-16,8%	21,3%
NL vote shares House 2008	1517	26,6%	8,9%	5,6%	64,7%
Share of immigrants	1517	8,9%	4,7%	0,0%	30,4%
Immigration growth rate 03-12	1500	153,9%	126,4%	-79,4%	1475,0%
Municipal population	1517	6.552	36.329	33	1.357.310
Share of females	1517	50,2%	1,4%	40,0%	56,2%
Population aged 0-14	1517	14,1%	2,5%	1,9%	22,0%
Population aged 15-34	1517	20,6%	2,4%	8,0%	30,4%
Population aged 35-64	1517	44,9%	2,0%	33,9%	56,0%
Population aged 65-plus	1517	20,4%	4,7%	5,5%	51,2%
Firms per capita	1517	8,3%	10,2%	0,0%	3,4%
Italians empl. rate by LLS	1517	67,4%	5,8%	39,4%	72,9%
Municipal Italians empl. Rate	1517	67,2%	7,5%	12,2%	80,7%
Italians avg income	1517	18.327	3.047	4.406	38.889
Immigrants avg income	1510	8.612	2.586	0	32.011
Italians median income	1517	16.090	2.879	0	22.124
Immigrants median income	1510	4.735	2.821	0	20.934
Δ median income Ita-Imm	1510	11.369	3.503	-8.098	19.820

Table 2 - Determinants of the votes to the Northern League

VARIABLES	Dependent variable: Northern League vote shares					
	House		Senate		Region	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Share of immigrants</i>	1.296***	0.922***	1.084***	0.896***	0.176	-0.102
	(0.302)	(0.324)	(0.318)	(0.345)	(0.456)	(0.413)
<i>Share of immigrants squared</i>	0.767***	0.439*	0.532**	0.271	0.690**	-0.224
	(0.223)	(0.226)	(0.234)	(0.241)	(0.336)	(0.288)
<i>Immigration growth rate</i>	8.73e-05	0.000613	-0.000434	-0.000115	-0.000540	-0.000509
	(0.000543)	(0.000590)	(0.000571)	(0.000630)	(0.000819)	(0.000753)
NL vote shares House 2008	0.658***	0.600***	0.652***	0.615***	0.579***	0.533***
	(0.00904)	(0.0135)	(0.00950)	(0.0144)	(0.0136)	(0.0172)
Ln Italians avg income	-0.0210***	-0.0162***	-0.0121***	-0.0126**	-0.00884	-0.00627
	(0.00401)	(0.00468)	(0.00422)	(0.00499)	(0.00605)	(0.00597)
Ln Δ median income Ita-Imm	0.0145***	0.0135***	0.0105***	0.0101***	0.00246	-0.000683
	(0.00295)	(0.00304)	(0.00310)	(0.00324)	(0.00445)	(0.00388)
Ln Δ median income × Imm share	-0.160***	-0.117***	-0.131***	-0.108***	-0.0403	0.0115
	(0.0324)	(0.0344)	(0.0340)	(0.0367)	(0.0488)	(0.0439)
Firms per capita	0.00539	0.00261	0.00385	0.00538	0.0174*	0.00773
	(0.00654)	(0.00627)	(0.00687)	(0.00670)	(0.00985)	(0.00801)
Italians empl. rate by LLS	-0.0402***		-0.0472***		-0.0438*	
	(0.0150)		(0.0158)		(0.0227)	
Municipal Italians empl. rate		-0.0493***		-0.0297		0.0147
		(0.0181)		(0.0193)		(0.0231)
Social controls	YES	YES	YES	YES	YES	YES
Labor local system FE	NO	YES	NO	YES	NO	YES
Observations	1,484	1,484	1,484	1,484	1,484	1,484
R-squared	0.980	0.984	0.979	0.983	0.950	0.970

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

Table 3 - Difference in the vote share of the Northern League: House vs Region

VARIABLES	Dependent variable: delta House-Region			
	(1)	(2)	(3)	(4)
Ln Italians avg income	0.000719 (0.00228)	-0.00317 (0.00328)	-0.00753 (0.00484)	-0.00447 (0.00457)
Ln Δ median income Ita-Imm	0.00176 (0.00240)	0.00464** (0.00195)	0.00277 (0.00242)	0.00457** (0.00195)
Ln(Δ med income Ita-Imm) \times Imm share	-0.00278 (0.00210)	-0.00600*** (0.00189)	-0.00481** (0.00234)	-0.00496** (0.00208)
Firms per capita	-0.00638 (0.00874)	-0.00305 (0.00664)	-0.00659 (0.00881)	-0.00402 (0.00664)
Municipal Italians empl. rate		-0.0604*** (0.0170)		-0.0562*** (0.0184)
Italians empl. rate by LLS	-0.0159 (0.0193)		-0.00834 (0.0199)	
Social controls	NO	NO	YES	YES
Local labour system FE	NO	YES	NO	YES
Observations	1,492	1,492	1,492	1,492
R-squared	0.076	0.535	0.085	0.540

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