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Italy: Immigration and the evolution of populism

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ABSTRACT

We study the effect of immigration on the upsurge of right-wing populism in Italy. Our data considers electoral results at the municipality level of the Senate of the Italian Republic and the Chamber of Deputies over the period 2006–2018. Using an IV strategy based on the shift–share instrument, we find that immigration generates a sizable causal increase in votes for the right-wing populist party *Lega*. Immigration also works as a major catalyst for the electoral distance between *Lega* and its most direct competitors. We explore how different levels of tax autonomy impact the results, as well as how the re-branding of *Lega* as a national movement affects the relation between immigration and support for the party.

1. Introduction

Over the last two decades, the number of foreign-born citizens in Italy more than doubled. There were roughly 1.4 million foreign-born citizens in 2000 and about 5 million in 2017, equivalent to 8.3% of the total population. The vitriolic rhetoric of right-wing populist parties across Europe and America has been pushing for anti-immigration policies. Immigration played a key role in Donald Trump's 2016 victory and the United Kingdom's Brexit. Lepen's extreme right party, *National Front*, obtained 34% of the vote in the first electoral round and ended up losing in the second round against Emanuel Macron's party (*La République En Marche*). The far right *Freiheitliche Partei Österreichs* (*Freedom Party of Austria*) got 35.1% of the votes in Austria's 2016 presidential election. Populist discourse jeopardizes the benefits of an open and a more inclusive society. Rodrik (2018) suggests that right-wing populism usually emerges when globalization takes the form of the mass movement of migrants.

In this study we centre our attention on the effect of the presence of foreigners at the municipality level on the electoral support for right-wing populist parties in Italy. The Italian case is interesting and worth studying, as virtually all right-wing parties have been labelled populist since 1994, when Berlusconi became prime minister. The amalgamation of populist parties in Italy offers the possibility of discerning in which type of populism anti-immigration rhetoric yields the best electoral returns. We examine the electoral results of both houses of the Parliament (Chamber of Deputies - *lower house* - and the Senate of the Republic - *upper house* -) for the 2006, 2008, 2013 and 2018 Italian national elections. Even though Italy has been and continues to be a land of emigrants (Anelli and Peri, 2017), in the last two decades Italy has received a growing number of immigrants from both new EU countries (mainly from Romania) and Africa. The rise in immigration has been mainly driven by the successive enlargements of the EU coupled with the instability on the southern coast of the Mediterranean. A series of uprisings, demonstrations and protests against unemployment and political restrictions in Arab countries between 2010 and 2011 triggered a refugee crisis. The Italian right-wing populist discourse against foreigners shifted from a soft anti-immigration discourse, which held foreigners responsible for job losses, to a more nativist approach during the last general election in 2018.

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There may be several grounds as to why immigration may influence the voting behaviour of the local population. For example, a rise in low-skilled immigration boosts the populist vote and that may not really depend so much on the increase in low-skilled immigration *per se*, but on the extent to which the qualification of immigrants interplays with the skills of the native population. Even if immigration has a positive effect on the economy, factors such as the cultural distance between the natives and immigrants may lead to a rise in the populist vote. Previous studies suggest that even controlling for fixed effects at the municipality level and electoral year, there may be still unobservable characteristics correlated with both, immigration and voting for populist parties. For example, immigrants may self-select in municipalities with better economic opportunities where the emergence of populism could be driven by factors other than the flow of immigrants, such as demanding a status of fiscal autonomy or lower taxes on individuals and businesses. To overcome this problem and obtain causal estimates of the effect of immigration on voting the populist party option, we construct a shift–share instrument as in Card (2001). The rationale behind this instrument is that factors previously attracting immigrants to settle in a geographical area are uncorrelated with the current political environment. We use historical data of immigrant communities in 1991 because it was before the "Tangentopoli scandal", in which the two biggest political parties at the time (*Partito socialista italiano* and *Democrazia Cristiana*) disappeared because of illicit financing. References to immigration were not present in the political discourse in 1991. Far-right parties with a harsh anti-immigration rhetoric, such as *Alleanza Nazionale* and *Lega*, did not participate until the 1994 national elections. Thus, the decision to move to Italy was not clouded by a political anti-immigration environment.

We find a positive effect of immigration on the surge of *Lega*, whereas immigration has a negative effect on the electoral performance of the conglomerate outcome of other major right-wing parties. Our results show that *Lega* managed to capitalize on the discourse against foreigners better than other parties. The electoral distance between *Lega* and its most direct competitors, even *Fratelli d'Italia*, another populist party with a similar anti-immigration rhetoric, is exacerbated by the effect of immigration. Thus, a first contribution of our paper is to point out that not all populist right-wing parties in Italy capitalize on the electoral divide over the anti-immigration rhetoric, as also shown in Lonsky (2021) on the electoral performance of the far-right party in Finland. The second contribution of our paper is to include as a counterpoint a subsection analysing the impact of immigration on the electoral performance of *Movimento 5 Stelle* (Five Star Movement in English) for the 2013 and 2018 elections. Even though *Movimento 5 Stelle* is a populist party, its ideology is not considered right-wing. This analysis shows that immigration only feeds a certain right-wing populist type to rise.

Robustness deals with issues identified in the current empirical literature: *(i)* re-scaling our outcome variables of interest into the larger geographical unit of the local labour market (Barone et al., 2016; Lonsky, 2021); *(ii)* examining whether an inflow of immigrants at the municipality level affects the mobility of natives; *(iii)* re-estimating the main specification using a shift–share instrument constructed with 2004 immigrant distributions; *(iv)* evaluating our main results with those from a model that only uses the share of each area of origin on the total immigrant population in 1991 to define our instrument, showing that our strategy is effective in capturing exogenous variations in the proportion of immigrants; *(v)* performing placebo tests using pre-1991 electoral data exclude that the instrument not driven by persistent trends at the municipality level.

An additional contribution of our study is to offer two unexplored plausible mechanisms behind the scenes to contextualize the main results obtained the paper: *tax autonomy* and *re-branding*. We examine the heterogeneous effects of immigration on the vote for right-wing populism across municipalities based on their level of fiscal autonomy, defined as the share of taxes on current revenues at the municipality level. A municipality's ability to raise tax revenues may be, among other factors, the result of greater social cohesion among its citizens alongside better economic opportunities. Thus, lower levels of tax autonomy may be indicative of a greater competition among natives and immigrants for the use of public services and opportunities in the job market (Bordignon et al., 2019).[1] We find that in municipalities under the median of the yearly distribution of tax autonomy, immigration has a larger positive effect on the electoral rise of *Lega*; however, a negative effect on votes going to other major right-wing parties.

We also analyse the party changing its electoral brand from *Lega Nord* to *Lega* in 2018. Its new strategy no longer places the citizens of the north in opposition to those of the south. The current strategy is broadly based on pandering to an anti-immigration rhetoric and placing Italian natives in opposition to immigrants. Our results show a positive effect of immigration on votes for *Lega* in the 2018 elections in places where the party was not present in previous elections.

The remainder of the paper is as follows: Section 2 summarizes the empirical literature, Section 3 presents the Italian institutional and political background, Section 4 describes the data, Section 5 the empirical strategy, Section 6 results and robustness checks and Section 7 plausible channels. Section 8 concludes.

2. Related empirical literature

Current results in the literature mainly find a positive association between an increase in immigration and the rise of populism. Otto and Steinhardt (2014) estimate the impact of the share of foreign citizens on election results using variation over time and across districts of foreigners in the city of Hamburg (Germany) between 1987 and 2000. The authors find evidence of a positive relationship between the share of foreigners and votes for far-right parties. Mendez and Cutillas (2014) use the regional share of immigrants in Spain. The authors do not find support for the effect of immigration on votes for the centre-right Spanish party *Partido*

[1] Alesina et al. (2019) investigate the relationship between immigration and redistribution preferences in sixteen Western European countries. The results of the study show that the native population is unlikely to be in favour of re-distributive policies when the proportion of foreigners in their regions is higher. This negative association occurs mainly in regions of countries with a relatively large welfare state.

popular (*People's party*). Nonetheless, *Vox* (the far-right wing excision of *Partido Popular*) promotes an anti-immigration discourse. More than 3 million in the 2019 Spanish National elections voted for Vox and the party obtained 52 seats[2] in the Parliament. Becker and Fetzer (2016) look at the European Union parliament election results in UK. Findings show a positive causal relationship between the inflow of Eastern European immigrants and an increasing support for the far-right party *United Kingdom Independence Party* (UKIP). Alabrese et al. (2019) also examine the relationship between immigration and Brexit by looking at the multi-purpose survey Understanding Society. The authors show that the taxonomy of a leave voter is associated with the following characteristics: older age, being white, low level of education, on benefits and low-life satisfaction.

Harmon (2018) inspects the effect of the rise of immigration in Denmark at the municipality level. The author shows that an increase of a 1 percentage point in the share of immigrants is associated with a gain between 1.3 to 2.8 percentage points in support for far-right parties. Brunner and Kuhn (2018) find that a 1 percentage point increase in the share of immigrants in Switzerland is associated with an increase in votes of 1.25 percentage points at the community level to parties that pander to an anti-immigration discourse. Bellettini et al. (2020) look at the effect of immigration on the turnout in neighbourhoods of Bologna (Italy). Findings in the paper provide suggestive evidence that in multi-ethnic locations where poorer families reside, the turnout was smaller than in wealthier neighbourhoods. Moriconi et al. (2018) study Parliamentary and Presidential election results in 12 European countries. Interestingly, this study has information on the skill composition of immigrants and the authors show that an increase in the share of low skilled immigrants is related to the boost in populism. Edo et al. (2019) show that the effect of immigration on the rise of far-right populism in France is mainly driven by the increase in low-educated immigrants from non-western countries. In that same vein, Mayda et al. (2022) look at the effect of immigration presence on voting for the Republican party in the US. The authors find that an increase in low-educated immigration is related to an upsurge in votes for the Republican party, these findings happen to be stronger in non-urban areas. In the same study, the authors find that an increase in highly-educated immigrants has a negative impact on the number of votes for the Republican party. Tabellini (2020) finds that despite the economic benefits of immigration brought to the US (such as increasing native employment and industrial production), the cultural distance between immigrants and natives fuelled the rise of populism. These results are important insofar as they do not solely identify the economic grounds for being in favour of immigration, but also the author stresses the backlash due to cultural differences as an important factor, which are even more significant than economic profits.

Another strand of the literature centres its attention solely on the presence of refugees and it reaches similar conclusions to the ones previously cited. Gerdes and Wadensjö (2008) show that a 1 percentage point increase in the share of refugees is causally related to a surge of 0.2 percentage points of votes to the far-right party *Dansk Folkeparti* (*Danish People's Party*) in Denmark. Dinas et al. (2019) inspect the effect of refugees on voting for far-right wing parties. The authors circumscribe their estimation to 95 Greek islands and found that in those more exposed to the wave of refugees, there was an increase of support for far-right parties. Halla et al. (2017) investigate the effect of immigration on Austria and the rise of the far-right party *Freedom Party of Austria*. There is a positive and significant impact at the neighbourhood level. Dustmann et al. (2018) look at the random allocation of refugees to 275 municipalities in Denmark and find a causal positive association between the share of refugees in a municipality and the rise in votes to far-right parties.

For Italy, Barone et al. (2016) study the electoral results of right-wing parties during the 2001, 2006 and 2008. Findings in the study show a positive causal effect of immigration on the share of votes to the centre-right coalition. The results are as large, as a 1 percentage point increase in the portion of immigrants in a municipality translates in a surge of 1.26 percentage points in the share of votes to right-wing parties. The effect of immigration varies between municipalities of different sizes, being the effect of immigration smaller in high-density municipalities, and that the gain in votes for the right-wing coalition is partly due to a transfer of votes from the left. The authors propose that the mechanisms involved in this electoral increase are labour market competition between foreigners and natives, both in the use of public services and in employment opportunities.

Our study is directly related to and builds upon (Barone et al., 2016). However, our study considers a different historical period, which includes a variety of events like the entire Great Recession that took place between 2007 and 2009; the European debt crisis, which started with a deficit crisis in Greece at the end of 2009; the Arab Spring, a series of anti-government protests, uprisings, and armed rebellions in many Arab countries in the early 2010s; and the Syrian war that began in 2011. The period we analyse also comprises the fall of the Berlusconi's government in 2011, being replaced by a technical government led by Mario Monti that lasted until 2013.[3] During these years the populist party *Movimento 5 Stelle* ran for the first time in the 2009 local elections. Thus, we are analysing a completely different period from the one analysed in Barone et al. (2016). The dependent variable in Barone et al. (2016) is the right-wing coalition, that is, a conglomeration of centre-right and right-wing parties. We, on the other hand, identify *Lega* within that conglomerate, as the party that better capitalizes on the anti-immigration rhetoric, both in the form of an enhanced electoral performance; and, in distancing the party from its direct competitors on the populist right. Being able to single out the party, it allows to better tailor plausible mechanisms at work, such as re-branding the party name and analysing the effect of immigration across various bands of tax autonomy at the municipality level.

[2] The Spanish parliament has 350 seats.

[3] The technical government is a purely transitional government, established to handle current affairs, pending clarify the political situation. This government lacks a solid political base and is destined to last a limited time, with the aim of carrying out only administrative tasks, pending the resolution of the political crisis.

3. Institutional and political background

Characterizing a political party as populist is not straightforward; however, there are similar attributes across populist parties. Mudde (2004) defines populism as "an ideology that considers society ultimately separated into two homogeneous and antagonist groups, the 'pure people' versus the 'corrupt elite'". Guiso et al. (2017) use the Encyclopaedia Britannica definition of populism to highlight the drivers of the demand and supply of populism in Europe. The supply side of populism is fuelled by an anti-elite rhetoric discourse that disregards the long-term costs of their policies. An increasing mistrust of traditional parties and institutions alongside a lasting financial crisis provide a fertile soil for populist parties to emerge. People's fear or enthusiasm represents the demand side counterpart. Guiso et al. (2017) found that economic aspects, such as low economic status and being exposed to an increasing competitive environment, either because of the globalisation of goods and services or having to compete with immigrants, increases the share of votes to populist parties.[4]

We analyse the effect of immigration on the electoral performance of the following parties: *Forza Italia*, *Popolo della libertà*, *Alleanza Nazionale* (then re-branded as *Fratelli d'Italia*), *Lega* and, for the sake of comparison, *Movimento 5 Stelle*. We chose these parties as they appear on the Van Kessel (2015) or Inglehart and Norris (2016) lists.[5] Although immigration occupies a pivotal role in the centre-right rhetoric, Berlusconi's political faction appears to be the less extreme and other actors, like *Lega* or *Fratelli d'Italia*, have a harsher and even a racist discourse against immigrants. In what follows, we briefly summarise the rhetorical standpoint on immigration of right-wing Italian parties over the last twenty years. Silvio Berlusconi, a billionaire and a media mogul, has been an influential figure in Italian politics ever since he launched the centre-right party *Forza Italia* in 1993. Silvio Berlusconi held the office of Prime Minister for the first time in 1994. He led a coalition of centre-right parties that lasted a year in government. There were two other populist parties in the coalition: *Alleanza Nazionale* and *Lega*. Verbeek and Zaslove (2016) argue that Berlusconi's first experience in power collapsed because newly formed populist parties did not have a clear audience of voters to appeal to and they tore each other apart. Verbeek and Zaslove (2016) coin this adaptive behaviour as "mutating populism". This process entails continuous adaption to find a niche that distinguishes them from their rivals.

Berlusconi regained power in 2000 under the centre-right coalition known as the House of Freedom. This coalition brought together almost all centre-right parties. In this case, populist parties had already "mutated" their behaviour and they were tuning their speeches to certain audiences. In 2007 Silvio Berlusconi, as a leader of *Forza Italia*, captained a joint election list of a confederation of political parties to run in the 2008 general elections under the name *Popolo della libertà* (The People of Freedom in English). The bloc was later transformed into a party in 2009. The major political forces of *Popolo della libertà* were *Forza Italia* and *Alleanza Nazionale* and it lasted until 2013 when Berlusconi re-founded *Forza Italia*. Silvio Berlusconi has been prime minister of Italy on three different occasions: 1994–1995, 2001–2006 and 2008–2011. Neither *Popolo della Libertà* or *Forza Italia* have ever won by majority, but rather by being key players in a centre-right coalition.

Lega was established between 1989 and 1991 from the coalition of six regional autonomist movements active in northern Italy. *Lega* has been in government 4 times. Berlusconi's cabinet: 1994–1995, 2001–2006 and 2008–2011 and the first part of Conte's cabinet: 2018–2019 in coalition with *Movimento 5 Stelle*. Originally, the party based its discourse on the economic cleavages that exist between north and south of Italy. Nonetheless, during the 2018 elections *Lega* took advantage of the weak judicial position of Silvio Berlusconi. *Lega Nord (Northern League)* became just *Lega*. The leader of the party Matteo Salvini dropped Northern from the name of the party so as to appeal voters nationwide. *Lega* has a harsh stance against immigration and its current discourse is mainly based on the rhetoric that job opportunities and public services should go to the native population.

Fratelli d'Italia was founded in 2012. Their political discourse is very much aligned with the extinct *Alleanza Nazionale*, to the point that some analysts consider *Fratelli d'Italia* to be the re-foundation of *Alleanza Nazionale*. Giorgia Meloni is the current secretary of *Fratelli d'Italia*. They adopted the tricolour flame as a symbol, which was used by the extinct fascist movement *Movimento Sociale Italiano* (Italian Social Movement in English). As political descendants of *Alleanza Nazionale*, its discourse stresses order and the conservation of traditional Italian values in opposition to immigrants, who in their view put traditional Italian values at risk.

Movimento 5 Stelle was founded in 2009 by the stand-up comedian Beppe Grillo and the web entrepreneur Gianroberto Casaleggio. *Movimento 5 Stelle* defines itself as an organization and not as a classical political party neither to the left or right of the political spectrum. They were part of Conte's cabinet and since 2019 they have been governing Italy with the *Partito Democratico* (Democratic Party in English). *Movimento 5 Stelle* does not have a strong position against immigration. Nonetheless, they are in favour of reallocating illegal immigrants coming to Italy across Europe.[6]

4. Data

We use the electoral data of the Senate and the Chamber from the Italian Home Office[7] over 4 different elections: April 9, 2006; April 13, 2008; February 24, 2013 and March 4, 2018. We build a panel following over 7600 municipalities.[8]

[4] For a more detailed description on the definition of populist parties see Appendix A.2 in Appendix.

[5] In the subsection of populist parties in the Appendix, we further discuss which methods the authors of both studies used to identify a party as populist. We also include a list by year of the denominations of the various populist parties chosen in our analysis.

[6] See https://www.ilblogdellestelle.it/2019/04/europrogramma-del-movimento-5-stelle-redistribuzione-obbligatoria-dei-migranti.html.

[7] See https://elezionistorico.interno.gov.it/index.php?tpel=C. Last access: May 7, 2019.

[8] Over the period 2009–2018, new municipalities appeared as a result of merging small contiguous municipalities. We assigned the ISTAT (acronyms for the Italian Statistics Institute) identifier to the January 2018 election municipalities. We worked backwards and regrouped municipalities accordingly to the 2018 ISTAT code level for the 2006, 2008 and 2013 elections.

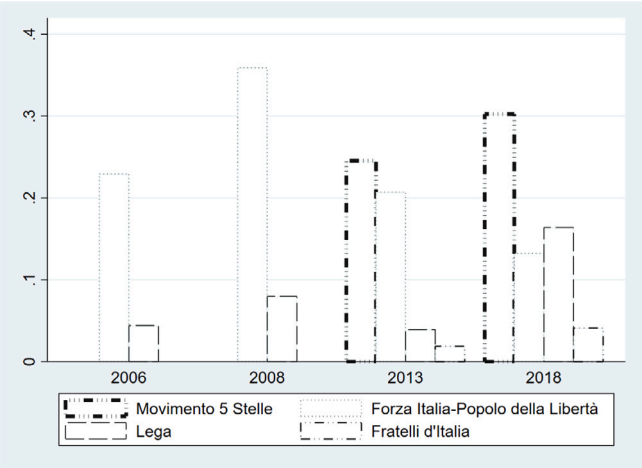


Fig. 1. Share of votes. The Chamber of Deputies.

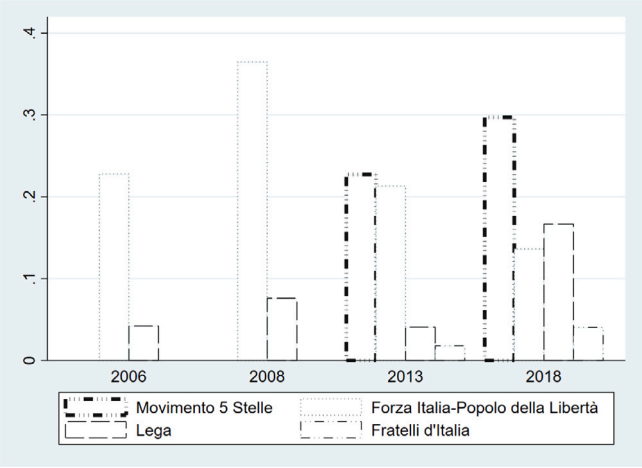


Fig. 2. Share of votes. Senate of the Republic.

Figs. 1 and 2 present the share of votes to the major populist parties in both houses of the Parliament. *Fratelli d'Italia* and *Movimento 5 Stelle* were not present for the 2006 and 2008 national elections. We graphed *Popolo della Libertà* and *Forza Italia* in a single bar as Silvio Berlusconi has been the leader of both parties. *Movimento 5 Stelle* started with 20% and in 2018 raised to 30% of the votes. *Lega* sky rocketed from around 5%–6% to almost 20%, whereas *Forza Italia-Popolo della Libertà* ended up having just a 10% of the share of votes for the 2018 elections, coming from a peak of almost 35% in the previous decade.

In Fig. 2, we plot the share of votes to the Senate. The graph practically mirrors Fig. 1, but with some nuances. We do not have data at citizen level, though we know that 25 is the minimum age to be eligible to vote for the Senate. The share of votes to *Movimento 5 Stelle* for the Senate is lower than for the Chamber, suggesting younger voters prefer this party.

The sources of information on immigration we use come from two different time periods. For data on the number and origin of immigrants in 1991, we use right-to-stay permits (*permessi di soggiorno* in Italian) collected by the Police from countries of 12 world areas available for the 95 provinces in 1991.[9] As in Barone et al. (2016), we distribute right-to-stay permits by the population of each municipality for the year 1991. From 2002, we have yearly official data from ISTAT on the number of immigrants in each municipality. Immigrants from EU countries previous to the 2004, 2007 and 2013 EU enlargements – e.g., Poland, Romania, Bulgaria – are tabulated as Centre-Oriental or Other European countries in municipalities in 1991.[10]

[9] The 12 world areas are Centre-Oriental Europe, Other European countries, South-Central Africa, Western Africa, Oriental Africa, Northern Africa, South-Central Asia, Western Asia, Oriental Asia, Latin America, North America, Oceania.

[10] Our share of immigrants does not include nationals from: the United Kingdom, Portugal, Greece, Spain, France, Germany, Netherlands, Luxembourg, Germany, Denmark, Ireland, Finland, Sweden.

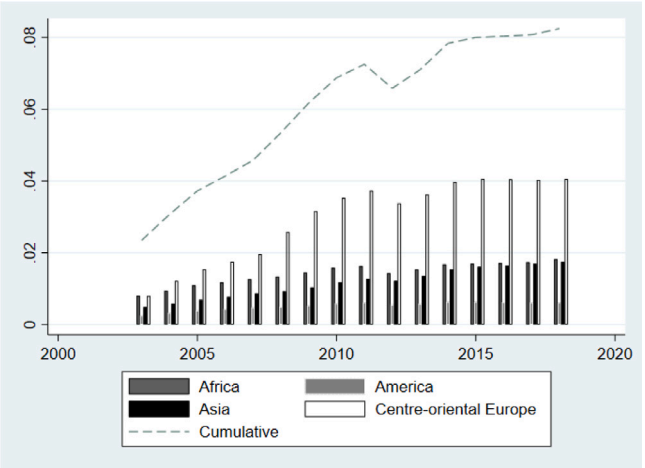


Fig. 3. Share of Immigrants.

Since 2003 there have been three European Union enlargements (in 2004, 2007 and 2013), thereby adding 13 more countries to the European Union. Several European countries kept significant restrictions in labour market access. Italy overwhelmingly guaranteed full rights to all new EU citizens and completely liberalized access to the labour market in many productive sectors.[11] In addition, the Arab Spring that started in December 2010 in Tunisia[12] and spread all over the southern Mediterranean coast pushed many citizens to escape to Europe in the hope of safety and better living conditions. The uproar in the region also made it easier for those coming from Sub-Saharan Africa to find a route across northern African countries.

Fig. 3 shows the share of immigrants. We only consider the four most frequent groups of immigrants in the graph: Centre-Oriental Europe, America, Asia and Africa. Fig. 3 shows an increase in people coming from Centre-Oriental Europe, which includes all countries of the EU enlargement project, except Malta and Cyprus during the 2004–2013 period, and it accounts for half of foreign official residents in Italy starting from the year 2010. We observe a steady increase of people coming from Africa and Asia. The solid line accounts for the total share of immigrants during the period. The share of foreigners went from less than 4 to more than 8 percent during the 2003–2018 period.

Our specification also employs a set of variables at the regional, provincial and municipality levels to capture both economic opportunities and municipality management. Aida Public Administration (PA) is a database released by Bureau van Dijk that provides information on financial statements for *all* Italian municipalities. We include the *current expenditure per capita* as a proxy for the daily management of the municipality and the provision of services. We also look at the electoral performance below and above the national median tax autonomy per year. The tax autonomy of a municipality is a proxy for the ability to independently collect revenues out of taxes and provide for the financing of the municipality expenditure.[13]

Zooming out, we also include the activity rate at the local labour market level as a variable related to job opportunities.[14] Our analysis also incorporates the share of people aged 65 or older at the regional level and the GDP per capita at the provincial level. In addition, we also include demographic variables at the municipality level, like fertility and mortality rates, as well as population density.[15]

[11] Migration quotas were then used for accommodating migrants in the rest of the official economy.

[12] President Abdelaziz Bouteflika in Algeria and President Zine El Abidine Ben Ali in Tunisia were forced to resign. Hosni Mubarak in Egypt was overthrown.

[13] Tax autonomy is defined as

$$\frac{Revenues(TitleI)}{Revenues(TitleI + TitleII + TitleIII)}$$

and Aida PA constructs this index by using recorded information from the financial statements of municipalities. Title I includes revenues from the collection of taxes and Titles I constitutes the financial autonomy of a municipality as the ability to independently provide for the financing of expenditure. Title II includes contributions and transfers by third parties. It measures the degree of financial dependence of the municipality with respect to external bodies. Title III includes all sources of financing in the municipality that cannot be directly linked to the collection of taxes; include, for example, any profits of associated companies or profits derived from the provision of public services or from the rental of municipality real estate to third parties.

[14] Italy is divided into regions. Each region is divided into provinces and each province is divided into municipalities. The municipality is the smallest level of analysis in this study. ISTAT also divides Italy into commuting zones. These are called local labour markets (llm).

[15] In the data subsection in the Appendix we have tabulated all the data sources (and links) used in our article.

5. Empirical strategy

We focus on the relationship between immigration and voting for right-wing populist parties, and—on illustrative grounds, we also further analyse the *Movimento 5 Stelle*. We estimate the following baseline specification[16]:

$$y_{pct} = \sigma + \beta_1 S_{c,t-1} + \beta_2 X_{c,t-1} + \beta_3 X_{llm,t-1} + X_{p,t-1} + X_{r,t-1} + \psi_c + \omega_t + \varepsilon_{ct} \quad (1)$$

where y_{pct} is the share of votes in municipality c at time t for populist party p, identified according to the list provided in Inglehart and Norris (2016) and Van Kessel (2015). Our outcome variables are the share of votes for: *i. Lega*, *ii. Lega plus Fratelli d'Italia* and *iii. Major right-wing parties*.[17] In the Appendix, we provide full details on the parties included in each group. S_{ct-1} is the share of immigrants in municipality c at time $t-1$ standardized by the population of 1991.[18] Our specification includes a set of covariates at the municipality level, local labour market level, province level and at the regional level at the lagged calendar year to mitigate for problems of endogeneity. We also include municipality (ψ_c) and year fixed effects (ω_t). ε_{pt} is an error term. We show detailed descriptive statistics for all the variables of interest in the Table A.1 in Appendix.

Estimating Eq. (1) by the means of OLS might bias our parameter estimates due to endogeneity between the share of votes for populist parties and the share of immigrants in a municipality. S_{ct-1} can be endogenous in relation to voting behaviours if immigrants choose to live in municipalities with better economic conditions (e.g., because there are better employment opportunities and public services) and at the same time the support for populism in these municipalities is fuelled by reason other than the surge in immigration (e.g., because these towns are in wealthier regions and thus demand greater levels of fiscal autonomy or lower taxes).[19]

We use instrumental variables to overcome the endogeneity problem. We adopt the well established instrument developed by Altonji and Card (1991). Bartel (1989) identifies a tendency of immigrants to settle in areas where there have been historical enclaves of fellow nationals. Card (2001) then hypothesized that the share of immigrants from a source country in a certain area is correlated with a projection of the share of immigrants calculated using previous settlements of migrants in that particular geographical area. The identifying assumption requires that conditional to the municipality and time controls of Eq. (1), economic conditions that attracted immigrants years ago are uncorrelated with current voting preferences.

In particular, we use the same notation as in Giuntella et al. (2019) and define F_{at} as the total number of foreigners from a geographical zone a living in Italy in year t and F_{act} as the total number of foreigners from a geographical zone a living in an Italian municipality c in year t. S_{act} is the municipality share of total foreigners from geographical area a living in Italy in year t and residing in municipality c. We construct the estimated $\hat{F}_{act}$ (the imputed number of foreigners from geographical zone a in municipality c in year t) as follows:

$$\hat{F}_{act} = S_{ac,1991} * \Delta F_{at} + F_{ac,1991}$$

The estimated number of newly arrived foreigners from a geographical zone a in year t residing in municipality c is given by reallocating the national arrival of foreigners from that given geographical zone a based on the distribution of foreigners from that area throughout municipalities as of 1991, ΔF_{at} is the difference of the total number of foreigners of a geographical zone a between the time period t minus the total number of foreigners of a geographical zone a in 1991. Combining throughout all geographical areas a of origin, we define a metric of the estimated foreigners share of the population in municipality c in year t that we use as instrument for the share of immigrants $S_{c,t}$ of Eq. (1).[20]

$$Instrument_{c,t} = \frac{\sum_a \hat{F}_{act}}{pop_{c,1991}}$$

$Instrument_{c,t}$ only changes through $\hat{F}_{act}$ as $pop_{c,1991}$ (number of people living in municipality c in year 1991) is fixed. A potential threat to the validity of our instrumental variables approach is that the exclusion restriction assumption does not hold. In principle, it seems plausible that historical levels of immigration, at least 15 years prior to the analysis (our first election is 2006) we examine in this study, are not correlated with voting behaviour for the 2006, 2008, 2013 and 2018 elections. Our base year for the share of immigrants is 1991. Following Barone et al. (2016), the projection from 1991 is convincing since it was before the "Mani pulite"(also known as Tangentopoli) scandal. The two major parties that had been in power since the end of Mussolini's fascist regime in 1946 (*Democrazia Cristiana* and *Partito Socialista*) disappeared. None of these major parties had any strong stance against immigration, which was not present in the political discourse at the time. The centre-right coalition with a tougher discourse on immigration did

[16] Similar specifications can be found in Barone et al. (2016) or Lonsky (2021).

[17] We include Fratelli d'Italia since some analysts consider *Fratelli d'Italia* as a re-foundation of *Alleanza Nazionale*. Given that *Popollo della libertà* presented itself as a single party in the 2008 elections in which the two major forces were *Alleanza Nazionale* and *Fratelli d'Italia*, it is impossible to decide what proportional part of the votes for *Popollo della libertà* came from sympathizers of *Alleanza Nazionale*. Thus, by excluding *Fratelli d'Italia*, it would leave a partial and less coherent picture than if we include the party in the outcome variable that agglomerates large right-wing populist parties.

[18] The economics of immigration commonly uses the base year of the instrumental variable as the denominator of the share of immigrants (see for instance Lonsky (2021) and Giuntella et al. (2019) among others). Barone et al. (2016) uses the electoral year population. We later discuss this instrument.

[19] We consider the share of immigrants at $t-1$, because information on the number of immigrants and on the population at the municipality level is from December. National elections are held in March or in April. Thus, it would no longer be a clear effect towards populism, but a relationship, as we would consider an association after the election took place.

[20] Note that in our specification we use $S_{c,t-1}$ and $Instrument_{c,t-1}$.

Table 1
Effect of immigration on voting behaviour: Chamber and Senate.

	Lega FE	Lega IV FE	Lega + Fr.It. FE	Lega + Fr.It. IV FE	Major RW FE	Major RW IV FE
	Chamber					
$Share_{c,t-1}$	0.0525***	1.848***	−0.00552	1.226***	−0.263***	−1.636***
	(0.0183)	(0.204)	(0.0208)	(0.188)	(0.0247)	(0.262)
Observations	31132	31504	31132	31131	31132	31131
F		55.86		55.86		55.86
	Senate					
$Share_{c,t-1}$	0.0728***	2.393***	0.0256	1.455***	−0.236***	−1.319***
	(0.0194)	(0.292)	(0.0222)	(0.225)	(0.0283)	(0.252)
Observations	31132	31131	31132	31131	31132	31131
F		55.86		55.86		55.86

The dependent variable is the share of votes. The range of the share of votes is from 0 to 1. Standard errors in parentheses, clustered at the municipality level. Parameter estimates are weighted by the log of the population of the municipality. Specifications control for the lagged value of the activity rate at the local labour market and the lagged value at the municipality level of mortality rate, fertility rate and current expenditures per person. Our specifications also include the calendar year lagged value of the share of the population over 65 at the regional level and the lagged value of the natural logarithm of the GDP per capita. All regressions incorporate the density of the municipality. We also include year and municipality fixed effects. F is the Kleibergen–Paap rk Wald F-st.* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
The parameter estimate (standard error) of the instrument is 0.1325*** (0.0177).

Table 2
Differences between the averages of the main variables of interest between 2006–2018.

	Chamber $\Delta 18-06$ (1)	Senate $\Delta 18-06$ (2)	Same variables in both houses $\Delta 18-06$ (3)
Lega	13.700	14.1936	
Lega and Fratelli d'Italia	6.7637	7.5906	
Major right-wing	−16.1734	−15.1050	
Protest	−.00099	−0.2162	
Participation	−10.4046	−10.3739	
$Share_{c,t-1}$			3.5073
$Share04_{c,t-1}$			3.3089
$Instrument_{c,t-1}$			3.5377
$Instrument04_{c,t-1}$			4.0248

Columns 1 and 2 show the differences between the averages for the years 2018 and 2006. The averages are weighted by the logarithm of the population at the municipal level. For the variables related to voting, we show the difference between the averages in the Chamber and in the Senate.

not start participating until 1994. Thus, the process of deciding to migrate and locate to a specific region was not corrupted by a tougher anti-immigration rhetoric. Brunello et al. (2019) also use 1991 as the base year to construct a similar instrument, yet at the provincial level. The authors claim 1991 as a suitable base year since it was also before the signing of the Maastricht Treaty and the creation of the single European market.

Identification is reached provided that there is no persistence in economic conditions over time and across municipalities. Hence, if the economic environment that attracted foreigners in the first place remains steady over time, it would be impossible to disentangle the impact of these covariates from the historical enclave of immigrants of the same country of origin. Thus, our specification includes a set of time-varying controls at the municipality level, time and municipality fixed effects. We also check the reliability of the choice of 1991 as our base year by providing a set of robustness checks.

6. Results

6.1. Baseline results: right-wing populism

Table 1 shows the baseline estimates of Eq. (1) for: *Lega* (columns 1 and 2), *Lega and Fratelli d'Italia* (columns 3 and 4) and *Major right-wing parties* (columns 5 and 6). Table 1 displays the results of the Chamber of Deputies and the results of the Senate of the Republic. Columns 1, 3 and 5 present fixed-effect specifications and in columns 2, 4 and 6, we display the results of the instrumental variable strategy as defined in Section 5.

The effect of the share of immigrants is positive and significant in both houses on the rise of *Lega* and *Lega and Fratelli d'Italia* and negative on the electoral performance of the conglomerate outcome variable *Major right-wing parties*. In Table 2, we tabulate the differences between the averages of the main variables of interest in the 2006–2018 period, the instrument and the share of foreigners. According to our IV estimates (even columns), the size of the differences between the averages of the share of immigrants between our first and last electoral years (i.e., 3.51 percentage points—see Table 2) corresponds to an increase in the Chamber of

Table 3
Effect of immigration on Turnout and Protest.

	Protest		Turnout	
	F.E. (1)	I.V.F.E. (2)	F.E. (3)	I.V.F.E. (4)
	Chamber			
$Share_{c,t-1}$	−0.00254	0.335***	0.0404***	0.185*
	(0.00373)	(0.0460)	(0.0138)	(0.104)
Observations	31132	31131	31132	31131
F		55.86		55.86
	Senate			
$Share_{c,t-1}$	0.00289	0.323***	0.0534***	0.313***
	(0.00387)	(0.0453)	(0.0140)	(0.112)
Observations	31132	31131	31132	31131
F		55.86	55.86	

The turnout dependent variable is defined as the ratio of the total number of votes divided by the electorate. The protest dependent variable is the share of blank votes. The range of the share of votes is from 0 to 1. Standard errors in parentheses, clustered at the municipality level. Parameter estimates are weighted by the log of the population of the municipality. Specifications control for the lagged value of the activity rate at the local labour market and the lagged value at the municipality level of mortality rate, fertility rate and current expenditures per person. Our specifications also include the calendar year lagged value of the share of the population over 65 at the regional level and the lagged value of the natural logarithm of the GDP per capita. All regressions incorporate the density of the municipality. We also include year and municipality fixed effects. F is the Kleibergen–Paap rk Wald F-st.* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
The parameter estimate (standard error) of the instrument is 0.1325*** (0.0177).

6.49 percentage points for the *Lega* (3.51 × **1.85**), 4.32 percentage points for *Lega and Fratelli d'Italia* (3.51 × **1.23**) and −5.76 percentage points for *Major right-wing parties* (3.51 × **−1.64**). In bold, parameter estimates for a 1 percentage point change in the share of immigration.

Our instrument seems to perform well in Table 1. The parameter estimate of the IV first stage is equal to 0.13 and statistically significant. It indicates that the historical settlement of immigrants from a country in a certain municipality still plays an important role on the decision-making process of immigrants where to settle. The Kleibergen–Paap rk Wald F-stat, which measures weak instruments, is largely above 10 in all instances, suggesting that the regressions do not suffer from weak instrument problems.

Findings in Table 2 allow us to put things in perspective. The effect of *Lega* and *Lega and Fratelli d'Italia* amount to 47.37% (6.49/13.70) and 63.91% (4.32/6.76) of the total variation of votes, respectively. The mean difference to *Major right-wing* parties between 2006 and 2018 is negative and amounts to 35.62% of the variation (−5.76/−16.17) over that period.

Looking at the results of the Senate and considering the differences between the averages of the share of immigrants between 2006 and 2018, the impact of the share of foreigners on votes to *Lega* amounts to 8.39 percentage points (3.51 × **2.39**), 5.12 percentage points (3.51 × **1.46**) for *Lega and Fratelli d'Italia* and - 4.63 percentage points (3.51 × **−1.32**) for *Major right-wing parties*. The effect of the share of immigrants of *Lega* and *Lega and Fratelli d'Italia* aggregate to 59.13% (8.39/14.19) and 67.46% (5.12/7.59) of the total variation of votes, correspondingly.

In order to rule out that the effect of immigration is not determined by the choice of weights or control variables included, we investigate the consistency of our estimates in Table 1 by analysing the following specifications: (i) *excluding covariates*; (ii) *weighting by the natural logarithm of the electorate*; and (iii)*unweighted estimates*. Table A.2 in the Appendix shows the summary results for both the Chamber and the Senate. In all specifications, the size and sign of the coefficients are similar to those found in Table A.2. The instrument also seems to perform well as in Table 1 in the various specifications. This sensitivity analysis appears to support the hypothesis that *Lega* capitalizes better on the anti-immigration discourse than other right-wing populist parties.

We move on to show the relationship between immigration, protest and participation to better understand if immigration affects the population's commitment to the political process. It can happen that people feel alienated and show this not so much by voting for a far-right party that proposes drastic solutions, but by protesting against the government or by not taking part in the electoral process. Table 3 displays regression results for the dependent variables: *protest* (defined as the share of blank votes) and *turnout* (equal to the ratio of voters to the electorate). We use the same instrument as above to seize the problem of endogeneity. Table 3 displays the results of the Chamber and the Senate. The effect of the share of immigrants on protest votes is positive. Considering the increase in the share of immigrants between 2006 and 2018, the effect of the share of immigrants on protest votes amounts to 1.18 percentage points (3.51 × **0.335**) in the Chamber and 1.13 percentage points in the Senate (3.51 × **0.323**). Interestingly, the impact of immigration on the turnout is higher in the Senate (3.51 × **0.313**=1.10) than in the Chamber (3.51 × **0.185**=0.65). These results show that an ever increasing presence of foreigners affects civic political engagement, both in the form of protest and turnout

6.1.1. The effect of immigration on the electoral distance between Lega and other right-wing parties

Since *Lega* had a very strong stance vis-à-vis foreigners, we analyse how immigration affected electoral distance with other right-wing parties. Verbeek and Zaslove (2016) coin the term of mutating populism where the "mutation" consists of how incumbent populist parties tune their discourses to confront new populist rivals.

Table 4
Effect of immigration on voting behaviour: electoral distance between Lega and right-wing parties.

	Chamber		Senate	
	F.E. (1)	F.E.I.V. (2)	F.E (3)	F.E.I.V (4)
$Share_{c,t-1}$	0.315***	3.823***	0.309***	3.712***
	(0.0348)	(0.492)	(0.0381)	(0.485)
Observations	31132	31131	31132	31131
F-test		55.86		55.86

The outcome variable is defined as the difference in the share of votes between *Lega* and other *major right-wing parties*. Standard errors in parentheses, clustered at the municipality level. Parameter estimates are weighted by the log of the population of the municipality. Specifications control for the lagged value of the activity rate at the local labour market and the lagged value at the municipality level of mortality rate, fertility rate and current expenditures per person. Our specifications also include the calendar year lagged value of the share of the population over 65 at the regional level and the lagged value of the natural logarithm of the GDP per capita. All regressions incorporate the density of the municipality. We also include year and municipality fixed effects. F is the Kleibergen–Paap rk Wald F-st.* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
The parameter estimate (standard error) of the instrument is 0.1325*** (0.0177).

Our primary interest is to inspect whether the effect of immigration widens the gap among populist political forces. Politicians adapt their discourse to attract the most voters. Even non-populist politicians might be tempted to adjust their speeches to retain voters that otherwise would go for the populist option. The Italian political system allows many parties to compete and present themselves together in coalition. Nevertheless, the leader of the coalition is decided by the number of votes. Thus, there is an incentive to deviate from your allies if a political party sees itself as the leading voice (Barbieri, 2021).

In this section, we present an empirical analysis that focuses on the difference in the share of votes between *Lega* and the rest of Major right-wing parties (*Forza Italia*, *Popolo della libertà*, *Alleanza Nazionale* and *Frattelli d'Italia*). This analysis attempts to show which populist party benefited the most from immigration. The channels behind these results are multiple and we cannot inspect them properly. However, in our view, an increase in the gap between populist parties may be associated either with: *(i)* a mutation in the political discourse of that party towards immigration, *(ii)* a loss in credibility of other populist competitors, or *(iii)* a combination of the two effects. Formally, we estimate the following equation:

$$d_{ct} = \sigma + \beta_1 S_{c,t-1} + \beta_2 X_{c,t-1} + \beta_3 X_{llm,t-1} + X_{p,t-1} + X_{r,t-1} + \psi_c + \omega_t + \varepsilon_{ct} \tag{2}$$

where d_{ct} is the difference among the share of votes for populist parties in municipality c at time t and S_{ct-1} is the share of immigrants in municipality c at time $t-1$ standardized by the population of 1991. Our specification includes the same set of covariates from Table 1.

Table 4 shows the results of the IV strategy for the Chamber of Deputies and the Senate of the Republic. Columns 1 and 3 show fixed effects regressions and columns 2 and 4 display the results of the instrumental variable approach. Columns 1 and 2 show the results of the Chamber and columns 3 and 4 show the results of the Senate. The impact of immigration has a positive effect on widening the gap between *Lega* and its most direct competitors on the right. Our results suggest that *Lega* exploits the anti-immigration rhetoric better than other right-wing rivals. The differences between the averages in the share of immigrants between 2006 and 2018 (see Table 2) corresponds to an increase of 13.41 percentages points for the difference between *Lega and other Major right-wing parties* ($3.51 \times \mathbf{3.82}$ in column 2) for the Chamber and an increase of 13.02 percentages points ($3.51 \times \mathbf{3.71}$ in column 4) for the Senate.

6.1.2. Subjective perceptions

Our results indicate that immigration boosts the support of *Lega* but not other *major right-wing* parties. In this subsection, we aim to explore the plausible drivers of these findings in the perceptions of individuals. We centre our analysis on three tentative drivers: *i. fear*, *ii. economic security* and *iii. institutional trust*. To that end, we employ the European Social Survey (ESS, henceforth).[21] We use information on social and political attitudes in Italy for the years 2004, 2012, 2016 and 2018.[22]

We study survey-responses to the question: *Is there a particular political party you feel closer to than all the other parties?*. We examine the outcome variables *Lega* and *Major right-wing* parties on whether respondents voted or feel closer to one of the definitions (equals 1 and 0 otherwise). The ESS includes attitudes on immigration. We consider the variable *on whether immigration is good or bad for the economy*. The answer ranges from 0, if the respondent thinks that immigration has harmful effects for the economy to 10, if immigration does not have an effect at all.

[21] A biennial survey that started in 2002 and it comprises most Western and Eastern European countries, but not all nations participate in each sampling round. The main purpose of the questionnaire is to trace and decode variations in individuals' public attitudes in Europe on institutions and policies. We restrict our analysis to Italy.

[22] We perform a similar exercise to the one of Guiso et al. (2017) on looking at the drivers of populism but confining our analysis to Italy.

Table 5
Which party feel closer to.

	Major right-wing (1)	Lega (2)
Immigration good for Economy	0.0584**	−0.0700***
	(0.0294)	(0.0117)
Trust National	−0.203	−0.363**
	(0.161)	(0.142)
Trust EU	0.0595***	−0.0285***
	(0.0198)	(0.00496)
Political interest	−0.320***	−0.0564
	(0.100)	(0.0737)
Feelings on household's income	0.0601	0.152***
	(0.0372)	(0.0457)
Right-wing scale	0.428***	0.262***
	(0.0402)	(0.0306)
Safe surroundings	0.030	−0.009
	(0.042)	(0.036)
N	2420	2420
Pseudo R^2	0.4126	0.4079

The dependent variable is dichotomous 0 − 1. Standard errors in parentheses. Our regressions include: year fixed effects, NUTS 1 geographical zone fixed effects, logarithm of education, employment rate, risk, female, paid work in the last 7 days, logarithm of Age and respondent's regional Tax Autonomy. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Our analysis contains two covariates on *institutional trust* in: the European Union and national institutions.[23] Responses to trust questions range from 0 if the individual has no confidence to 10 if the person is completely confident. Our composite measure on national trust is standardized in the [0,1] range.[24]

Our regressions also include a variable on how *the individual feels about the household income*. The variable takes value 4 if the individual feels very comfortable and 1 if the individual feels extreme difficulties with his current income. We also consider a variable on how the individual sees himself in a *left–right axis*. The value 0 stands for those individuals that consider themselves to be on the far-left and the value 10 for those on the far-right of the ideological spectrum. We also include a variable on the *importance of living in secure and safe surroundings*. The value of the variable is equal to 1 if living in a secure area is not important and 6 if it is very important to live in a secure area.[25]

We centre our attention on the question of which party the respondent feels closer to. Table 5 shows the results of the probit specifications in which the result variables are equal to 1 if the respondent felt closer to one of the populist options. Column 1 presents the results of the *Major right-wing* parties and column 2 for *Lega*. Survey respondents who feel that *Lega* is their closest party respond that immigration is bad for the economy to perform well and show a feeling of distrust towards the European Union. Respondents who have positive feelings on their income present a positive association with feeling close to right-wing parties.

To further examine the results in Table 5, we seek to better understand what motivates the feelings on immigration. We report the results in Table 6. The dependent variable is *Immigrants are good for the economy*. Findings indicate a strong negative relationship between the importance of living in safe and secure surroundings and the effect of immigration on the economy. Concerns about institutional trust, both at European Union and national level, seem to encompass a pro-immigration approach.

In summary, *potential Lega* voters systematically disdain immigration and consider foreigners as a negative influence for a well-functioning economy. These results helped us to better understand what motivates the findings of the recent performance of *Lega* and why an increasing share of immigrants may help increase the support for *Lega*.

6.2. Additional results: Movimento 5 Stelle

The conclusions of previous sections underline that the increase in immigration in a municipality boosts the support for *Lega* and also widens the electoral distance between *Lega* and other populist options. For the sake of completeness, we provide estimates concerning the electoral performance of *Movimento 5 Stelle* (M5S) during the 2013 and 2018 national elections.

[23] We construct the variable trust in national institutions by the means of a principal component analysis in which we consider trust in: the police, parliament, politicians and the legal system.

[24] We enrich our analysis by including a series of socio-economic variables for the respondent. To proxy for how the individual discount the future, we include the logarithm of age. Our specifications also control for the gender of the respondent (Female equals 1, Male otherwise) and the logarithm of education. We include an index variable that measures the individual's attitude towards taking risks. The variable takes the value 1 if the individual is not risk averse and 6 if he is risk averse. We include a variable on how much the individual is interested in politics (equals to 4 if the respondent is very interested in politics and 1 not at all). Our regressions include a dichotomous variable on whether the individual has worked in a paid job during the last 7 days.

[25] We include an economic variable that is related to the competitive job environment in Italy. We control for the *employment rate* at NUTS1 level from EUROSTAT since for some respondents we do not have regional information and only at NUTS 1 level information is available. NUTS are statistical geographical divisions of a country.

Table 6
Perceptions on immigration.

	Immigration good for Economy
Safe surroundings	−0.256***
	(0.0336)
Trust National	1.305**
	(0.368)
Trust EU	0.153***
	(0.0289)
Political interest	0.562***
	(0.0766)
Feelings on household's income	0.260***
	(0.0247)
Right-wing scale	−0.178***
	(0.0271)
N	5152
R^2	0.2170

The dependent variable is equal to 0 if the respondent thinks that immigration is good for the economy and equals 10 if immigration does not have an effect at all. Standard errors in parentheses. Our regressions include: year fixed effects, NUTS 1 geographical zone fixed effects, logarithm of education, employment rate, risk, female, paid work in the last 7 days, logarithm of Age and respondent's regional Tax Autonomy. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

We present the results of the Chamber and the Senate in Table 7. Columns 1 and 3 present parameter estimates controlling for fixed effects. The rest of the columns show parameters using the previously defined instrumental variables strategy. In our most parsimonious specifications in column 2 (which only includes the municipality and election year fixed effects), the estimated coefficient is for an increase of 1 percentage point in the share of immigrants, while there is a decrease of about −10.89 percentage points in the Chamber and −8.90 percentage points in the Senate (relative to a mean of 25 percentage points and standard deviation of 10 percentage points). The instrument also seems to perform well because is beyond the F-threshold of 10 and statistically significant in the first stage. Nevertheless, there is a sizable difference in the size and sign of our parameter estimates between odd and even columns. The effect of the share of foreigners in this section might be bias since the error terms are likely not to be normally distributed. Among the main reasons for the difference in magnitude once we regress the equation with instrumental variables, it may be due to the excess of zeros in the dependent variable, since the presence of *Movimento 5 Stelle* is mainly concentrated in the South of the country, leaving many municipalities in the Centre and North of the country with the dependent variable equal to zero. Another reason may be that the sample is smaller compared to the analysis of other right-wing populist parties in previous sections.

Our results suggest that a higher share of foreigners negatively impacts the electoral performance of *Movimento 5 Stelle*. Their stance on immigration has neither been against nor in favour. We may hypothesize that the bulk of their voters see themselves to the left of the political ideological spectrum and advancing an anti-immigration discourse may harm their electoral potential. There may be other reasons, for example their best electoral performance has been achieved in southern Italy, where immigration may not be as big of a concern as the scarcity of job opportunities.

6.3. Robustness checks

We perform five robustness checks on our benchmark results. We have been using both the population and immigrants of 1991 to build our instrument. In the first robustness check, we re-estimate Eq. (1) using 2004 as the base year to verify the validity of the exclusion restriction of our instrument. Since 2002, ISTAT has provided a detailed data set on the number of foreigners and their nationality for each Italian municipality. This allows us to construct the instrument without having to make assumptions about the distribution of immigrants. The results of Table A.3 using 2004 as the base year indicate similar results to those in Table 1, which confirm that the imputation method for the year 1991 was based on credible assumptions. As in Table 1, the statistic F is higher than the threshold of 10. The parameter estimate is slightly higher for the base year 2004 in comparison to using 1991 as a base year, 0.16 in comparison to 0.13, respectively.

The second robustness control consists of analysing whether the impact of the share of immigrants in a municipality could spread to neighbouring towns. To identify a causal association, the assumption of stable unit treatment must hold. That is, the effect of interest should not affect other potential outcomes. A common method of inspecting the treatment of stable units in the literature is to re-scale the variable of interest and perform the analysis again in a larger geographic area (see, for example, Barone et al. (2016) or Lonsky (2021)). Therefore, we scale up our variables of interest to the local market labour level. Local labour markets are defined according to ISTAT's commuting patterns. We selected this geographic unit as an alternative to larger areas, such as provinces or regions, as we assume that people largely stay in that area as a result of travel costs. We estimate the following equation:

$$y_{llmt} = \sigma_o + \beta_1 S_{llm,t-1} + \beta_2 X_{llmt,t-1} + \psi_{llm} + \omega_t + \varepsilon_{pt} \tag{3}$$

where y_{llmt} is the share for votes to populist parties in local labour market llm at time t and S_{llmt-1} is the share of immigrants in local labour market llm at time $t-1$ standardized by the population of 1991 for that local labour market. Our specification includes a set of control covariates at llm at time *t-1*. Our specifications comprise llm (ψ_{llm}) and year fixed effects (ω_t). ε_{pt} is an error term.

Table 7
Voting preferences M5S.

	Chamber			
	F.E. (1)	I.V.F.E. (2)	F.E. (3)	I.V.F.E. (4)
$Share_{c,t-1}$	0.692*** (0.0811)	−10.89*** (2.156)	0.662*** (0.0851)	−8.889*** (2.530)
Control variables	No	No	Yes	Yes
Observations	15752	15752	15482	15212
F		31.53		15.68
	Senate			
	F.E. (1)	I.V.F.E. (2)	F.E. (3)	I.V.F.E. (4)
$Share_{c,t-1}$	0.711*** (0.0794)	−11.12*** (2.207)	0.681*** (0.0826)	−9.142*** (2.597)
Control variables	No	No	Yes	Yes
Observations	15752	15752	15482	15212
F		31.53		15.68

The dependent variable is the share of votes. The range of the share of votes is from 0 to 1. Standard errors in parentheses, clustered at the municipality level. Parameter estimates are weighted by the log of the population of the municipality. Specifications control for the lagged value of the activity rate at the local labour market and the lagged value at the municipality level of mortality rate, fertility rate and current expenditures per person. Our specifications also include the calendar year lagged value of the share of the population over 65 at the regional level and the lagged value of the natural logarithm of the GDP per capita. All regressions incorporate the density of the municipality. We also include year and municipality fixed effects. F is the Kleibergen–Paap rk Wald F-st.* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
The parameter estimate (standard error) of the instrument without controlling covariates is 0.1775*** (0.0316) and once include the covariates is 0.1185*** (0.0299).

Results in Table A.4 provide further evidence that the effect of the share of immigrants has a positive and significant effect on *Lega*, but not on *Lega and Fratelli d'Italia*. Our strategy of aggregating our variables of interest at the *llm* level supports that the effect of foreigners in a municipality does not affect other potential outcomes. These results provide further evidence of our main results in Table 1, where we found a significant effect of immigration on the rise of *Lega*.

The third robustness check is to analyse whether there is an effect of immigration on the internal migration decisions of the natives. In the event that immigrants displace the native population, this could be a sign of the difficulties of the native population to find a job in their area of origin. If it were true, it could indicate that we are underestimating the effect of immigration in previous regressions. As in Peri and Sparber (2011), we look at the effect of the flow of immigrants on the flow of natives in a municipality. We estimate the following equation:

$$\frac{\Delta_{t,t-1} Native}{Pop_{c,t-1}} = \alpha + \beta \frac{\Delta_{t,t-1} Immigration}{Pop_{c,t-1}} + \beta_2 X_{c,t-1} + \beta_3 X_{llm,t-1} \tag{4}$$

$+X_{p,t-1}+X_{r,t-1}+\psi_c+\omega_t+\varepsilon_{ct}$ where the dependent variable is the flow of the native population ($\Delta_{t,t-1} Native/Pop_{c,t-1}$) in a municipality c and the effect we are interested in is the flow of immigrants in a municipality ($\Delta_{t,t-1} Immigration/Pop_{c,t-1}$). We also include the same set of covariates as in Eq. (1), as well as year (η_t) and municipality (γ_i) fixed effects. $\varepsilon_{i,t}$ is an error term. Our specification in Table A.5 also controls for the same set of covariates of Table 1. Since we do not consider EU15 citizens as foreign immigrants when constructing our instrument, because we do not have information about them in 1991 in the form of "permessi di soggiorno", we look at two different flows: i. only considering the movement of natives (columns 1 and 2) and ii. considering the movement of natives and other EU15 citizens. As in Lonsky (2021), we also adapt our instrumental variable strategy. We use the difference of the instrument between two periods, the current and the lagged value in a calendar year. Our instrument is significant and it works well (e.g., the Kleibergen–Paap Wald F test is above 10). The β coefficients are not significant in Table A.5. It means that there is not an attraction association between natives and immigrants ($\beta > 0$) or natives moving elsewhere due to a rise of foreigners ($\beta < 0$).

The fourth robustness check is based on the fact that some recent studies by Adão et al. (2019) and Goldsmith-Pinkham et al. (2020) criticized the use of shift & share instruments, emphasizing that some specific areas of origin may drive the results. We follow Auricchio et al. (2019) and compare our main results with those from a model using the share of each area of origin on the total immigrant population in 1991 to construct the instrument. If the over-identified model provides similar results to our baseline specification; it shows that our instrument is effective in capturing an exogenous variation in the share of immigrants. In Table A.6, we observe how the second stage coefficient from the over-identified model is very close to our baseline estimates presented in Table 1 for *Lega*, *Lega and Fratelli d'Italia* and other *Major right-wing parties*. Moreover, the Hansen's test rejects the null hypothesis that all instruments point to the same direction.

We also include a series regressions where the instrument is characterized by using a single area of origin with respect to the population at the municipality level in 1991 (e.g., the share of people from Africa in 1991 in municipality c). Our variable of interest is the share of a single area of origin (e.g., the share of people from Africa in years 2006, 2008, 2013 and 2018 in municipality c).

We instrument the share of foreigners from an area by the instrument constructed by that specific area. In all cases but one, the estimated coefficients have the same sign as in Table 1. Almost all coefficients are significantly different from zero and F-Statistics are well above 10, except in two cases where they reach values close to the threshold. The estimated effects vary between −0.072 and 6.0231 for *Lega*, between −0.2367 and 3.3502 for *Lega and Fratelli d'Italia* and between −0.1596 and −4.3726 for other major right-wing parties. Looking at the Senate of the Republic (lower panel), the results are close to those of the Chamber of Deputies (upper panel). Furthermore, there does not seem to be a specific area of origin driving all results.

The fifth and last robustness analysis is to exclude the concern that persistent trends at the municipality level might be correlated with the dependent variable and the instrument. To exclude this concern for endogeneity, we perform a placebo test using electoral data prior to the base period for which we specified the instrument,1991. Given that the parties included in the analysis did not participate at the time, we use the major right-wing party *Democrazia Cristiana* present before 1991. *Democrazia Cristiana* largely disappeared after the Tangentopoli scandal in 1991. In particular, we estimate the following cross-sectional specification using OLS:

$$\Delta DC_{c,1987-1979} = \beta_0 + \beta_1 \Delta Instrument_{c,2018-2006} + \beta_2 X_c + \varepsilon_c \tag{5}$$

where $\Delta DC_{1987-1979}$ is the level change of *Democrazia Cristiana*'s vote share in municipality i between 1979 and 1987. In our analysis we also include the level change between 1983 and 1987. We control for the same set of variables as in previous regressions but restrained to the year 2006.

Results of the placebo test are presented in Table A.7. Reassuringly, a lack of any statistically significant correlation supports the validity of the IV's exclusion restriction. The parameter estimates are not statistically significant. Thus, it backs the assumption that there were not persistent trends at the municipality level pre-base year of the instrument. Columns 1 and 3 show the percentage level change between 1979 and 1987 as a dependant variable and in column 2 and 4 the dependent variable is the percentage level change between 1983 and 1987. Columns 1 and 2 show the results of the Chamber, and 3 and 4 the results of the Senate. According to Barone et al. (2016), the anti-immigration rhetoric was not present in the political discourse at the time.

7. Plausible channels

Next, we explore two mechanisms behind our results to better understand why immigration increases support for *Lega* but not for other parties. We analyse the effect of immigration on the electoral performance of populist parties in different bands of fiscal autonomy and we also look closely at the effect of immigration on electoral performance after *Lega* has changed its electoral brand.

7.1. Tax autonomy and the impact of immigration

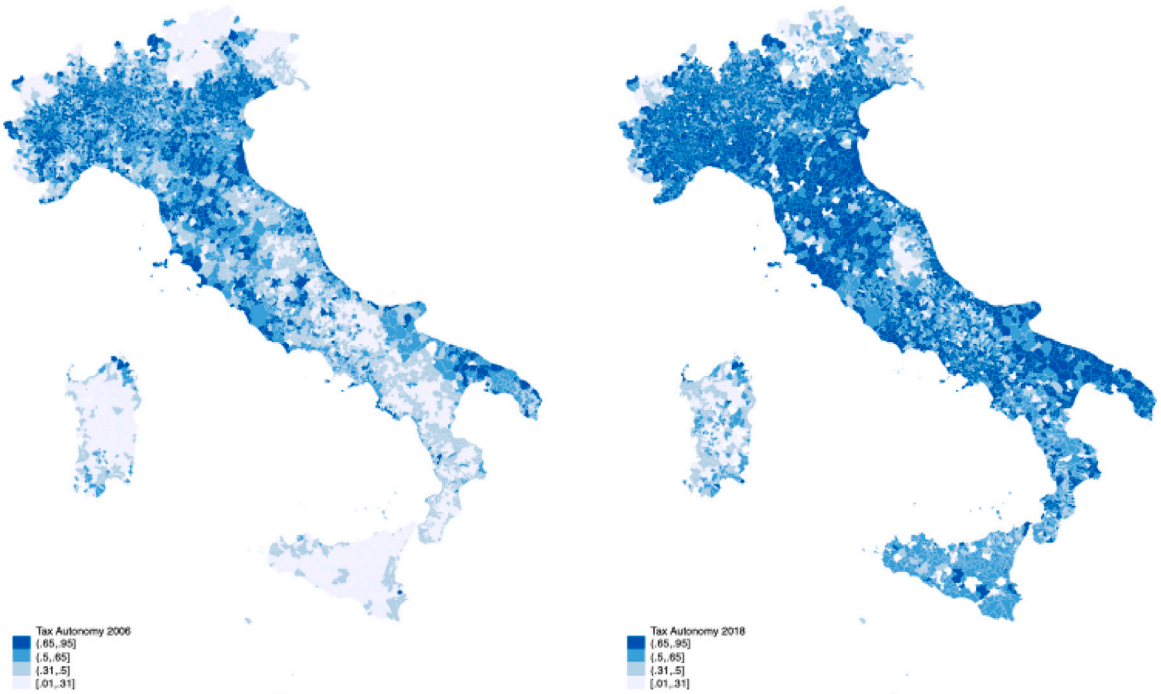
We examine the previous results from Section 6.1 across different bands of the tax autonomy at the municipality level to study the allocation of baseline political preferences in municipalities depending on their ability to independently provide for the financing of their expenditure. It is assumed that a municipality's ability to raise tax revenues is related to the product of greater social cohesion among its inhabitants or better economic prospects. Consequently, a lower level of autonomy can be seen as a greater possibility of competition between natives and immigrants for the use of public services or in the labour market.

In Fig. 4 we map the spatial distribution of tax autonomy at the municipality level for the years 2006 and 2018. We observe that municipalities located in central Italy and Sardinia are likely to be less autonomous. Fig. 5 maps the electoral performance at the municipality level for the years 2006 and 2018. We observe that *Lega* no longer only performs well in the north, but also in the centre, where there is less tax autonomy. This pattern could support suggestive evidence that the rivalry between natives and foreigners for the consumption of public goods turns out to be exacerbated by the lack of fundraising at the municipal level through taxation.

In Tables 8 and 9 we show the results of our regressions under and over the median of the yearly distribution of tax autonomy in Italy. Table 8 shows the results of the Chamber and Table 9 shows the results of the Senate. In all instances we only show the IV regression parameters. The results under the median band of the distribution of tax autonomy show a positive and statistically significant effect for *Lega*. The effect is also significant but negative for other right-wing parties. We found that in the over median band, the effect is still positive and significant for *Lega*. Nonetheless, the size of parameter estimates is smaller than under the median. The parameter estimate under the median is equal to 4.47 in contrast to 1.10 for over the median Tax Autonomy band. The effect for *Major right-wing parties* is positive but non-significant.

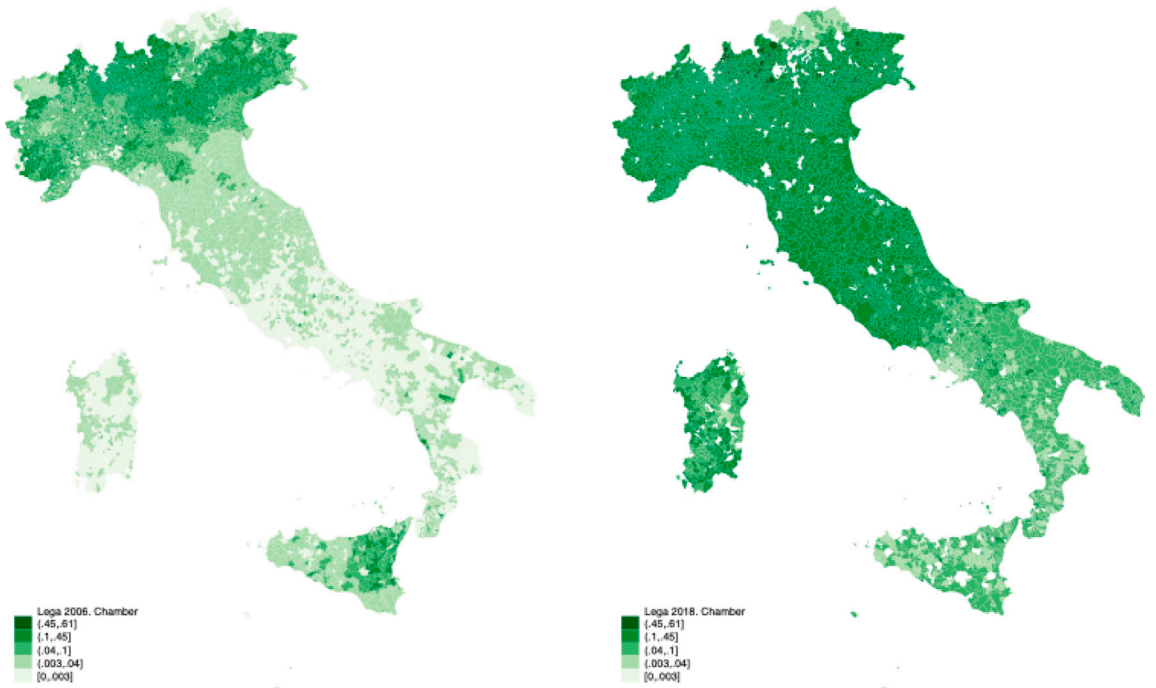
In Table A.8 we report the change in electoral taste as calculated in Section 6.2 between *Lega* and other right-wing parties (results of the Chamber in column 1 and Senate in column 2). The results in Table A.8 show the analysis of *Electoral taste change* over different bands of tax autonomy. Interestingly, we found that the biggest electoral distance takes place under the median of the tax autonomy distribution.

Our results show that under the median, the performance of *Lega* positively increases over time and widens the electoral distance versus its nearest competitors. Our results consistently show that in those municipalities that are below the median of independently financing their expenditure, there is an increasing support for a tougher discourse against immigration.



(a) Tax Autonomy in 2006 (b) Tax Autonomy in 2018

Fig. 4. Tax Autonomy. Geographical distribution at the municipality level.



(a) Lega 2006 (b) Lega 2018

Fig. 5. Lega electoral performance in the Chamber of Deputies. Geographical distribution at the municipality level.

Table 8
Voting preferences & Tax Autonomy. Chamber.

	Lega IV FE	Legafi IV FE	Major RW IV FE
	Tax Autonomy under the median		
$Share_{c,t-1}$	4.237***	2.196***	−4.490***
	(0.666)	(0.385)	(0.799)
Observations	14690	14690	14690
F	27.09	27.09	27.09
	Tax Autonomy over the median		
$Share_{c,t-1}$	0.890***	0.752***	0.473
	(0.224)	(0.262)	(0.307)
Observations	14356	14356	14356
F	23.24	23.24	23.24

The dependent variable is the share of votes. The range of the share of votes is from 0 to 1. Standard errors in parentheses, clustered at the municipality level. Parameter estimates are weighted by the log of the population of the municipality. Specifications control for the lagged value of the activity rate at the local labour market and the lagged value at the municipality level of mortality rate, fertility rate and current expenditures per person. Our specifications also include the calendar year lagged value of the share of the population over 65 at the regional level and the lagged value of the natural logarithm of the GDP per capita. All regressions incorporate the density of the municipality. We also include year and municipality fixed effects. F is the Kleibergen–Paap rk Wald F-st.* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
The parameter estimate (standard error) of the instrument in *Tax Autonomy under the median* is 0.1017*** (0.0195), *Tax Autonomy over the median* is 0.1521*** (0.0316).

Table 9
Voting preferences & Tax Autonomy. Senate.

	Lega IV FE	Legafi IV FE	Major RW IV FE
	Tax Autonomy under the median		
$Share_{c,t-1}$	4.466***	2.827***	−3.095***
	(0.702)	(0.498)	(0.698)
Observations	14690	14690	14690
F	27.09	27.09	27.09
	Tax Autonomy over the median		
$Share_{c,t-1}$	1.097***	0.656**	0.145
	(0.262)	(0.276)	(0.299)
Observations	14356	14356	14356
F	23.24	23.24	23.24

The dependent variable is the share of votes. The range of the share of votes is from 0 to 1. Standard errors in parentheses, clustered at the municipality level. Parameter estimates are weighted by the log of the population of the municipality. Specifications control for the lagged value of the activity rate at the local labour market and the lagged value at the municipality level of mortality rate, fertility rate and current expenditures per person. Our specifications also include the calendar year lagged value of the share of the population over 65 at the regional level and the lagged value of the natural logarithm of the GDP per capita. All regressions incorporate the density of the municipality. We also include year and municipality fixed effects. F is the Kleibergen–Paap rk Wald F-st.* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
The parameter estimate (standard error) of the instrument in *Tax Autonomy under the median* is 0.1017*** (0.0195), *Tax Autonomy over the median* is 0.1521*** (0.0316).

7.2. Re-branding

Another reason that can explain the important relationship between voting for *Lega* and immigration could be related to the re-branding of the political party. Salvini expanded *Lega*'s electoral brand beyond the historical territory of Padania, where *Lega*'s grassroots are concentrated. One of the strategies to broaden the political appeal of *Lega* was to refine its discourse by emphasizing the party as a guarantor of the interests of Italians, instead of continuing to delve into a rhetoric that divides citizens of the north and south. To stage this change of tone, the political party renamed its brand by removing *Nord*.

The party's leader since its inception, Umberto Bossi, had to resign largely because of corruption cases. After an interim period, Matteo Salvini took over in December 2013. Umberto Bossi gave the party a certain regionalist populist character, while Matteo Salvini, on the other hand, took advantage of the power vacuum left by Silvio Berlusconi in 2013 to tilt the political discourse in a nationalist direction, and thus attract a larger electorate. The difference between citizens of the South and the North is no longer part of Salvini's *Lega* discourse, but the differences he emphasizes are between Italians and immigrants. The re-branding campaign focuses not on southern Italy as a counterpoint, but on immigration, and also on the European Union as a political entity guilty of failing to redistribute proportionally among its member states the wave of refugees and migrants crossing the Mediterranean sea. The shift from a regional to a nationwide discourse makes the 2018 elections different from previous ones.

Table 10
Propensity voting Lega.

	Chamber			Senate		
	Lega ≥ 0.05 (1)	Lega ≥ 0.1 (2)	Lega ≥ 0.15 (3)	Lega ≥ 0.05 (4)	Lega ≥ 0.1 (5)	Lega ≥ 0.15 (6)
	Panel A: Lega & no representation in previous election					
$Share_{c,t-1}$	−0.210	0.453	0.459	0.113	1.160*	0.896*
	(0.436)	(0.447)	(0.313)	(0.547)	(0.654)	(0.529)
$Share_{c,t-1} * 2018$	2.855	4.314	7.225***	4.863**	2.467	7.083***
	(2.143)	(3.099)	(2.231)	(2.019)	(3.560)	(2.252)
N	3700	3700	3700	3700	3700	3700
F	36.51	36.51	36.51	36.51	36.51	36.51
	Panel B: Lega & representation in previous election					
$Share_{c,t-1}$	105.1**	136.7**	78.25*	118.2**	142.4**	86.41**
	(49.93)	(66.97)	(40.77)	(56.20)	(69.70)	(43.99)
$Share_{c,t-1} * 2018$	−30.47**	−37.79**	−20.45*	−34.33**	−39.48**	−22.81*
	(14.17)	(18.99)	(11.55)	(15.94)	(19.76)	(12.46)
N	25382	25382	25382	25382	25382	25382
F	4.09	4.09	4.09	4.09	4.09	4.09

The dependent variable is dichotomous 01. Panel A only considers those municipalities in which Lega was not present at $t-1$. Panel B only considers those municipalities where Lega was present in $t-1$. Standard errors in parentheses, clustered at the municipality level. Parameter estimates are weighted by the log of the population of the municipality. Specifications control for the lagged value of the activity rate at the local labour market and the lagged value at the municipality level of mortality rate, fertility rate and current expenditures per person. Our specifications also include the calendar year lagged value of the share of the population over 65 at the regional level and the lagged value of the natural logarithm of the GDP per capita. All regressions incorporate the density of the municipality. We also include year and municipality fixed effects. F is the Kleibergen–Paap rk Wald F-st.* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
The parameter estimate (standard error) of the instrument in *Panel A: Lega & no representation in previous election* is 0.3429*** (0.0567) and in the *Panel B: Lega & representation in previous election* is 0.0211** (0.0104).

In Table 10 we inspect the relationship between immigration and re-branding in the *Lega*'s electoral performance. We run instrumental variable fixed-effects linear probability models in which the outcome is a dichotomous variable equal to 1 if the share of votes to the *Lega* exceeds the thresholds of 5% (columns 1 and 4), 10% (columns 2 and 5) and 15% (columns 3 and 6) of the votes. We decided to use a discrete variable to obtain a more accurate picture of the effect of immigration on votes in favour of *Lega* at different points in the vote distribution.

Our variable of interest $Share_{c,t-1} \times 2018$ measures the interaction between the share of immigrants and 2018, which is the year in which the party changed its name. The model used is again an IV regression using the shift–share instrument already explained in previous sections. Columns 1–3 refer to the electoral performance of the *Lega* in the Chamber of Deputies and columns 4 to 6 refer to the electoral performance in the Senate. We divide the table into two panels: Panel A only considers those municipalities in which *Lega* was not present at $t-1$. Panel B only considers those municipalities where *Lega* was present in $t-1$. The results of panel A show that the interaction effect between the share of immigrants and 2018 is positive in all columns and statistically significant in columns 3, 4 and 6. This indicates that changing the political label in 2018 was significant in exploiting immigration flows to get more votes. The F statistic of our instrument is also higher than 10. Column 3 shows that, on average, the effect of re-branding for 2018 meant that *Lega* having an electoral performance beyond the threshold of 15% in 2018 compared to previous periods increased, on average, 0.36 points (7.22×0.05). On the other hand, the results of the interaction in Panel B are negative, yet the total effect of immigration in 2018 on the probability that the *Lega* exceeds a certain threshold is positive. Nonetheless, the instrument is not over the threshold of 10 once we confine our observation in panel B.

A possible limitation of the analysis is the fact that there was also a refugee crisis at the same time as the re-branding. The turmoil caused by the Arab Spring pushed many people to flee. Italy received the majority of refugees and asylum seekers arriving in Europe. More than 500,000 people have applied for asylum in Italy since 2014. The refugee crisis may have driven a variety of narratives about immigration flows, which may partly explain the results obtained in Table 10. We cannot control for the presence of refugees in each municipality, as there is no comprehensive national-level dataset at the municipality level. However, we believe that the strong and significant effect of immigration after the rebranding cannot be fully explained by the presence of refugees, as the electoral success of *Lega* was in the northern and central regions of Italy. Thus, these regions have no coastline facing the African continent and refugees are more likely to disembark in the ports of the southern Italian coast.

8. Conclusion

Our study takes an in-depth look at the effect of immigration on the rise of populism in Italy. The attractiveness of the Italian case is due to the various populist parties that have been in the political arena since 1994. Approaching the data at the municipality level helps us to account for heterogeneity and to correct for the endogeneity between immigration and the rise of populism.

We find that *Lega* is the political party that best capitalizes on the anti-immigration discourse and, moreover, this vitriolic discourse helps to exacerbate the electoral distance to *Lega*'s most direct competitors. Our results are backed by a battery of

Table A.1
Summary table.

Variable	Obs	Mean	Std. Dev.	Min	Max
Chamber					
Lega	31,524	0.1068	0.1142	0	0.6643
Lega and Fratelli d'Italia	31,524	0.1490	0.1181	0	0.6727
Major right-wing	31,524	0.2698	0.1087	0	0.7241
Movimento 5 Stelle	15,762	0.2489	0.0959	0	0.7005
Senate					
Lega	31,524	0.1047	0.1144	0	0.6129
Lega and Fratelli d'Italia	31,524	0.1456	0.1187	0	0.7097
Major right-wing	31,524	0.2726	0.1116	0	0.75
Movimento 5 Stelle	15,762	0.2393	0.0961	0	0.6776
Density	31,524	350.3314	722.8723	0.7666	12461.52
$Share65+_{r,t-1}$	31,524	0.2125	0.0283	0.1325	0.2900
$ln(GDPcapita)_{r,t-1}$	31,524	10.1438	0.2800	9.5396	10.9313
$Fertilityrate_{c,t-1}$	31,524	0.0083	0.0031	0	0.0513
$Deathrate_{c,t-1}$	31,524	0.0114	0.0049	0	0.0763
Current expenditure per $capita_{c,t-1}$	31,151	0.8455	0.5528	0	23.8
$Activity_{llm,t-1}$	31,524	49.1751	6.1668	26.7	65.2
$Share_{c,t-1}$	31,504	0.0538	0.0474	0	0.4410
$Instrument_{c,t-1}$	31,504	0.0475	0.0408	0.0064	0.5797

robustness checks. Our results are resilient and robust to different weighting strategies, to changing the base year of our instrument, to re-scaling our analysis into larger geographical units, as well as to reconstructing our instrument by a single area of origin.

We show that the taxonomy of a potential *Lega* voter is strikingly different from that of supporters of other mainstream right-wing parties. Supporters of the *Lega* distrust supranational political projects, such as the European Union, and perceive immigration as detrimental to the proper functioning of the economy. Supporters of other Italian populist parties have a positive view of immigration as good for the economy.

We propose two mechanisms to understand why immigration has helped the *Lega*, in particular, and no other political party. The first is to analyse the effect of immigration on different bands of Tax autonomy. We find that in less autonomous municipalities, immigration has a greater effect on the *Lega*'s electoral performance. We hypothesize that this may be due to competition for both public services and employment opportunities. The other mechanism is the re-branding of the party as a symbol and as a consequence of the shift from a regional to a national discourse. Our results show that the *Lega* has performed well in municipalities where it was not present before 2018, suggesting that encouraging the divide between Italians and immigrants is more advantageous at the electoral level than maintaining the divide between northern and southern Italy.

Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Data availability

Data will be made available on request.

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Appendix

See Tables A.1–A.8.

Table A.2
Effect of immigration on voting behaviour. Robustness checks.

	Lega FE	Lega IV FE	Lega+ Fr.It. FE	Lega+ Fr.It. IV FE	Major RW FE	Major RW IV FE
	Panel A:Chamber					
	Panel A (I): No controls					
$Share_{c,t-1}$	0.106***	1.848***	0.0409**	1.129***	−0.284***	−1.373***
	(0.0163)	(0.204)	(0.0179)	(0.154)	(0.0222)	(0.187)
N	31504	31504	31504	31504	31504	31504
F		65.34		65.34		65.34
	Panel A (II): Weighted by the electorate					
$Share_{c,t-1}$	0.0528***	2.198***	−0.00604	1.234***	−0.264***	−1.640***
	(0.0183)	(0.269)	(0.0208)	(0.188)	(0.0247)	(0.262)
N	31132	31131	31132	31131	31132	31131
F		56.15		56.15		56.15
	Panel A (III): Unweighted					
$Share_{c,t-1}$	0.0396**	2.320***	−0.0251	1.235***	−0.248***	−1.815***
	(0.0192)	(0.290)	(0.0222)	(0.198)	(0.0269)	(0.289)
N	31132	31131	31132	31131	31132	31131
F		56.31		56.31		56.31
	Panel B:Senate					
	Panel B (I): No controls					
$Share_{c,t-1}$	0.120***	2.079***	0.0568***	1.399***	−0.302***	−1.036***
	(0.0176)	(0.229)	(0.0199)	(0.193)	(0.0257)	(0.172)
N	31504	31504	31504	31504	31504	31504
F		65.34		65.34		65.34
	Panel B (II): Weighted by the electorate					
$Share_{c,t-1}$	0.0727***	2.400***	0.0247	1.454***	−0.237***	−1.330***
	(0.0194)	(0.293)	(0.0222)	(0.226)	(0.0282)	(0.254)
N	31132	31131	31132	31131	31132	31131
F		56.76		56.76		56.76
	Panel B (III): Unweighted					
$Share_{c,t-1}$	0.0540***	2.576***	0.00207	1.563***	−0.206***	−1.309***
	(0.0204)	(0.320)	(0.0231)	(0.244)	(0.0309)	(0.264)
		(0.0171)		(0.0171)		(0.0171)
N	31132	31131	31132	31131	31132	31131
F		56.31		56.31		56.31

Panel A (I) & Panel B (I): The dependent variable is the share of votes. The range of the share of votes is from 0 to 1. Standard errors in parentheses, clustered at the municipality level. Specifications only control for year and municipality fixed effects. F is the Kleibergen–Paap rk Wald F-st.* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
The parameter (standard error) of the instrument is equal to 0.1705***(0.0211).
Panel A (II)-(III) & Panel B (II)-(III): The dependent variable is the share of votes. The range of the share of votes is from 0 to 1. Standard errors in parentheses, clustered at the municipality level. Parameter estimates of Panel A are weighted by the log of the electorate of the municipality. Parameter estimates of Panel B are unweighted. Specifications control for: density of population, lagged value of the activity rate at the local labour market, lagged value at the municipality level of mortality rate,lagged value at the municipality level of fertility rate,lagged value at the municipality level current expenditures per person, lagged value at the regional level the proportion of people over 65 years of age and the lagged value at province level the GDP per capita, year and municipality fixed effects. F is the Kleibergen–Paap rk Wald F-st.* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
Panel A (I) & Panel B (I): The parameter (standard error) of the instrument is equal to 0.1705***(0.0211).
Panel A (II) & Panel B (II): The parameter (standard error) of the instrument is equal to 0.1321***(0.0176).
Panel A (III) & Panel B (III): The parameter (standard error) of the instrument is equal to 0.1286***(0.0171).

A.1. Classification of parties for the Chamber and the Senate

In this section we list the various parties considered in each of our outcome variables. We use the lists of Van Kessel (2015) and Inglehart and Norris (2016) to pick those parties that are populists and happen to be representative in the political discourse. For instance, Van Kessel (2015) examines and analyses political speeches and party manifestos in Europe and singles out 57 populist parties that gained parliamentary representation in national elections between the years of 2000 and 2013. In line with Mudde's definition (Mudde, 2004), Van Kessel (2015) identifies a party as populist whether it has the following three attributes: 1.- portrays 'the people' as virtuous and essentially homogeneous; 2.- advocates popular sovereignty, as opposed to elitist rule; 3.- define themselves against the political establishment, which is alleged to act against the interest of 'the people'. Van Kessel (2015) assesses the reliability of the list by consulting country experts. Nevertheless, Guiso et al. (2017) pointed out that the list only appears to rely mostly on the anti-rhetoric discourse as a major characteristic to be framed as a populist. Van Kessel (2015) lists *Popolo della*

Table A.3
Effect of immigration on voting behaviour: Chamber and Senate.Base 2004.

	Lega FE	Lega IV FE	Legafi FE	Legafi IV FE	Major RW FE	Major RW IV FE
	Chamber					
$Share_{2004,c,t-1}$	0.0420**	2.279***	−0.00970	2.273***	−0.228***	−1.320***
	(0.0207)	(0.192)	(0.0234)	(0.206)	(0.0285)	(0.156)
Observations	31151	31150	31151	31150	31151	31150
F		121.18		121.18		121.18
	Senate					
$Share_{2004,c,t-1}$	0.0564***	2.533***	0.0136	2.662***	−0.199***	−1.277***
	(0.0218)	(0.218)	(0.0245)	(0.245)	(0.0326)	(0.168)
Observations	31151	31150	31151	31150	31151	31150
F		121.18		121.18		121.18

The dependent variable is the share of votes. The range of the share of votes is from 0 to 1. Standard errors in parentheses, clustered at the municipality level. Parameter estimates are weighted by the log of the population of the municipality. Specifications control for the lagged value of the activity rate at the local labour market and the lagged value at the municipality level of mortality rate, fertility rate and current expenditures per person. Our specifications also include the calendar year lagged value of the share of the population over 65 at the regional level and the lagged value of the natural logarithm of the GDP per capita. All regressions incorporate the density of the municipality. We also include year and municipality fixed effects. F is the Kleibergen–Paap rk Wald F-st.* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
The parameter estimate (standard error) of the instrument is 0.1600*** (0.0145).

Table A.4
Voting preferences at the local labour market level.

	Lega	Lega Fr. Italia	Major right-wing
	Chamber		
	Fixed Effects		
$Share_{s,l,t-1}$	0.774***	−0.146	−2.559***
	(0.0884)	(0.118)	(0.111)
	Instrumental Variables Fixed Effects		
$Share_{s,l,t-1}$	1.879***	−0.796***	−4.895***
	(0.205)	(0.282)	(0.500)
N	2436	2436	2436
F	22.671	22.671	22.671
	Senate		
	Fixed Effects		
$Share_{s,l,t-1}$	0.843***	−0.0679	−2.538***
	(0.0875)	(0.117)	(0.116)
	Instrumental Variables Fixed Effects		
$Share_{s,l,t-1}$	2.026***	−0.600**	−4.548***
	(0.194)	(0.286)	(0.493)
N	2436	2436	2436
F	22.671	22.671	22.671

The dependent variable is the share of votes. The range of the share of votes is from 0 to 1. Standard errors in parentheses, clustered at the local labour market level. Parameter estimates are weighted by the log of the population of the local labour market. Specifications control for the lagged value of the activity rate at the local labour market and the lagged value at the scaled level of mortality rate, fertility rate. Our specifications also include the calendar year lagged value of the share of the population over 65 at the local labour market level. All regressions incorporate the density of the local labour market. We also include year and local labour market fixed effects. F is the Kleibergen–Paap rk Wald F-st.* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
The parameter estimate (standard error) of the instrument is 0.2493*** (0.0524).

Libertà(*The People of Freedom* in English), *Forza Italia* (*Let's Go Italy* in English), *Lega* and *Movimento 5 Stelle* as populists parties in Italy.

Inglehart and Norris (2016) list a catalogue of populist parties. The authors map the ideological location of political parties within each European country using the 2014 Chapel Hill Expert Survey (CHES) data. Inglehart and Norris (2016) perform a factor analysis by including thirteen indicators that capture ideological dimensions such as: supporting for traditional values, liberal lifestyles, and multiculturalism, as well as their stance on market deregulation, state management of the economy, and preferences for either tax cuts or public services. The authors identify three formations in Italy: *Movimento 5 Stelle*, *Lega* and *Fratelli d'Italia*(*Brothers of Italy* in English). Their list does not include *Forza Italia* or *Popolo della Libertà*. In this study, we consider votes to all parties considered in either Inglehart and Norris (2016) or Van Kessel (2015). We also look at votes to *Alleanza Nazionale* (*National Alliance* in English), since *Fratelli d'Italia* is a re-foundation of *Alleanza Nazionale*. Furthermore, *Popolo della Libertà* is a coalition party in which its major

Table A.5
Native movement.

	Native		Native + Other EU		
	F.E.	F.E.I.V.	F.E.	F.E.I.V.	
$\Delta Imm/Pop_{t-1}$	−0.0497	0.0842	−0.0425	0.124	
	(0.0358)	(0.262)	(0.0285)	(0.267)	
Observations	31151	31131		31151	31131
F		12.76			12.76

The dependent variable is the ratio between the change of the native (or native and other European union citizens) population between *t* and *t-1* at the municipality level and the total population at the municipality level in *t-1*. Standard errors in parentheses, clustered at the municipality level. Parameter estimates are weighted by the log of the population of the municipality. Specifications control for the lagged value of the activity rate at the local labour market and the lagged value at the municipality level of mortality rate, fertility rate and current expenditures per person. Our specifications also include the calendar year lagged value of the share of the population over 65 at the regional level and the lagged value of the natural logarithm of the GDP per capita. All regressions incorporate the density of the municipality. We also include year and municipality fixed effects. F is the Kleibergen–Paap rk Wald F-st.* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
The parameter estimate (standard error) of the instrument is 0.0820 *** (0.0230).

political factions were *Forza Italia* and *Alleanza Nazionale*. As in Barone et al. (2016), we also examine the votes to the centre-right coalition.

A.2. List of political parties

***i.*Major right-wing parties**

We listed the parties as found either Inglehart and Norris (2016) or Van Kessel (2015). Nonetheless, we exclude Lega in the analysis. *Chamber*

2006:Alleanza Nazionale, Forza Italia.
2008:Il Popolo della Libertà.
2013:Fratelli d'Italia, Il Popolo della Libertà.
2018:FI-Fratelli d'Italia-mov., Forza Italia, Fratelli d'Italia con.
Senate
2006:Alleanza Nazionale, Forza Italia.
2008:Il Popolo della Libertà.
2013:Fratelli d'Italia, Il Popolo della Libertà.
2018:FI-Fratelli d'Italia-mov., Forza Italia, Fratelli d'Italia con.

***ii.*Lega**

Chamber
2006:Lega Nord, Lega Nord V d.'Aoste.
2008: Lega Nord.
2013: Lega Nord.
2018:Lega.
Senate
2006:Lega Nord, Lega Nord V d.'Aoste.
2008: Lega Nord.
2013: Lega Nord.
2018:Lega.

***iii.*Lega and Fratelli d'Italia**

Chamber
2006:Lega Nord, Lega Nord V d.'Aoste.
2008:Lega Nord.
2013:Lega Nord, Fratelli d'Italia.
2018:Lega, Fi-Frat. d'Italia.-Mov., Fratelli d'Italia con.
Senate
2006:Lega Nord, Lega Nord V d.'Aoste.
2008:Lega Nord.
2013:Lega Nord, Fratelli d'Italia.
2018:Lega, Fi-Frat. d'Italia.-Mov., Fratelli d'Italia

***iv.*Movimento 5 stelle**

Chamber
2006:.

Table A.6
Effect of immigration on voting behaviour: Chamber and Senate—robustness by area of origin.

	Area share	Lega IV FE	Lega + Fr.It. IV FE	Major RW IV FE	F-Stat
	Chamber				
Over identified		1.5271***	1.2254***	−1.1459***	
		(0.128)	(0.128)	(0.121)	
J-stat (*p*-value)		0.000	0.000	0.000	
South Central Africa	0.4723%	2.1784***	1.6008***	−1.0399***	133.6
		(0.189)	(0.156)	(0.110)	
West Africa	9.0327%	1.7689***	2.8131***	−0.5410*	30.04
		(0.369)	(0.545)	(0.296)	
East Africa	4.8200%	−1.6929***	−2.4658***	−0.2376**	120.8
		(0.316)	(0.370)	(0.118)	
North Africa	26.0543%	0.5436***	0.5931***	−0.1596	142.1
		(0.113)	(0.122)	(0.132)	
Other European countries	3.2436%	0.1279*	0.2452***	−1.4916***	241.3
		(0.076)	(0.082)	(0.145)	
Central and South America	9.4967%	1.6821***	1.0502***	−1.3304***	299.8
		(0.121)	(0.105)	(0.109)	
North America	8.6176%	6.6650	7.2252	−2.9336	2.846
		(5.141)	(5.540)	(2.105)	
South Central Asia	6.2536%	−0.0722	−0.2367***	−0.2064**	148.2
		(0.071)	(0.081)	(0.099)	
West Asia	3.3912%	2.3787***	2.1284***	−1.0787***	260.8
		(0.169)	(0.155)	(0.099)	
East Asia	11.5169%	0.7174***	0.5168***	−0.5816***	269.6
		(0.058)	(0.063)	(0.073)	
Central Eastern Europe	16.379%	6.0231***	3.3502***	−4.3726***	9.733
		(1.640)	(0.932)	(1.243)	
Oceania	0.5458%	3.6030***	0.8341*	−2.7539***	8.078
		(1.233)	(0.485)	(1.027)	
	Senate				
Over identified		1.7110***	1.3937***	−1.3111***	
		(0.140)	(0.145)	(0.134)	
J-stat (*p*-value)		0.000	0.000	0.000	
South Central Africa	0.4723%	2.0860***	1.2776***	−2.4585***	64.33
		(0.183)	(0.144)	(0.314)	
West Africa	9.0327%	1.5094***	2.8028***	−0.6248**	46.14
		(0.346)	(0.553)	(0.306)	
East Africa	4.8200%	−1.6180***	−2.4551***	−0.3755	52.08
		(0.309)	(0.350)	(0.245)	
North Africa	26.0543%	0.9689***	1.2727***	1.0295***	55.40
		(0.135)	(0.169)	(0.343)	
Other European countries	3.2436%	0.3784***	0.6906***	−2.2594***	107
		(0.078)	(0.091)	(0.263)	
Central and South America	9.4967%	1.7797***	1.1251***	−1.8410***	145.7
		(0.130)	(0.122)	(0.199)	
North America	8.6176%	6.4881	8.5876	10.5351	0.179
		(4.917)	(6.135)	(26.032)	
South Central Asia	6.2536%	−0.0476	−0.3003***	−0.0136	75.20
		(0.070)	(0.082)	(0.163)	
West Asia	3.3912%	2.2871***	2.0610***	−2.3529***	85.81
		(0.165)	(0.157)	(0.289)	
East Asia	11.5169%	0.7512***	0.4667***	−1.0352***	121.1
		(0.063)	(0.071)	(0.145)	
Central Eastern Europe	16.379%	6.8411***	4.4121***	−2.6399***	18.23
		(1.855)	(1.225)	(0.691)	
Oceania	0.5458%	2.3140***	−1.1143*	−12.7616	0.877
		(0.799)	(0.606)	(13.589)	
Observations		31,504	31,504	31,131	
Number of istat_code		7,876	7,876	7,875	

The dependent variable is the share of votes. The range of the share of votes is from 0 to 1. Standard errors in parentheses, clustered at the municipality level. Parameter estimates are weighted by the log of the population of the municipality. Specifications control for the lagged value of the activity rate at the local labour market and the lagged value at the municipality level of mortality rate, fertility rate and current expenditures per person. Our specifications also include the calendar year lagged value of the share of the population over 65 at the regional level and the lagged value of the natural logarithm of the GDP per capita. All regressions incorporate the density of the municipality. We also include year and municipality fixed effects. F is the Kleibergen–Paap rk Wald F-st.* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table A.7
Placebo test.

	Chamber		Senate		
	1987–1979	1987–1983	1987–1979	1987–1983	
	(1)	(2)		(3)	(4)
$\Delta Instrument(\%)$	−0.0858	−0.0403	−0.160	−0.0962	
	(0.0905)	(0.0905)	(0.0966)	(0.106)	
Observations	7432	7433	7424	7425	
R^2	0.00434	0.00385		0.00403	0.00367

The dependent variable is the level change between 1979 and 1987 (columns 1 and 3) and between 1983 and 1987 (columns 2 and 4) of *Democrazia Cristiana*. Standard errors in parentheses, clustered at the municipality level. Parameter estimates are weighted by the log of voters of the municipality in 2006. All controls are set respect 2006. Specifications control for the lagged value of the activity rate at the local labour market and the lagged value at the municipality level of mortality rate, fertility rate and current expenditures per person. Our specifications also include the calendar year lagged value of the share of the population over 65 at the regional level and the lagged value of the natural logarithm of the GDP per capita. All regressions incorporate the density of the municipality. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
The parameter estimate (standard error) of the instrument is 0.0820 *** (0.0230).

Table A.8
Effect of immigration on voting behaviour under and above the yearly median of the tax autonomy distribution: electoral distance between Lega and right-wing parties.

	Chamber Lega-M.R.W. (1)	Senate Lega-M.R.W. (2)
	Tax Autonomy: under the median	
$Share_{c,t-1}$	8.727*** (1.426)	7.561*** (1.301)
Observations	14690	14690
F	27.09	27.09
	Tax Autonomy: over the median	
$Share_{c,t-1}$	0.417 (0.350)	0.952** (0.391)
Observations	14356	14356
F	23.24	23.24

The dependent variable is the share of votes. The range of the share of votes is from 0 to 1. Standard errors in parentheses, clustered at the municipality level. Parameter estimates are weighted by the log of the population of the municipality. Specifications control for the lagged value of the activity rate at the local labour market and the lagged value at the municipality level of mortality rate, fertility rate and current expenditures per person. Our specifications also include the calendar year lagged value of the share of the population over 65 at the regional level and the lagged value of the natural logarithm of the GDP per capita. All regressions incorporate the density of the municipality. We also include year and municipality fixed effects. F is the Kleibergen–Paap rk Wald F-st.* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
The parameter estimate (standard error) of the instrument in *Tax Autonomy under the median: Chamber & Senate* is 0.1017*** (0.0195) and *Tax Autonomy over the median: Senate* is 0.1521*** (0.0316).

2008:.
2013:Movimento 5 Stelle Be.
2018:Movimento 5 Stelle.
Senate
2006:.
2008:.
2013:Movimento 5 Stelle Be.
2018:Movimento 5 Stelle.

Data sources

In this subsection we present all the elements and sources to assemble our data base.

1. During the analysis period 2006–2018, neighbouring small towns held referendums to become larger single administrative units. We set the number of municipalities as of January 2018 and we re-scaled all variables accordingly. We use *Elenco dei codici e delle denominazioni delle unità territoriali* (List of codes and names of territorial units)

Source: https://www.istat.it/it/archivio/6789

2. We constructed new formed municipalities following the list in *Variazioni amministrative e territoriali dei comuni dal 1991* (Administrative and territorial variations of municipalities since 1991).
   Source: https://www.istat.it/it/archivio/6789
3. **Electoral data**. We downloaded electoral data from the Italian Home Office for the 2006, 2008, 2013 and 2018 national elections.
   - Chamber of Deputies
     Source: https://elezionistorico.interno.gov.it/index.php?tpel=C
   - Senate of the Republic
     Source: https://elezionistorico.interno.gov.it/index.php?tpel=S
4. **Immigrants by origin at the municipality level**. ISTAT has information on the number of immigrants and source country at the municipality level.
   Source: http://dati.istat.it/Index.aspx?DataSetCode=DCIS_POPSTRCIT1
5. **Demographic balances at the municipality level**. We use the number of deaths and newborns from Demographic balances.
   Source:http://demo.istat.it/
6. **Population** and **Share of emigrants at the municipality level**. We use the variable *cancellati in anagrafe per l'estero* as a proxy for the number of emigrants in each municipality. Since in 2011 there was a Census, ISTAT offers information before and after 2011.
   - *before 2012*
     Source:http://dati.istat.it/Index.aspx?DataSetCode=DCIS_RICPOPRES2011_09122019015525554
   - *after 2011*
     Source:http://dati.istat.it/Index.aspx?DataSetCode=DDCIS_POPORESBIL1_09122019021101477
7. **Population at the municipality level 1991**. We use 1991 as our base year to build the instrument. We also reclassified the municipalities of 1991 according to the 2018 January list.
   Source:http://dati.istat.it/Index.aspx?DataSetCode=DCIS_RICPOPRES2001#
8. **Immigrants by origin in 1991 at provincial level. Police data**. We thank Sauro Moccetti for making available in his webpage the number of permessi di soggiorno (permit to stay) at provincial level. We did not have information on how many immigrants were at the municipality level in 1991. Thus, we assigned the number of immigrants in each municipality of a province according to the population of the municipality. Permessi di soggiorno were only available for countries outside the European Union at the time. Thus, countries like Poland or Romania were present.
   Source: https://sites.google.com/site/sauromocetti/open-data
9. **Local labour market.**
   The local labour markets (SLL) characterize a geographical grid whose borders, regardless of the administrative articulation of the territory, are defined using the flows of daily home/work movements (commuting) noticed during general population and housing censuses.
   Since each local system is the place where the population resides and works and where it therefore exercises most of the social and economic relations, commuting patterns are used as proxies to delimit the size of a local labour market.
   - List of municipalities and local labour markets (Raccordo comuni-SLL 2011 archive)
     Source:https://www.istat.it/it/archivio/150320
   - Data on Economic performance at the local labour market level
     Source:https://www.istat.it/it/archivio/217437
10. **Municipality management variables**
    Aida PA is a non-public database that contains economic and financial information on Municipalities, Provincial Administrations and Mountain Communities and Unions of Municipalities. Our specifications comprise the mean value of the indexes used in the analysis in those newly formed municipalities during the 2006–2018 period.
    source: https://www.bvdinfo.com/it-it/le-nostre-soluzioni/dati/specialist/aida-pa
11. Section Plausible channels. We use the European Social Survey
    Source:https://www.europeansocialsurvey.org/
    We use the average employment rate at Nuts 1 level for Italy.
    Source:https://ec.europa.eu/eurostat/web/lfs/data/main-tables

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