The Political Impact of Refugee Migration: Evidence from the Italian Dispersal Policy[*]

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PRELIMINARY AND INCOMPLETE, DO NOT QUOTE OR CIRCULATE

Abstract

The 'Refugee Crisis' in Europe has created a public opinion backlash. Italy has been on the frontline of this crisis but little is known on its political impact on voting behavior and electoral outcomes. We collect unique administrative data on the refugee relocation system across Italian Municipalities at the turn of the crisis (2014-2018) to assess the causal effect of the inflow of asylum seekers between electoral cycles on political support for radical-right anti-immigration parties and vote shares in Parliamentary elections. We exploit exogenous variation in refugee settlement induced by the Italian Dispersal Policy, set up in 2014 as to exceptionally enlarge national reception capacity. We find a positive and significant effect of the share of asylum seekers on right-wing-populist support. The effect appears to be significantly heterogeneous across municipalities while there is weak evidence it is driven by economic mechanisms.

Keywords: Immigration, Refugee Crisis, Political Preferences, Dispersal Policy

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1   Introduction

During the 'refugee crisis' of 2014-17, Europe faced an unprecedented influx of refugees and migrants. Around 3.5 million people applied for asylum in EU-28 countries (Eurostat, 2020), most of them fleeing from war and terror in Syria and from social unrest in some regions in North Africa and the near East. This human inflow has stretched the systems that were designed to manage asylum seekers, prompted a stream of reforms to strengthen existing reception structures and divided public opinion in many destination countries (Hatton, 2020).[1]

While asylum applications peaked in 2016 and has fallen since,[2] asylum seekers' arrivals decreased very unevenly among EU member states, with persistent pressure on main entry points, such as Italy and Greece. The number of arrivals in Italy showed little change for the entire period between 2014 and 2018, when it also dropped considerably. Each year from 2014 to 2017, an average of 150,000 reached Italian coasts smuggled by traffickers from North Africa and rescued at sea (UNHCR, 2018). In 2017, Italy received 67% of the EU's migrant arrivals from Mediterranean routes and accounted for 18% of all first-time applicants in the EU-28 (Eurostat, 2018).[3]

The Italian 'refugee crisis' overlapped with the rise of right-wing-populist parties with a clear anti-immigration agenda. The *Lega*'s populist radical-right message, in particular, has stoked nationalist and authoritarian traits, including attacks on immigrants. After years on the fringes of Italian politics, it barged into power in the 2018 national elections, joint with major populist party.[4]

In this paper we assess whether the inflow of asylum seekers to Italy lead to a change in public support for radical-right anti-immigration parties and/or populist movements. We exploit the quasi-experimental setting provided by the Italian Dispersal Policy to examine the causal effect of refugee migration on political outcomes in Parliamentary national elections. Such a policy was

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[1]The EU's border agency, Frontex, estimates that the number of unauthorized crossings on different routes across the Mediterranean, the Western Balkans, and Greece–Albania was about 10,000 per year from 2009 to 2013 before rising to 1.82 million in 2015. Between 2015 and 2017 Germany received the highest number of asylum seekers, followed by Italy and France (Eurostat, 2020). Throughout the paper we use the term "asylum seeker" and "refugee" interchangeably. This is so as in our setting we cannot distinguish a person seeking asylum from one whose asylum status has been approved (i.e. a refugee).

[2]Refugee inflows dropped following the 2015 agreement between EU and Turkey according to which migrants who do not apply for asylum or whose claim was rejected can be sent back to Turkey.

[3]In 2019 Italy received 9.3% of the EU's migrant arrivals Mediterranean routes and with 43770 application accounted for 6.3% of all first-time applicants

[4]The 2018 Italian general election was held on 4 March 2018 after the Italian Parliament was dissolved by President Mattarella on 28 December 2017.

designed in 2014 by the Italian Home Office as to quickly set up temporary structures to deal with consistent arrivals of asylum seekers and the dry up of ordinary reception capacity. According to the Dispersal Policy, the number of migrants allocated in each province is assigned based on the resident population, while the distribution of the centres within the provincial territory happens on a quasi-random basis, without consultation of the municipalities.[5] Hence, by leveraging natural exogenous variation in the number of refugees resettled across municipalities over the 5-year crisis, we can overcome concerns about immigrants' sorting and estimate the impact on electoral outcomes (vote shares) in national elections between 2013 and 2018.

For our analysis we use first-hand unique data on refugee resettlement and reception centres collected by the authors through Freedom of Information Act (FOIA) requests to the universe of Italian Prefectures.[6] We combine the above administrative dataset at municipality level with data on electoral outcomes for national Parliament elections from the Italian Home Office, and with municipality economic and demographic data from the ISTAT warehouse.

Our empirical strategy relies on both cross–sectional and time–variation in refugee allocation and we find a positive effect of the share of asylum seekers on right-wing-populist support, yet small in magnitude. A 1 percentage point (p.p.) increase in the share of asylum seekers rises the share of votes for anti-immigration parties by 0.17 p.p. in Parliament elections. This corresponds to the 1.7 percent of total votes share variation. Interestingly, the effect appears to be heterogeneous across municipalities with different population size. In order to asses the potential mechanisms driving higher support for anti–immigration parties, we next investigate major economic consequences of refugee settlement at municipality level. We find little economic impact though, as we document that refugee settlement do not generate economic losses in terms of local GDP, native outflows and municipality public expenditure. Overall, results point to ideological drivers of electoral outcomes, little corroborated by economic mechanisms.

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[5]First dispersal programs were set up during 1980s and early 1990s to manage refugee flows from Eastern Europe and the Balkans. These interventions were reinforced and upgraded all around Europe in response to the latest 'refugee crisis'. The Italian Dispersal Policy has been designed at the height of the crisis in 2014, by creating Temporary Reception Centres (CAS), in addition to the System for the Protection of Asylum Seekers and Refugees (SPRAR) already in place. The CAS system from 'temporary' became soon 'permanent' as it hosts between 75% to 80% of the total of asylum seekers arrived in Italy. We explain the Italian Dispersal Policy in details in Section 3. There we also provide evidence in support of the quasi-random design of the dispersal policy and show that the allocation of asylum seekers is not explained by systematic (political or economic) factors.

[6]This data on the refugee reception and relocation system is supposedly collected on a regular basis by the Italian Home Office from Italian Prefectures. Yet, this centralized database is not made publicly available. This is also the reason why a systematic evaluation of the reception system in Italy has been prevented thus far. We describe the data collection in more details in Section 3.

Our paper contributes to a growing body of literature studying the role of the 'EU Refugee Crisis' on voting behavior and economic outcomes in host countries.[7] Several works exploit relocation of refugees within a country made possible by dispersal policies in host societies. In Germany, around 1 million of asylum seekers were registered in 2015. They were distributed onto the federal states in accordance with the "Königstein Key" ("Königsteiner Schlüssel"), a quota system set by the Federation-Länder Commission. According to such scheme the number of asylum seekers allocated to each state is based on the tax revenues and population sizes two years prior so as to have an even allocation across states. By exploiting this exogenous cross-states variation, Gehrsitz and Ungerer (2018) investigate the short-run effects of the refugee inflow on the labour market, crime and voting behavior. Refugees did not displaced native workers while struggled themselves to find a paid job. On electoral outcomes, while overall the refugee crisis increased support for anti-immigrant parties, exposure to refugees at the local level had the opposite effect.

By using variation across Austrian municipalities in refugee reception vs exposure to transiting asylum seekers, Steinmayr (2020) studies how different forms of refugee migration affect voting for far-right parties in the 2015 state elections. He finds that exposure to transiting flows increased far right votes by about 1.5 pp. By using an instrumental variable strategy he also finds that communities hosting asylum seekers applicants face a decline in vote shares for the FPOE by 4.42 percentage points (Vertier and Viskanic (2019) on France).

Two studies analyze the Danish refugee dispersal policy that assigned refugee immigrants across all 275 Danish municipalities on a quasi-random basis over a 13-year period (1986–98). Foged and Peri (2015) follow the labor market outcomes of low-skilled natives between 1991 and 2008 using the exogenous inflow of low-skilled immigrants/refugee as identification strategy. They find that a larger supply of refugees pushed less educated native workers towards less manual-intensive occupations, with positive implications on native unskilled wages, employment and occupational mobility. Dustmann et al. (2019) exploit the quasi-random variation in the timing of immigrant allocation to municipalities to estimate the causal effect of refugee migration on voting outcomes, looking at three distinct electoral cycles of both parliamentary and municipal elections in Denmark. The impact of refugee inflows on electoral outcomes varies according with pre-policy municipal characteristics and show a strong heterogeneity between rural and urban places, probably due to

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[7]This literature builds upon a long–standing body of works studying the socio–economic consequences of immigration, which include among others Card (1990), Hunt (1992), Borjas (2017), Peri and Yasenov (2018), Clemens and Hunt (2017), Friedberg (2001), Angrist and Kugler (2003). There is a related but separate literature on the impact of refugee migration on the displaced themselves, including Dustman et al. (2017), Piil Damm and Rosholm (2010), Deole and Huang (2019) among others.

different background and experiences with immigrants of the two populations.[8]

The rest of the paper is organized as follows. Section 2 provides a brief account of the background and context. Section 3 presents the data and descriptive statistics. Section 4 describes our empirical strategy. Section 5 discusses our findings, presents the analysis of mechanisms and robustness checks. Section 6 concludes.

2 Background

## 2.1 Refugee crisis in Italy and the Reception System

Over the past twenty years and more, Italy has turned into a major destination country for international migrants, either for permanent or transitional settlement, due to both domestic and external reasons, including the geographical accident of being a peninsula in the middle of the Mediterranean. After the arrival of a first large migration inflow during the 1990s, in particular from Albania following the Kosovo war, there has been a steady South-North inflow to Italy from 2000 to 2007. The surges occurred afterwards, due to the first North–African emergency (2008), the Arab Springs, the end of the Lybia regime and the subsequent exodus via the Mediterranean (2011), and the escalation of old and new conflicts in many areas of the Near East, especially Syria (2013-2014).

The so called 'refugee crisis' in Europe peaked in 2015 with over 1 million asylum seekers' arrivals in one year, mainly fleeing the Syrian war (UNHCR, 2018). The number of asylum seekers arrived in Italy, especially through the Central Mediterranean Route, showed little change between 2014 and 2018. In 2015, 2016 and 2017, 155,000, 180,000 and 119,000 asylum seekers arrived in Italy respectively, smuggled by traffickers from North Africa and rescued at sea (UNHCR, 2018). This flow started declining in the wake of the Italy-Libya Memorandum of Understanding in 2017 and the right-wing populist government onset in 2018, with 20,120 arriving by mid-September 2018 and half as many migrants in 2019 (see Figure 1, where election cycles are also displayed).[9]

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[8]In 'rural' Danish municipalities, a one percentage point increase in the refugee share of the municipal population between electoral cycles increases the vote share for anti-immigration parties by 1.34 in parliamentary and 2.32 percentage points in municipal elections. On the contrary, refugee allocation reduces the vote share for anti-immigration parties in 'urban' municipalities. See also Albrecht et al. (2020) and Freddi (2020) for further evidence on refugee exposure and behavioral outcomes in the Netherlands and Sweden respectively.

[9]Major entry points to the EU are Italy, Greece, Malta, Hungary, Croatia/Slovenia, and Bulgaria. The response to this crisis was to introduce border closures, first between Turkey and the EU (Greece) in 2015, followed shortly

Figure 1: Asylum seekers arrived in Italy over time (1999-2019)
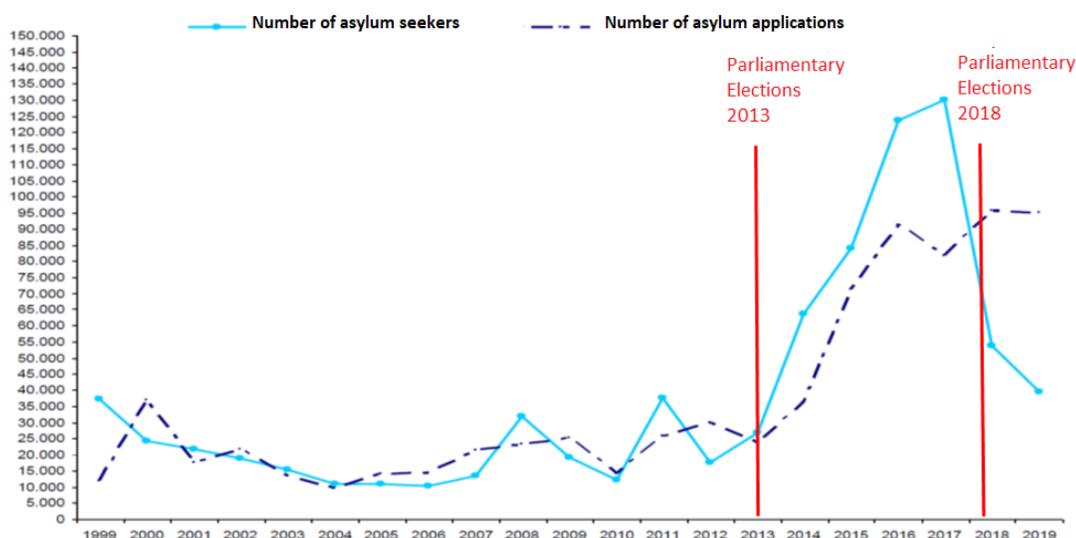
The need to host and settle asylum seekers fostered the scale up of the national reception system in Italy, which is designed along three (two) major stages/tracks. A preliminary phase is related to identification and assistance conducted in major spots of disembarkation and governmental major centres.[10]

Secondary reception is carried out by the System for the Protection of Asylum Seekers and Refugees (SPRAR), which was put in place in 2002 following up first refugee inflows. Main feature of this system is that it is set up and managed upon decision of local administrations (municipality). Importantly, the system's major goal is refugee integration so that reception centers provide additional services such as language course, psycological support, labor market integration etc.[11] Yet, Municipality's political orientation and administrators capacity determine the distribution of SPRAR reception centres across the country, such that at the height of the Refugee Crisis (2014–

after by the borders between Serbia and Hungary and between Turkey and Bulgaria.

[10]A preliminary phase of first aid and assistance applies to operations conducted in centres set up in the major spots of disembarkation. First Aid and Reception Centres (CPSA) were created in 2006 for the purposes of first aid and identification before persons are transferred to other centres, and now are formally operating as "hotspots". Subsequently, a first reception stage is implemented in existing collective centres or in centres to be established by specific Ministerial Decrees or, in case of unavailability of places, in "temporary" structures.

[11]The SPRAR model provides for a joint action of the Ministry of the Interior, the National Association of the Italian Municipalities (ANCI) and the United Nations High Commissioner for Refugees (UNHCR), supported by shared responsibility between local and central public authorities. For detailed information see https://www.siproimi.it/english

2015) it proved to be insufficient. Indeed, only 433 out of around 8,000 municipalities were hosting a SPRAR in December 2014.[12]

Hence, following the unprecedented inflows of asylum seekers starting in 2014, a third (parallel) track of (second stage) reception centres was set up on a 'extraordinary' basis. These Temporary Reception Centres (*Centri di Accoglienza Straordinaria* - CAS from now on) were created to deal with the lack of capacity of existing reception centres and in 2018 they host around 75 per cent of asylum seekers in Italy (Ministry of Interior, 2018). Unlike the SPRAR centres, CAS are managed by the province-based Italian Prefectures, which assign funds to cooperatives, non-governmental organisations (NGOs) or private stakeholders via public bids to assist migrants and provide housing and food.[13] The number of asylum seekers allocated in each province is assigned based on the resident population (i.e. Prefecture cannot influence the allocation process), and the distribution of the centres within the provincial territory happens without consultation of the municipalities.[14] This Dispersal Policy program aimed at reducing the concentration of asylum seekers and refugees in urban and disembarkation areas, as well as sharing the "burden" of reception and hospitality across the whole national territory. An intended secondary goal includes promoting refugee integration, although CAS are provided with less financial and technical support than SPRAR centres for implementing integration-promoting activities. While hosted in CAS, very few asylum seekers participate in the labour market.[15] More evidence and descriptive statistics on the Policy design and CAS distribution across Italy is provided in Section 3.

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[12]Moreover, the redistribution of migrants has occurred not uniformly everywhere, with municipalities opening reception centres at different points in time.

[13]The administrative division of Italy includes 20 regions and each region is divided in a number of Provinces (corresponding to NUTS-3 administrative unit). Overall, there are 106 Provinces, where Italian Home Office has a local representative unit (i.e. Prefectures). The average population size of provinces is around 540,000, ranging from 127,844 to 3,075,083. Provinces are further divided into municipalities (LAU-1), which are about 8,000 with an average population of around 7,000 (ranging from 120 to more than 1 million).

[14]Guidelines for the reallocation of refugees are defined by the "Allotment Plan" (Piano Nazionale di Riparto) drawn up in 2014, and the functioning of the reception system has been regulated by Legislative Decrees (LD) 142/2015 and 132/2018, which distinguishes among different stages of asylum seeker reception.

[15]Asylum seekers can get a job only after 2 months they apply for asylum. However, in case their income overcomes a certain threshold they loose eligibility for being hosted in the reception centres. Insofar, less than 10% of all asylum seekers hosted in the Italian reception system had a regular job contract between 2011 and 2017. See http://documenti.camera.it/leg17/resoconti/commissioni/bollettini/pdf/2017/09/06

2.2 Political Spectrum in Italy

The outcome from 2018's round of national elections determined a radical transformation in the balance of power across the political spectrum. First, anti-immigration parties obtained a sizeable growth in their share of votes and took the lead within the centre-right area. Second, the populist *Movimento 5 Stelle* (M5S) became the most-voted party in both chambers of national parliament. Third, centre-left parties experienced a large loss of consensus among their former voters.

Within the anti-immigration front, two parties gained the most significant momentum: *Lega* and *Fratelli d'Italia* (FDI). The former started in the late 80s in Northern Italy as a federalist party promoting regional fiscal independence, and more recently became a national party with the leadership of Matteo Salvini. The latter is a nationalistic party created by a scission from the centre-right party – *Partito delle Libertà* (PDL) – and can be roughly identified with post-fascist political area. The remainder of the anti-immigration front includes several extreme-right groups which are best exemplified by *Casa Pound* (CP), a neo-fascist movement embracing nationalistic instances, such as nationality-based welfare systems, and repudiating the reception of asylum seekers on Italian soil.

Anti-immigration sentiment has been a salient element of both *Lega* and FDI's political agenda. Their propaganda has heavily waived the risk that migration may trigger a process of demographic and cultural change ("ethnic substition"), and has depicted irregular migrants as a potential threat to national economy and security. While proposing fairly similar economic programs, these parties share common stances on several migration-related issues. In fact, both have i) not endorsed any reform of actual laws ruling regular immigration to Italy; ii) strongly opposed the reception of irregular migrants crossing the Mediterranean route by sea (e.g. 'Italian ports closed' policy); iii) voted against the reform of Dublin regulation in European Parliament.

On the contrary, center-left parties have all supported the change in the Dublin regulation. *Partito Democratico* (PD) was the major component of the government which administrated Italy during the refugees' crisis, when CAS asylum-seekers reception scheme was introduced and implemented. Despite PD-lead government had reached an agreement in 2017 with Libyan authorities which was effective in preventing a substantial part of irregular flows from overseas, PD was perceived among electors as a pro-immigration party. *Lega* and FDI representatives blamed PD-led government for allowing a massive inflow of irregular migrants.

Finally, M5S has rejected a precise placement over left-right axis, and held an ambiguous position

on immigration. Indeed, while not explicitly engaging in anti-immigration propaganda, M55's European parliament members voted against the reform of Dublin regulation on the distribution of asylum-seekers across European countries.

We document the ideological differences on immigration across Italian parties in Table 1, where we display data from Manifesto Project (Volkens et al., 2020), which extrapolates, through text-analysis of political manifestos, election-specific information about parties' positions on a large range of issues. None of the manifestos by major parties, except PD in 2018's elections, contain favourable mentions to cultural diversity as a desirable feature for society. On the other hand, the manifestos from both *Lega* and FDI include negative references to diversity. Aversion to multiculturalism turned to be prominent for these parties after the breakout of refugees' crisis. For instance, while being absent in the program for 2013's election, the appeal for cultural homogeneity and against the risks of a diverse society became a stable pillar of *Lega*'s program in 2018's round. The political programs for 2018's elections by all right-wing parties, in particular *Lega*, include statements in favour of restrictions to immigration, while only PD's manifesto conveys a positive view on this subject.[16] The manifestos by *Lega* and FDI, moreover, demand a process of integration for immigrants who should be hence expected to fully assimilate into national culture, rather than retain their own customs and cultural traits.

Table 1: Manifesto Project dataset - Italian parties' ideology on immigration

	2013					2018				
Category:	Lega	FDI	PDL	M5S	PD	Lega	FDI	PDL	M5S	PD
Multiculturalism: Positive	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.23
Multiculturalism: Negative	0.00	1.52	0.00	0.00	0.00	2.75	3.85	0.00	0.00	0.00
Immigration: Negative	-	-	-	-	-	- 2.98	1.65	2.08	0.02	0.00
Immigration: Positive	-	-	-	-	-	0.00	0.00	0.00	0.09	0.39
Immigrants Assimilation	-	-	-	-	-	1.91	2.20	0.00	0.00	0.00

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[16]Manifesto Project's data on parties' ideology about immigration and assimilation are not available in 2013. We cannot therefore document the within-party ideological evolution on these subjects between 2013 and 2018.

3 Data

3.1 The Refugee Reception System and Dispersal Policy

Open access to centralized data on CAS set up on the national territory from 2014 on is not made available by the Italia Home Office. Hence, we carried out a first-hand data collection of administrative information through Freedom of Information Act requests (FOIA - *Accesso civico generalizzato*) to governmental offices (Prefectures) at the local (provincial) level. We filed formal requests for data access to the universe of 106 Prefectures between July 2019 and February 2020.[17] We collected information on CAS capacity, timeline and actual number of hosted refugees for the years 2014–2019.[18]

The quality of data received and the response times were very heterogeneous across offices. In most of the cases data contained the list of reception centres set up in the province area within the reference period along with details on location and capacity. We obtained complete data for the entire period (2014-18) for 92 Prefectures. In 10 other cases data were made available only for most recent years so we could not include that provinces in our analysis. Four offices did not release any data at all.[19]

Information was extracted with text mining and machine learning techniques from very different source files and combined in a unique and harmonized dataset. The compiled dataset allows mapping the number of asylum seekers hosted across 6,965 out of almost 8,000 Italian Municipalities and track their evolution over time from the escalation of the refugee crisis to date (2014-2019). Overall, Italy hosted around 37,000 asylum seekers in the CAS reception system in 2014, which went up to almost 144,000 in 2017 (equal to about 0,3 per cent of the total national population). The Refugee Dispersal Policy implemented by the Italian government reproduces a quasi-experimental setting, by assigning refugees to municipalities on a quasi-random basis. As Figure 2 indicates, asylum seekers are firstly allocated to each province based on the resident population before the

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[17]In order to test the response rate and time we firstly run a pilot survey with 23 local offices from three regions (July-September 2019). As a second stage, data collection was extended to the remaining 83 offices.

[18]For our analysis we use data up to 2018. Only for a subsample of Provinces we have additional information on characteristics of hosted refugees (e.g. gender, number of unaccompanied children (UAC), nationality), type of accommodation and management institution.

[19]On response time, they varied between two weeks and five months. In more than half of the cases, several interactions between the offices and the research team were needed to obtain the requested data. Coverage of this data collection process (in italian) can be found here: https://www.openpolis.it/limportanza-dellaccesso-ai-dati-il-caso-del-sistema-di-accoglienza-in-italia/

policy launch (2013). Then, reception centres are opened across Municipalities by stakeholders responding to public bids without consultation with local authorities. As shown in Figure 3 the share of asylum seekers is not systematically correlated with municipality characteristics.

Figure 2: Number of asylum seekers hosted between 2014 and 2017 on province population
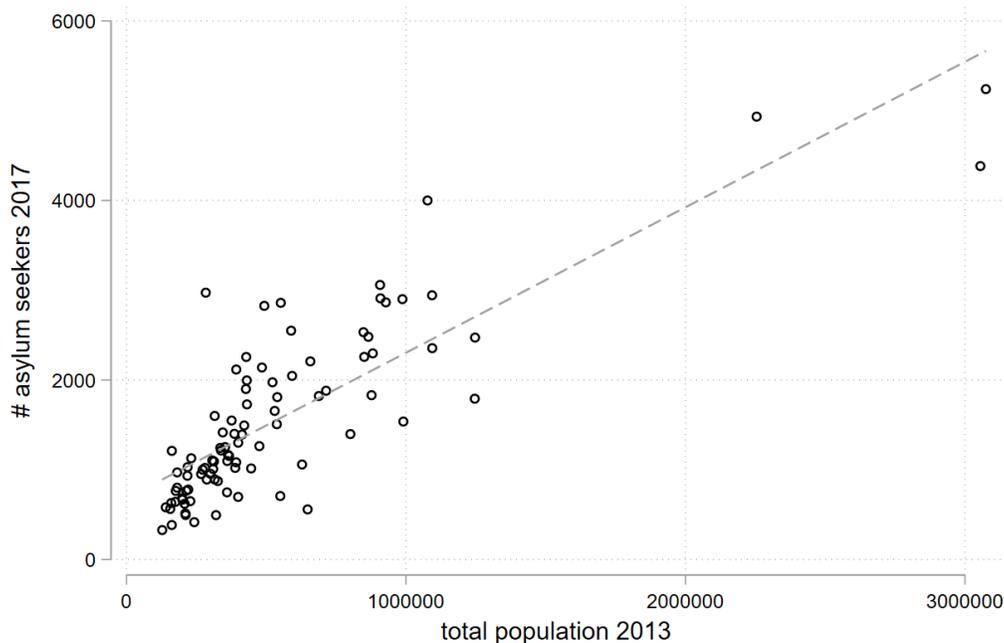
Table 2 shows that the number of municipalities hosting a CAS on its territory tripled over time along with the rise of asylum applications. The maximum number of CAS was reached between 2017 and 2018 (at the end of our observation period). Reception centres host on average between 20 and 30 refugees, with a decreasing average size over time as long as the dispersal policy has been put into practice.

However, high heterogeneity is observed in the organization of hospitality at the local level. For instance, given the same percentage of asylum seekers on total population, the average number of refugees per CAS in 2017 was 16 and 101 in Lombardia and Sicily respectively. However, overall the percentage of reception centres hosting more than 100 refugees never exceeded 3.5%.

Figure 3: Relocation of asylum seekers according to municipality characteristics
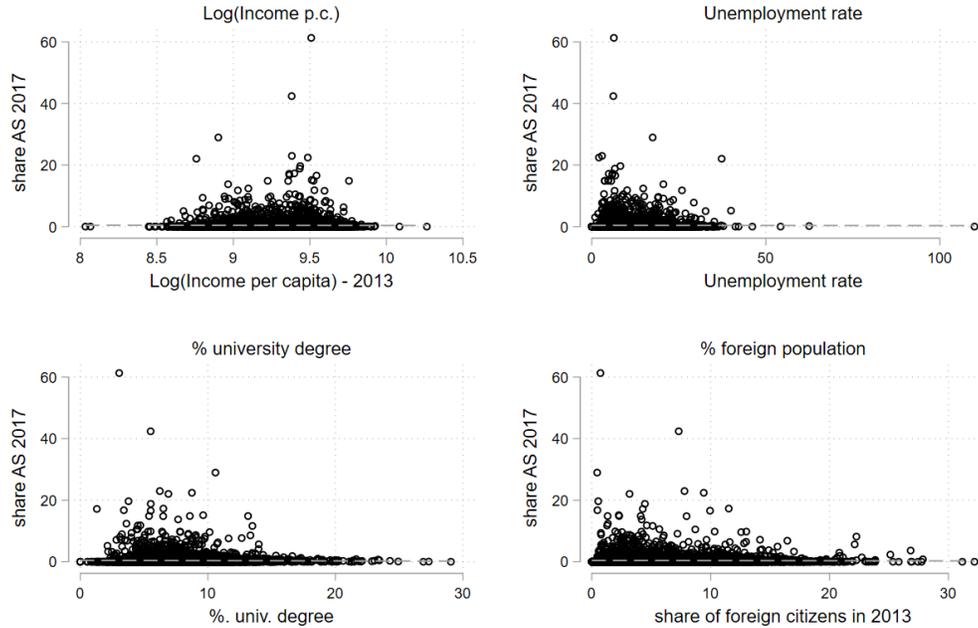
Table 2: Allocation of asylum seekers

	Year					
	2014	**2015**	**2016**	**2017**	**2018**	**2019**
Municipalities hosting a CAS	775	1383	2135	2655	2340	1893
Municipalities hosting a CAS (%)	11.13	20.43	31.50	38.12	35.01	27.18
Nr. of asylum seekers	37374	67566	121258	143750	116014	83690
Nr. of CAS	1786	4539	10187	15223	15948	10743
Average size of CAS	34	28	26	23	22	20
CAS with more than 100 hosts	62	119	213	254	191	152
CAS with more than 100 hosts (%)	3.5	2.6	2.1	1.7	1.2	1.3

3.2 Electoral data and municipality characteristics

In order to measure local political preferences, we use data from the Italian Home Office for 2008, 2013 and 2018's national elections of *Camera dei Deputati* and *Senato*[20], the two chambers of

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[20]We consider national elections in 2008 to test for diverging pre-trends in political preferences during pre-refugees' crisis years.

Italian Parliament.[21] This dataset provides information about the number of votes received by any party competing in each round at the municipality-level.

At a national level after 2013's national elections, PDL, the major shareholder of centre-right governments in the last 25 years, accounted for about 22 percent of total votes, while *Lega* and FDI, combined, accounted for around 6 percent. After March 2018's elections, the anti-immigration front reached the leadership within the centre-right coalition. FDI more than doubled their share of votes and *Lega* received around 17 percent of votes. The results from 2018's elections also confirmed the rising trend in the support for the populistic party M5S, which escalated to about 32 percent of preferences from 25 percent in 2013.

Between 2013 and 2018, leftist parties experienced a drop in the share of votes. Center-left coalitions received on aggregate about 26 percent of preferences from around 30 percent in 2013. *Partito Democratico* (PD) maintained the lions' share with slightly more than 18 percent and 19 percent of votes for, respectively, *Camera dei Deputati* and *Senato* elections, although reporting the relatively largest lost if compared to 2013, when PD accounted for more than 25 percent. The second largest parties within the left wing of parliament were *Sinistra, Ecologia e Libertà* (SEL), in 2013, and *Liberi e Uguali* (LU), in 2018. Both are located to the left of PD on the political spectrum, and their share of votes amounted to less than 3 percent in both elections.[22]

We will examine the impact of asylum seekers presence on the share of votes for the whole group of anti-immigration parties, including *Lega*, FDI and CP. We further assess the same effect separately for the two main anti-immigration parties, i.e. *Lega* and FDI. We further estimate vote shares for the centre-right party (PDL) and the populistic party (M5S). We then focus on the group of centre-left parties, including the 'Democratic party' (PD) and 'radical-left' parties (i.e. SEL in 2013 and LEU in 2018). Finally, we consider political participation by using the municipality's electoral turnout ()i.e. the share of actual voters over the number of citizens entitled to vote) as an outcome.[23]

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[21]Members of Senato are elected by population over 25. Data are publicy available at: https://elezionistorico.interno.gov.it/

[22]While SEL was part of the same coalition as PD in 2013 election, LU presented an independent coalition with its own candidate for prime minister in 2018

[23]All Italian citizens over 18 years old are entitled to vote for the election of the members of *Camera dei Deputati*, while only over 25 years old citizens are entitled to vote for the election of *Senato*'s members.

Table 3: Election outcomes - Descriptives

| | 2013 | | 2018 | |
	Camera	Senato	Camera	Senato
Anti-immigration parties	6.05	6.25	21.70	21.87
Lega	4.09	4.33	17.35	17.61
FDI	1.96	1.92	4.35	4.26
PDL (Forza Italia)	21.56	22.30	14.00	14.43
M5S	25.56	23.79	32.68	32.22
Center-Left	29.55	31.63	26.25	26.28
Turnout	75.19	72.93	75.11	72.99

Notes: Source: Home Office data warehouse - Electoral results.

We also gather data on municipality characteristics, which we employ to check whether the allocated share of asylum seekers is independent from a set of observable local-level variables at the baseline period, and to investigate the mechanisms driving our empirical findings. We consider data from ISTAT (*Istituto Nazionale di Statistica*) public warehouse[24] on the resident population by age and gender, the share of foreign citizens, the share of population over 65 years old, the number of firms and per user-expenditure for local public services. We also use data from the latest available 2011 Census on municipality's unemployment rate and share of population with college-degree.[25] Finally, we resort to aggregate data from Minister of Finance on taxable gross income earned by residents to compute municipalities' per capita income.[26] We exploit the latter, first, to check whether asylum seekers' allocation is correlated with the initial level of economic development and then to study the impact of asylum seekers' on average income during the years of refugees' crisis.

4 Empirical Strategy

We study the impact of the presence of asylum seekers on political preferences at the municipality level by means of a fixed effects model specified as follows:

$$V_{mt}^j = \alpha^j + \beta^j AS_{mt} + \mu_m^j + \delta_t^j + \epsilon_{mt}^j \tag{1}$$

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[24]Available at: http://dati.istat.it/.
[25]Source: http://dati-censimentopopolazione.istat.it/Index.aspx?lang=it.
[26]Source: https://www1.finanze.gov.it/finanze3/stat_dbNewSerie/index.php.

The dependent variable, V_{mt}^{j}, is the vote share (over the total number of voters) for political party (or group of parties) j in municipality m at time t. Our analysis considers the outcome from 2013 and 2018 national elections for the two chambers of Italian Parliament, *Camera dei Deputati* and *Senato*. The within-municipality estimation of the model in equation (1) therefore relies on two points in time ($t_0 = 2013$ and $t_1 = 2018$).

The explanatory variable of interest is the share of asylum seekers, AS_{mt}, which measures asylum seekers hosted in CAS centers as a fraction of the municipality's total population[27]. This is computed as the sum of the capacity of all CAS centres hosted in a municipality. As we consider the allocated number rather than the actual number of refugees living in a municipality the coefficient β can be interpreted as an intention-to-treat parameter (see Dustmann et al. 2019).

As CAS reception scheme started in 2014, the asylum seekers' share is equal for all municipalities to 0 in 2013 - the pre-treatment period - while for $t_1 = 2018$, it is equal to the asylum seekers' share in 2017, the year before the election and at the peak of the refugees' crisis.

The parameter μ_m captures municipality fixed effects and absorbs all observed and unobserved time-invariant characteristics at the local level, while δ_t, the parameter for time fixed effects, accounts for shocks which are common to all observations in a certain year. ϵ_{mt} is an idiosyncratic error component. Standard errors are clustered at the municipality level.

The identification of β as the causal effect of the share of asylum seekers on local political preferences hinges on the assumption that treatment allocation - the share of asylum seekers - is independent from any unobserved local feature, embodied in the error term ϵ_{mt}, which affects the outcome at same time. If asylum seekers' allocation is correlated with municipality characteristics at the baseline, which simultaneously affect local political preferences, and if the error term ϵ_{mt} is serially autocorrelated, the estimate of the causal impact will be then biased. To illustrate, assume in 2013 some municipalities are hit by a negative economic shock which leads to a reduction in labour and housing demand. Lower real estate rents would make less costly the opening of CAS centres and a higher share of asylum seekers might be allocated to these municipalities. If the negative economic shock propagates over the following years and, for example, positively affects the preferences for anti-immigration parties through channels not related to exposure to asylum seekers, the estimation of causal effect will be biased upward.

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[27]While a part of municipalities complied to record CAS hosts among resident, some did not include them in the official count. This may generate inconsistencies in the population size across municipalities depending on the allocated number of asylum seekers. For this reason, we standardize the number of asylum seekers with 2013's population, i.e. before the CAS reception scheme was introduced.

In order to check whether local characteristics at the baseline are associated to the intensity of treatment, we perform a balance test of the share of allocated asylum seekers in 2017 on a set of municipality-level variables in the pre-treatment period. Table 4 reports the results for balance tests. Each entry represents the outcome from the univariate cross-sectional regression of 2017 share of asylum seekers on each pre-treatment local variable.

Results reveal that the treatment is fairly balanced over almost all of the observables we considered. Asylum seekers' share in 2017 is not significantly correlated with (log) per capita income, share of foreign citizens and number of firms in 2013, and with unemployment rate and share of population with college degree in 2011. There is also no correlation with the opening of a SPRAR centre over the same period. Moreover, the asylum seekers' share is not significantly associated with the share of votes for anti-immigration parties and PDL in 2013 election for *Camera dei Deputati.*

The share of allocated asylum seekers is significantly correlated with four of pre-treatment variables. It is positively associated with the share of population over 65 years old, i.e. municipality with a higher fraction of elder residents received on average more asylum seekers. It has also a very weak and small correlation with the level of per user public expenditure for local services. Finally, it is slightly but negatively correlated with the share of votes for M5S in 2013, while positively with the share of votes for PD.

We also verify whether the allocation of asylum seekers in 2017 is independent from pre-treatment trends in local political preferences and income per capita. More in detail, we estimate the same model as in equation (1) but considering the variation in the outcome between 2008 and 2013. In the same spirit as a placebo test, we assign to observations in 2013 the value of the share of allocated asylum seekers in 2017, while 0 for all municipalities in 2008. FDI was still merged with PDL in 2008 and we test for parallel pre-trends for the combination of votes in 2013 for both parties. M5S was not competing for national elections in 2008 round and we are not therefore able to perform the test for this party.

Most importantly, the results in Table 5 show that the share of allocated asylum seekers in 2017 is not significantly associated with within-municipality changes, between 2008 and 2013 elections, in the share of votes for *Lega* (Column 1), the most voted anti-immigration party. However, we find that municipalities, where PDL+FDI and PD grew more as share of votes between 2008 and 2013, after received on average a higher share of asylum seekers (Columns 2 and 3). Diverging pre-trends in these outcome variables may affect the estimate of the causal effect in equation (1). Indeed, if we find, for example, that the share of asylum seekers is positively associated, between

2013 and 2018, with the share of votes for PD, we will not be able to fully distinguish between the causal impact of the treatment from ongoing trends in the dependent variable. We will turn to this in the discussion of results.

Finally, the estimate in Column 5 does not yield a significant correlation between asylum seekers' allocation and pre-treatment trends in income per capita. Municipalities hosting a higher share of asylum seekers were not therefore on a different trajectory as far as economic growth in the pre-refugees' crisis is concerned.

Table 4: Balance tests on pre-treatment municipality characteristics

Municipality characteristics	(1) Share AS 2017	(2) N
Log(Income per capita)	-0.0414	6965
	(0.0733)	
Unemployment rate	-0.0028	6896
	(0.0032)	
%. univ. degree	-0.0083	6965
	(0.0069)	
share of foreign citizens	-0.0047	6965
	(0.0044)	
share over 65	0.0168***	6965
	(0.0035)	
number of firms	-0.0000	6965
	(0.0000)	
municipality hosted a SPRAR	-0.0544	6965
	(0.0917)	
per user welfare expenditure	-0.0004*	6965
	(0.0002)	
Anti-immigration	-0.0001	6965
	(0.0026)	
Lega Nord	-0.0004	6965
	(0.0027)	
FDI	0.0017	6965
	(0.0074)	
PDL	0.0011	6965
	(0.0028)	
M5S	-0.0057*	6965
	(0.0029)	
Center-Left	0.0049**	6965
	(0.0023)	
Election turnout	-0.0036	6965
	(0.0025)	

Notes: Standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Share AS is the share of asylum seekers hosted in the municipality in 2017 on total population before the treatment (average across different measurements when available). Column 2 reports the coefficients of the regression of share of AS in 2017 on pre-treatment variables. Population, income per capita, share of over 65 and foreigners, SPRAR, per user welfare expenditure and electoral outcomes refers to 2013; unemployment rate, % of university degree, number of firms refers to 2011.

Table 5: Pre-trends in election results and income per capita - 2008-2013

	(1) Lega Nord	(2) PDL+FDI	(3) PD	(4) Turnout	(5) Log(Income p.c.)
		Camera dei Deputati			
share AS	-0.0169	0.1019**	0.1027**	-0.0931**	0.0004
	(0.0483)	(0.0460)	(0.0448)	(0.0369)	(0.0004)
		Senato			
share AS	-0.0547	0.1167**	0.1128**	-0.0981**	
	(0.0448)	(0.0456)	(0.0482)	(0.0388)	
Municipality FE	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes
N	13884	13884	13884	13884	13926

Notes: Standard errors in parentheses clustered at municipality level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Share AS is the share of asylum seekers hosted in the municipality in the year on total population before treatment (average across different measurements when available).

5 Empirical findings

5.1 Political impact

Table 6 reports results from the estimation of the baseline model in equation (1) for the share of votes by party. The presence of asylum seekers significantly affects higher support for anti-immigration parties, yet the impact is small in magnitude.

A one percentage point change in the share of allocated asylum seekers, which is equivalent to 1.2 within-municipality standard deviations (within s.d.= 0.82), is associated with an expected increase by 0.17 p.p. in the share of votes for anti-immigration parties in the election of *Camera dei Deputati* and by 0.16 p.p. for the *Senato* election (Column 1). Considering that the within standard deviation of the share of votes for anti-immigration parties for *Camera* election is equal to 9.6 p.p., the estimated effect is equivalent to $\frac{0.17}{9.6} = 1.7$ percent of within variation.

In Columns 2 and 3, the outcome is the share of votes for, respectively, *Lega* and FDI. The estimated coefficients show that the allocation of asylum seekers is positively correlated with the local share of preferences for both parties. Point estimates reveal that the impact is quantitatively higher on the share of votes for *Lega*, although it is not significantly different from 0 for *Senato* election.

Table 6: Election results - Baseline regressions

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Anti-immigration		PDL	M5S	Center-Left	Turnout
	Total	Lega Nord	FDI			PD + Left	
				Camera dei Deputati			
share AS	0.1742***	0.1196**	0.0579**	-0.0027	-0.1116*	-0.1265***	0.0483
	(0.0572)	(0.0570)	(0.0246)	(0.0367)	(0.0579)	(0.0438)	(0.0321)
				Senato			
share AS	0.1649***	0.0881	0.0717**	0.0144	-0.1287**	-0.1546***	0.0505
	(0.0623)	(0.0558)	(0.0335)	(0.0492)	(0.0593)	(0.0552)	(0.0327)
Municipality FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	13930	13930	13930	13930	13930	13930	13930

[1] *Notes*: Standard errors in parentheses clustered at municipality level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Share AS is the share of asylum seekers hosted in the municipality in the year on total population before treatment (average across different measurements when available).

The positive impact on the support for anti-immigration parties is counterbalanced by the loss in consensus for centre-left parties and M5S. An increase by one p.p. in the share of allocated asylum seekers leads to a reduction in the share of votes for centre-left equal to 0.12 p.p. for *Camera* election and to 0.15 p.p. for *Senato* (Column6). Likewise, the share of votes for M5S is expected to fall by 0.12 p.p. for *Camera* election and by 0.11 for *Senato* (Column 5). Lastly, the presence of asylum seekers does not seem to affect the share of preferences for PDL (Column 4) and the electoral turnout (Column 7).

In what follows, we allow the impact to differ according to municipality characteristics at the baseline. In particular, we test whether the effect is heterogeneous with respect to three local characteristics in 2013. First, we add to the model in equation (1) the interaction between asylum seekers' share and a dummy equal to 1 if municipality was in top 5 percent of the population size distribution in 2013.[28] Recent studies (see Dustmann et al (2020)) find indeed that the response to the arrival of refugees is different between urban and rural areas. Within municipalities at the top of the distribution the estimated impact on support for anti-immigration parties appears to be negative, while positive among low-populated areas. In Table 7 we report results on heterogeneous effects and we only focus on the votes' share for anti-immigration parties.[29] The coefficient of the

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[28]The 95th percentile of the municipalities' population size distribution across in 2013 is equal to 24,290 inhabitants.

[29]Tables with estimates of heterogeneous effects on all political outcomes are available in Table A1 to A3 in Appendix A.

interaction term in Column 1 shows that one p.p. increase in asylum seekers' share among largest municipalities is associated with a significant reduction in votes share' for anti-immigration parties by 4.8. p.p. for *Camera* and by 4.5 p.p. for *Senato* election. Point estimates for the effect among municipalities in the bottom 95 percent are not significantly different from baseline regression in Table 6. In line with recent findings, these results confirm that the presence of asylum seekers has opposite effects on the political behaviour of small and large communities and indicate that it is crucial to understand what are the inherent characteristics which could make urban areas a better environment for the reception of asylum seekers.

Second, we study the heterogeneous effects with respect to the fraction of foreign citizen at the baseline. In particular, we here include the interaction between asylum seekers' share and a dummy equal to 1 for municipalities in top 5 percent as for the share of foreign citizens in 2013.[30]

The rationale of this test is to assess whether the level of exposure to migrants in the pre-treatment period induces different political reactions to newly arrived asylum seekers. The estimates in Column 2 reveal that a one p.p. increase in asylum seekers' share in municipalities with sizeable pre-treatment immigration is significantly associate with an increase in votes' share for anti-immigration parties by more than 2 p.p. for both *Camera* and *Senato* elections. Interestingly, these findings seem to threat the validity of 'contact-theory'. While this indeed predicts that higher inter-ethnic contact may improve attitudes toward diversity, our estimates suggest that pre-refugee crisis exposure to migrants actually exacerbates the negative effect of asylum seekers on natives' attitude toward immigration.

Third, we assess whether the impact is heterogeneous with respect to a measure of pre-treatment local human capital by considering the interaction between asylum seekers' share and a dummy equal to 1 for municipalities which are in top 5 percent according to the share of population with at least college degree in 2011.[31] The presence of asylum seekers might elicit a different effect on local political preferences in municipalities with a higher fraction of high-skilled residents, since a lower part of population is exposed to the potential negative labour market externality exerted by the arrival of new workers, generally at the bottom of earnings distribution. Not surprisingly, the results in Column 3 show that a one p.p. increase in asylum seekers' share in municipalities in top 5 percent as regards the share of high-skilled population is associated with a drop by around 0.5 p.p. in the share of votes for anti-immigration parties for both *Camera* and *Senato*

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[30]The 95th percentile of the distribution across municipalities of the local share of foreign citizens in 2013 is equal to 14.3 percent.

[31]The 95th percentile of the distribution across municipalities of the local share of population with college degree in 2011 is equal to 12.7 percent.

To test the robustness of baseline results in Table 6, we again estimate the impact of the share of asylum seekers on local political preferences conditional on (log) income per capita and share of population over 65 years old. We show in Table 8 that the introduction of this set of time-varying controls does not alter the direction of estimated effects, while the magnitude of point estimates is slightly higher.

Table 7: Election results - Interaction with municipality characteristics

	(1)	(2)	(3)
	Anti-immigration	Anti-immigration	Anti-immigration
	Camera dei Deputati		
share AS	0.1775***	0.1414**	0.1931***
	(0.0569)	(0.0599)	(0.0574)
top 5% largest municipalities=1 × share AS	-4.7993***		
	(0.9678)		
top 5% share of foreigners=1 × share AS		2.3950***	
		(0.4306)	
top 5% share of uni degree=1 × share AS			-0.5900***
			(0.1801)
	Senato		
share AS	0.1680***	0.1365**	0.1843***
	(0.0619)	(0.0659)	(0.0616)
top 5% largest municipalities=1 × share AS	-4.4806***		
	(0.9391)		
top 5% share of foreigners=1 × share AS		2.0752***	
		(0.4424)	
top 5% share of uni degree=1 × share AS			-0.6037***
			(0.1946)
Municipality FE	Yes	Yes	Yes
Time FE	Yes	Yes	Yes
N	13930	13930	13930

Notes: Standard errors in parentheses clustered at municipality level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Share AS is the share of asylum seekers hosted in the municipality in the year on total population before treatment (average across different measurements when available).

Table 8: Election results - Controls

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Anti-immigration		PDL	M5S	Center-Left	Turnout
	Total	Lega Nord	FDI			PD + Left	
			Camera dei Deputati				
share AS	0.2440***	0.1817***	0.0640***	-0.0205	-0.2010***	-0.1022**	0.0413
	(0.0509)	(0.0508)	(0.0248)	(0.0367)	(0.0619)	(0.0427)	(0.0314)
			Senato				
share AS	0.2364***	0.1471***	0.0820**	-0.0047	-0.2162***	-0.1323**	0.0430
	(0.0528)	(0.0520)	(0.0327)	(0.0480)	(0.0601)	(0.0536)	(0.0320)
Municipality controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Municipality FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	13930	13930	13930	13930	13930	13930	13930

Notes: Standard errors in parentheses clustered at municipality level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Share AS is the share of asylum seekers hosted in the municipality in the year on total population before treatment (average across different measurements when available). Municipality controls: Log(Income per capita), share of residents over 65 on total population.

5.2 Economic impact

In order to test whether fear for potential economic losses from asylum seekers hosting drives the political outcomes, we now examine the economic impact of refugee allocation through the Dispersal Policy. We adopt the same fixed effects model as in equation (1) above, and regress municipality's (log) income per capita on the share of allocated asylum seekers. We consider $t_1 = 2017$, i.e. we estimate the effect for the years before 2018's national election. The estimate in Column 1 of Table 9 indicates that asylum seekers may exert a negative effect on local economy. One p.p. increase in asylum seekers' share is indeed correlated with a 0.2 percent reduction in income per capita. This might be caused by asylum seekers depressing wages and displacing local workers out of employment. However, considering the limited labour market opportunities for hosts of CAS,[32] the drop in income per capita might be mechanically induced by the arrival of new residents at the bottom of income distribution. These may inflate the denominator of income per capita, while bringing little or no contribution to the numerator. In this case, with the arrival of asylum seekers we would observe a fall in income per capita even without necessarily a negative direct impact on local workers' compensations.

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[32]If earning more than a certain threshold, asylum seekers in CAS are supposed to leave the centre while waiting for the response about the eligibility for refugee status. According to the Parliamentary Committee for Labour, less than 10% of asylum seekers in 2017 were employed so that competition between asylum seekers and local workers in the labor market is unlikely to be a relevant channel.

We further investigate the mechanism behind the reduction in income per capita by separately considering as outcomes its numerator, (log) income, and denominator, (log) population. Indeed, one p.p. increase in asylum seekers' share is significantly correlated with a decline by 0.1 percent in total income (Column 2) and an increase by 0.1 percent in population size (Column 3). Asylum seekers therefore bring a positive net contribution to population change, although being correlated with a lower change in total income. The downward pressure on wages exerted by new labour force might be responsible for this drop. However, this might also be the result of a dynamic which involves asylum seekers replacing natives, or former migrants, into local population. In Column 4 and 5 we show indeed that the asylum seekers' share is negatively related to natives' population growth and positively with the growth in the number of foreign citizens. The arrival of asylum seekers may hence be connected to geographic 'displacement' of natives.[33] In that case, relatively high income earners are substituted by little or no income earners and per capita figure will consequently drop. In Appendix Table A4, we check whether the allocation of asylum seekers is associated with natives' net migration flows.[34] The results suggest there was no significant sorting across municipalities by natives in response to the inflow of asylum seekers.

The association between lower growth in native population and asylum seekers' inflow might depend from the link between intensity of the treatment and local characteristics at the baseline. The balance test in Table 4 indeed shows how the allocation of asylum seekers is positively correlated with the share of population over 65 years old in 2013. Municipalities more exposed to the dispersal policy were are also those with the highest share of elder population in t_0, and likely to experience higher mortality rates and lower native population growth in the following years. The different age-structure at the baseline may have therefore induced the negative correlation between asylum seekers and native population growth.[35] In Column 6, we again estimate the impact on (log) income per capita while controlling for the share of over 65 and the share of foreign citizens. These additional controls account for the compositional change in the population due to different age-structure at the baseline and to the arrival of asylum seekers. Once we adjust for these poten-

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[33]Geographical displacement can be driven by negative labour market externalities, i.e. asylum seekers reducing employment opportunities and compensations for local workers, as well as motivated by the fact asylum seekers enter residents' utility function as a local dis-amenity in the framework of residential location choice.

[34]We exploit data from ISTAT on residents' new registrations and cancellations, respectively from and toward other municipalities or abroad, to construct measures of inflows and outflows. Their difference yield the net migration flow which we standardize with population in 2013.

[35]This feature reflects the demographic structure and geographical distribution of the Italian population. While the latter is aging (22.8 percent of the total population was 65 years old in 2019, the oldest population in EU) and elderly people are relatiely spread out, young people are more geographically concentrated (e.g. in metropolitan areas, for opportunity reasons). Hence, the latter concentration contrasts with the dispersion of asylum seekers, such that the mechanical correlation between elderly and refugees arises.

tial confounding factors, point estimates turn to be positive, although not significantly different from zero, and suggest that the presence of asylum seekers is not related to lower growth in local average income.

Table 9: Income and population

	(1)	(2)	(3)	(4)	(5)	(6)
	Log(Income p.c.)	Log(Tot. income)	Log(Tot. pop.)	Log(Nat. pop.)	Log(For. pop.)	Log(Income p.c.)
share AS	-0.0020***	-0.0010**	0.0010**	-0.0012***	0.0361***	0.0004
	(0.0006)	(0.0004)	(0.0004)	(0.0003)	(0.0102)	(0.0005)
Mun. contr.	No	No	No	No	No	Yes
Mun. FE	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes
N	13930	13930	13930	13930	13930	13930

[1] *Notes*: Standard errors in parentheses clustered at municipality level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Share AS is the share of asylum seekers hosted in the municipality in the year on total population before treatment (average across different measurements when available).

[2] Municipality controls: share of residents over 65 on total population, share of foreign citizens on total population.

While we observe barely no impact on local average income, another concern regards the availability of resources for welfare and other public services supplied by the municipality when the pool of users grows as in the case of substantial asylum seekers inflows. The increase in competition for public resources might indeed be the reason behind the increasing support for anti-immigration parties. In Table 10, we regress the (log) municipality per–user expenditure for public services in various categories on the share of allocated asylum seekers. We consider the dependent variables and the share of asylum seekers until 2016 as ISTAT data on municipality expenditure are not available after that year. If we exclude a significant increase in the expenditure for employees, the share of asylum seekers is not significantly correlated with the expenditure in any of the categories considered. There is therefore no evidence that the arrival of asylum seekers leads to a reduction in the availability of public resources for local residents.

Table 10: Municipality expenditure

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Log(Total)	Log(Families)	Log(Employees)	Log(Poverty)	Log(Elderly)	Log(Disabilities)	Log(Immigrants)
share AS	0.0048	0.0136	0.0095***	0.0029	-0.0031	-0.0019	0.0225
	(0.0048)	(0.0087)	(0.0037)	(0.0074)	(0.0074)	(0.0155)	(0.0210)
Municipality FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	13556	13556	13556	13556	13556	13556	13556

Notes: Standard errors in parentheses clustered at municipality level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Share AS is the share of asylum seekers hosted in the municipality in the year on total population before treatment (average across different measurements when available).

6   Conclusions

This paper contributes to a growing literature about the economic and political impact of asylum seekers on receiving societies by exploiting an unprecedented surge, between 2014 and 2018, in the arrival of asylum seekers and informal immigrants to Italy, mainly through the Mediterranean route. The dispersal policy, implemented from 2014 onward, allocated these massive inflows into CAS reception centres across Italian municipalities on quasi-random basis. This policy was in line with what implemented in the rest of the EU region, with the aim to spread the 'burden' of refugee reception, raise perception of fairness among the local population, prompt asylum seekers' integration and avoid natives' public discontent.

We use unique administrative data on the number of asylum seekers allocated to each Italian municipality between 2014 and 2017 to study the effect of the dispersal policy on the local share votes for anti-immigration parties, as well as parties in the rest of the political spectrum, between two national elections held in 2013 and 2018.

After showing that the allocated share of asylum seeker is fairly balanced with respect to local characteristics at the baseline, we find that a one p.p. increase in the asylum seekers share in 2017, at the peak of refugees crisis, is correlated with a significant increase in the vote share for anti-immigration parties, while leading to a drop in the support for both the main populist party and the centre-left. This effect is robust to the inclusion of a set of time-varying controls, in particular municipality income per capita.

We also check whether the effect is heterogeneous with respect to a group of municipality characteristics in the pre-treatment period. We detect, similarly to Dustmann et al. (2020), opposite effects when we distinguish between urban and rural areas, with asylum seekers actually reducing the support for anti-immigration parties in largest municipalities. Differently from predictions from contact-theory, though, our analysis reveal that higher exposure to immigration in the pre-treatment period exacerbates the negative effect of the presence of asylum seekers on natives' attitude toward migrants and increases the support for anti-immigration parties. We also find that in municipalities with higher share of residents with at least college degree the presence of asylum seekers reduces the share of votes for anti-immigration parties.

We finally explore the economic mechanisms behind these effects. We examine the impact of asylum seekers first on income per capita and then on per user expenditure for local public social services. Both analysis yield barely no significant effect, supporting the idea that ideological traits

or cultural–related fears may have driven voting behavior and political outcomes in Italy during the 'Refugee crisis'.

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A   Appendix

Table A1: Election results - Interaction with top 5% population size

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Anti-immigration		PDL	M5S	Center-Left	Turnout
	Total	Lega Nord	FDI			PD + Left	
				Camera dei Deputati			
share AS	0.1775***	0.1227**	0.0578**	-0.0020	-0.1131*	-0.1260***	0.0502
	(0.0569)	(0.0569)	(0.0246)	(0.0367)	(0.0579)	(0.0438)	(0.0322)
top 5% largest municipalities=1 × share AS	-4.7993***	-4.5872***	0.0878	-0.9970**	2.1321*	-0.7673	-2.7315***
	(0.9678)	(0.7974)	(0.2607)	(0.4715)	(1.2709)	(0.4800)	(0.3520)
				Senato			
share AS	0.1680***	0.0912	0.0715**	0.0150	-0.1302**	-0.1536***	0.0523
	(0.0619)	(0.0558)	(0.0336)	(0.0492)	(0.0593)	(0.0551)	(0.0329)
top 5% largest municipalities=1 × share AS	-4.4806***	-4.5803***	0.3014	-0.9407*	2.2261*	-1.5110	-2.7026***
	(0.9391)	(0.7976)	(0.2237)	(0.4818)	(1.2548)	(0.9878)	(0.3527)
Municipality controls	No	No	No	No	No	No	No
Municipality FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	13930	13930	13930	13930	13930	13930	13930

Notes: Standard errors in parentheses clustered at municipality level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Share AS is the share of asylum seekers hosted in the municipality in the year on total population before treatment (average across different measurements when available). Municipality controls: Log(Income per capita), share of residents over 65 on total population, share of foreign citizens on total population.

Table A2: Election results - Interaction with top 5% foreign population share

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Anti-immigration		PDL	M5S	Center-Left	Turnout
	Total	Lega Nord	FDI			PD + Left	
				Camera dei Deputati			
share AS	0.1414**	0.0891	0.0562**	0.0032	-0.0801	-0.1308***	0.0530
	(0.0599)	(0.0588)	(0.0249)	(0.0366)	(0.0583)	(0.0445)	(0.0327)
top 5% share of foreigners=1 × share AS	2.3950***	2.2282***	0.1214	-0.4311	-2.3036***	0.3120	-0.3443
	(0.4306)	(0.3877)	(0.1577)	(0.2679)	(0.4424)	(0.2272)	(0.2214)
				Senato			
share AS	0.1365**	0.0616	0.0700**	0.0179	-0.0978	-0.1582***	0.0548
	(0.0659)	(0.0564)	(0.0341)	(0.0495)	(0.0606)	(0.0561)	(0.0333)
top 5% share of foreigners=1 × share AS	2.0752***	1.9378***	0.1221	-0.2590	-2.2578***	0.2651	-0.3137
	(0.4424)	(0.3824)	(0.1396)	(0.3231)	(0.4574)	(0.2805)	(0.2489)
Municipality controls	No	No	No	No	No	No	No
Municipality FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	13930	13930	13930	13930	13930	13930	13930

Notes: Standard errors in parentheses clustered at municipality level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Share AS is the share of asylum seekers hosted in the municipality in the year on total population before treatment (average across different measurements when available). Municipality controls: Log(Income per capita), share of residents over 65 on total population, share of foreign citizens on total population.

Table A3: Election results - Interaction with top 5% university education

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Anti-immigration		PDL	M5S	Center-Left	Turnout
	Total	Lega Nord	FDI			PD + Left	
				Camera dei Deputati			
share AS	0.1931***	0.1364**	0.0589**	-0.0138	-0.0868	-0.1373***	0.0602*
	(0.0574)	(0.0579)	(0.0252)	(0.0382)	(0.0582)	(0.0451)	(0.0329)
top 5% share of uni degree=1 × share AS	-0.5900***	-0.5228***	-0.0327	0.3472***	-0.7722***	0.3346	-0.3704**
	(0.1801)	(0.1958)	(0.0616)	(0.1074)	(0.2373)	(0.2137)	(0.1841)
				Senato			
share AS	0.1843***	0.1034*	0.0733**	0.0050	-0.1051*	-0.1624***	0.0602*
	(0.0616)	(0.0569)	(0.0343)	(0.0506)	(0.0604)	(0.0571)	(0.0336)
top 5% share of uni degree=1 × share AS	-0.6037***	-0.4776**	-0.0519	0.2924***	-0.7353***	0.2443	-0.3024
	(0.1946)	(0.2337)	(0.0560)	(0.0939)	(0.2296)	(0.2413)	(0.1884)
Municipality controls	No	No	No	No	No	No	No
Municipality FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	13930	13930	13930	13930	13930	13930	13930

Notes: Standard errors in parentheses clustered at municipality level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Share AS is the share of asylum seekers hosted in the municipality in the year on total population before treatment (average across different measurements when available). Municipality controls: Log(Income per capita), share of residents over 65 on total population, share of foreign citizens on total population.

Table A4: Native migration outflows

	(1)	(2)
	Net migration-natives	Net migration-natives
share AS	-0.0056	-0.0017
	(0.0206)	(0.0217)
Municipality controls	No	Yes
Municipality FE	Yes	Yes
Time FE	Yes	Yes
N	13366	13366

Notes: Standard errors in parentheses clustered at municipality level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Share AS is the share of asylum seekers hosted in the municipality in the year on total population before treatment (average across different measurements when available). Municipality controls: Log(Income per capita), share of residents over 65 on total population, share of foreign citizens on total population.

Table A5: Municipality expenditure - controls

	(1) Log(Total)	(2) Log(Families)	(3) Log(Employees)	(4) Log(Poverty)	(5) Log(Elderly)	(6) Log(Disabilities)	(7) Log(Immigrants)
share AS	0.0041	0.0128	0.0098***	0.0041	-0.0046	-0.0024	0.0225
	(0.0049)	(0.0087)	(0.0037)	(0.0076)	(0.0074)	(0.0155)	(0.0212)
Municipality controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Municipality FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	13556	13556	13556	13556	13556	13556	13556

Notes: Standard errors in parentheses clustered at municipality level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Share AS is the share of asylum seekers hosted in the municipality in the year on total population before treatment (average across different measurements when available). Municipality controls: Log(Income per capita), share of residents over 65 on total population, share of foreign citizens on total population.

Table A6: Election results excluding municipalities with government centers (CARA, CPR, Hotspots, ...)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Anti-immigration		PDL	M5S	Center-Left	Turnout
	Total	Lega Nord	FDI			PD + Left	
			Camera dei Deputati				
share AS	0.1607***	0.1029*	0.0604**	0.0139	-0.1058	-0.1399***	0.0640*
	(0.0605)	(0.0593)	(0.0288)	(0.0410)	(0.0660)	(0.0514)	(0.0361)
			Senato				
share AS	0.1493**	0.0696	0.0737*	0.0285	-0.1297*	-0.1770***	0.0669*
	(0.0681)	(0.0578)	(0.0394)	(0.0569)	(0.0672)	(0.0661)	(0.0368)
Municipality controls	No	No	No	No	No	No	No
Municipality FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	13894	13894	13894	13894	13894	13894	13894

Notes: Standard errors in parentheses clustered at municipality level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Share AS is the share of asylum seekers hosted in the municipality in the year on total population before treatment (average across different measurements when available). Municipality controls: Log(Income per capita), share of residents over 65 on total population, share of foreign citizens on total population.

Table A7: Election results excluding municipalities with large centers (>=100)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Anti-immigration		PDL	M5S	Center-Left	Turnout
	Total	Lega Nord	FDI			PD + Left	
			Camera dei Deputati				
share AS	0.2677***	0.2227***	0.0457**	0.0058	-0.2104***	-0.1144**	0.0629
	(0.0643)	(0.0615)	(0.0232)	(0.0420)	(0.0799)	(0.0490)	(0.0391)
			Senato				
share AS	0.2678***	0.1783***	0.0785*	-0.0174	-0.2500***	-0.1570**	0.0604
	(0.0618)	(0.0687)	(0.0455)	(0.0432)	(0.0748)	(0.0678)	(0.0385)
Municipality controls	No	No	No	No	No	No	No
Municipality FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	13538	13538	13538	13538	13538	13538	13538

Notes: Standard errors in parentheses clustered at municipality level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Share AS is the share of asylum seekers hosted in the municipality in the year on total population before treatment (average across different measurements when available). Municipality controls: Log(Income per capita), share of residents over 65 on total population, share of foreign citizens on total population.

Table A8: Election results - Region by time fixed effects

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Anti-immigration		PDL	M5S	Center-Left	Turnout
	Total	Lega Nord	FDI			PD + Left	
			Camera dei Deputati				
share AS	0.1272***	0.0670*	0.0650***	0.0128	-0.0321	-0.1321***	0.0349
	(0.0384)	(0.0346)	(0.0233)	(0.0334)	(0.0362)	(0.0345)	(0.0292)
			Senato				
share AS	0.1437***	0.0484	0.0896***	0.0128	-0.0521*	-0.1174***	0.0388
	(0.0419)	(0.0344)	(0.0294)	(0.0417)	(0.0299)	(0.0368)	(0.0298)
Municipality controls	No	No	No	No	No	No	No
Municipality FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Region-Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	13930	13930	13930	13930	13930	13930	13930

Notes: Standard errors in parentheses clustered at municipality level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Share AS is the share of asylum seekers hosted in the municipality in the year on total population before treatment (average across different measurements when available). Municipality controls: Log(Income per capita), share of residents over 65 on total population, share of foreign citizens on total population.

Table A9: Election results - Control for AS hosted in SPRAR projects

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Anti-immigration		PDL	M5S	Center-Left	Turnout
	Total	Lega Nord	FDI			PD + Left	
Camera dei Deputati							
share AS	0.4031***	0.3377***	0.0607**	-0.0317	-0.4009***	-0.0327	0.0280
	(0.0645)	(0.0622)	(0.0243)	(0.0383)	(0.0982)	(0.0436)	(0.0309)
share AS in SPRAR	-0.9414**	-0.8380***	-0.0802	0.1837	1.1062**	-0.1130	0.0241
	(0.4303)	(0.3175)	(0.1634)	(0.2094)	(0.4454)	(0.1529)	(0.1402)
Senato							
share AS	0.4045***	0.3074***	0.0839***	-0.0281	-0.4165***	-0.0296	0.0311
	(0.0561)	(0.0690)	(0.0319)	(0.0474)	(0.0914)	(0.0517)	(0.0314)
share AS in SPRAR	-0.9900**	-0.7690**	-0.2089	0.2666	1.1871***	-0.2388	0.0217
	(0.4191)	(0.3074)	(0.1433)	(0.1823)	(0.4146)	(0.1844)	(0.1394)
Municipality controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Municipality FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	13930	13930	13930	13930	13930	13930	13930

Notes: Standard errors in parentheses clustered at municipality level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Share AS is the share of asylum seekers hosted in the municipality in the year on total population before treatment (average across different measurements when available). Municipality controls: Log(Income per capita), share of residents over 65 on total population, share of foreign citizens on total population.