

The Political Response to Refugee Settlement: Cultural and Economic Drivers

Francesco Campo, Sara Giunti, Mariapia Mendola, and Giulia Tura*

June, 2022

Abstract

The 2015 refugee crisis in Europe contributed to fueling the electoral success of populist parties advocating restrictive immigration policies. We investigate the heterogeneity of the backlash across Italian municipalities and estimate the role of novel underlying mechanisms such as social capital and inter-group contact. By leveraging the quasi-random assignment of refugees in Italy during the crisis (2014–2019), we find that local economic and social capital factors greatly exacerbate the impact of refugee exposure on anti-immigration political responses. On the contrary, positive experiences of inter-group contact with former immigrants do mitigate anti-immigration political backlash. Finally, we exploit these estimates to evaluate counterfactual assignment policies that minimize anti-immigration political reactions.

JEL Codes: D72, F22, O15, J15.

Keywords: Refugee Crisis, Political Preferences, Assignment Policy, Integration, Social Capital.

*Department of Economics, Management and Statistics, University of Milano-Bicocca, 20126 Milan, Italy.

The trend of increasing immigration into Western countries unveils new political and social concerns. Anti-immigrant sentiments appear widespread, and voters’ political preferences reveal increased support for far-right parties (Hainmueller and Hopkins, 2014; Dustmann et al., 2017; Halla et al., 2017). The refugee crisis in Europe, with an unexpected inflows of more than 1.5 million refugees in 2015 alone, fueled native hostility and the electoral success of populist ‘radical right’ parties advocating stricter immigration policies (Hangartner et al., 2019; Dustmann et al., 2017, 2019). However, the political backlash to refugees’ exposure masks a sharp urban-rural divide and heterogeneous attitudes towards refugees based on local characteristics (Dustmann et al., 2019). Thus, investigating the mechanisms behind the estimated heterogeneity in local responses is of crucial importance. While the literature concentrated mainly on economic and educational factors, more broader evidence on the importance of other socio-cultural mechanisms is confined to survey or experimental evidence on natives’ attitudes Alesina and Tabellini (2022). For instance, Dustmann et al. (2019) and Achard et al. (2022) document that positive attitudes towards refugees and immigrants are predictive of voting behavior and preferences. Moreover, Bursztyn et al. (2021) further emphasize that attitudes and behavior toward ethnic minorities are a key channel through which exposure influences political preferences.

In this paper, we study the role of diverse economic and socio-cultural drivers explaining natives’ political reactions to refugees’ exposure. We investigate, in particular, the contribution of novel mechanisms, i.e., social capital and inter-group contact. We focus on Italy during the recent refugee crisis from 2014 to 2019. Indeed, Italy represented a top migrant entry point during the crisis and is currently, one of top destinations of Ukrainian immigrants within Europe. We leverage the quasi-random assignment of refugees across municipalities within province implied by the *Italian Dispersal Policy*. We perform several robustness checks to assess that refugee assignment is as good as random across locations.

We exploit hand-collected data from Italian Prefectures, providing harmonized information on the list of temporary reception centers (CAS) created between 2014 and 2019 at the municipality level, their capacity and the actual number of hosted refugees (Campo et al., 2021).^{1,2} We complement the refugee data with rich municipality-level data on pre-treatment characteristics from a wide range of administrative sources. In particular, we gather data on economic prosperity, such as income per capita, employment rate, change in unemploy-

¹In Italy, the traditional System for the Protection of Asylum Seekers and Refugees (SPRAR) settled up reception centers upon decision of local administrations. Starting from 2014, however, the unexpected surge in demand for refugees’ accommodations commanded the creation of temporary reception centers to compensate the lack of SPRAR capacity. CAS centers, managed by Italian Prefectures (provinces), became the most relevant reception system, hosting on average 75%–80% of asylum seekers in Italy.

²Our final sample accounts for 92 out of 106 provinces in Italy, with a final take-up rate of 87%.

ment over the decade 2001 –2011, and educational attainment. Moreover, we collected data on social capital measures commonly adopted in the literature – especially in the Italian context – including electoral participation in referenda, blood donations, and association density of non-profit organizations (Putnam, 1993; Guiso et al., 2004, 2008, 2011; Cartocci, 2007). Finally, we recover additional dimensions entailing inter-group contact in the context of former immigration waves, such as residential neighborhood segregation, intermarriage and naturalization rate, and the presence of local elected administrators with an immigrant background (Gordon, 1964; Bazzi et al., 2019; Giuliano and Tabellini, 2020).

Our estimates suggest that local economic prosperity greatly exacerbate the effect of refugee assignment on anti-immigration political responses. For instance, Figure 1 shows that if the (log) income pc increases by 1 sd at the mean, then the effect of a 1 pp increase in the share of assigned refugees increases from 0.16 to 0.96 pp. Approximately, this amounts to 12% of the average vote share for anti-immigration parties in the 2013 pre-crisis election. Similar patterns are observed exploiting different measures of economic development such as employment or activity rate, in line with a welfare dependency argument (Dustmann et al., 2019; Boeri, 2010). On the contrary, the higher share of tertiary educated inhabitants in the municipality significantly lowers the impact of refugee assignment on vote share for anti-immigration parties.

Interestingly, we show that common measures of social capital also exacerbate the impact of refugee exposure. For instance, if the average turnout rate at referenda increases by 1 sd at the mean, then the effect of a 1 pp increase in the share of assigned refugees increases from 0.21 to 0.74 pp. All measures of social capital consistently point in the same direction; see Figure 2, and a positive interaction effect is confirmed by a principal component analysis. Finally, we document that local environments experiencing positive inter-group contact with former immigrants, as proxied by higher intermarriage and naturalization rate and lower residential segregation, exhibit significantly lower anti-immigration backlash in response to refugee exposure, in line with Allport (1954). As an example, if the intermarriage rate increases by 1 sd at the mean, then the effect of a 1 pp increase in the share of assigned refugees reduces by 0.24 pp the vote share for anti-immigration parties; see Figure 3.

To capture the high-dimensional combination of predictors that we are investigating, we explore heterogeneity using machine learning tools, following the recent advances on heterogeneous treatment effects (Athey and Imbens, 2016; Athey et al., 2019). We estimate the Conditional Average Treatment Effect (CATE), including the set of all pre-determined local characteristics in the causal forest. We estimate treatment heterogeneity, and we show that while the average response to refugee exposure favors anti-immigration parties, our estimates range from negative (7% of sample) to highly positive values; see Figure 4.

These results put into question random allocation policies, actually in place in many Western countries, with potential unintended consequences as the mismatch might hamper the integration of minorities. Thus, we plan to exploit the predictions from CATE estimates to develop a matching model assigning refugees to locations. Based on the model, we are able to simulate counterfactual resettlement plans with the goal of minimizing anti-immigration backlash.

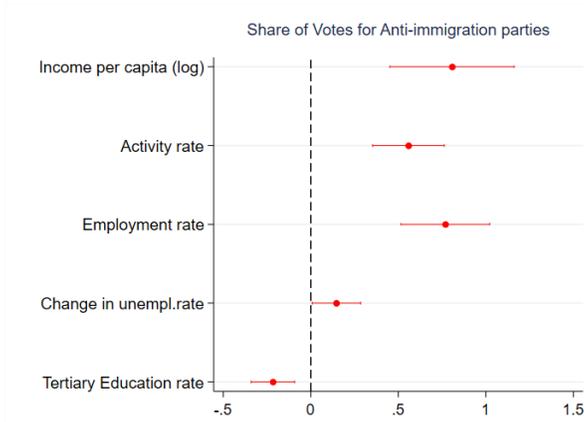
References

- Achard, P., S. Albrecht, E. Cettolin, R. Ghidoni, and S. Suetens (2022). The effect of exposure to ethnic minorities on ethnic preferences.
- Alesina, A. and M. Tabellini (2022). The political effects of immigration: Culture or economics? Technical report, National Bureau of Economic Research.
- Allport, G. W. (1954). The Nature of Prejudice.
- Athey, S. and G. Imbens (2016). Recursive partitioning for heterogeneous causal effects. *Proceedings of the National Academy of Sciences* 113(27), 7353–7360.
- Athey, S., J. Tibshirani, and S. Wager (2019). Generalized random forests. *The Annals of Statistics* 47(2), 1148–1178.
- Bazzi, S., A. Gaduh, A. D. Rothenberg, and M. Wong (2019). Unity in Diversity? How Intergroup Contact Can Foster Nation Building. *American Economic Review* 109(11), 3978–4025.
- Boeri, T. (2010). Immigration to the land of redistribution. *Economica* 77(308), 651–687.
- Bursztyn, L., T. Chaney, T. A. Hassan, and A. Rao (2021). The immigrant next door: Exposure, prejudice, and altruism. Technical report, National Bureau of Economic Research.
- Campo, F., S. Giunti, and M. Mendola (2021). The Refugee Crisis and Right-wing Populism: Evidence from the Italian Dispersal Policy.

- Cartocci, R. (2007). *Mappe del tesoro: atlante del capitale sociale in Italia*, Volume 168. Il mulino.
- Dustmann, C., F. Fasani, T. Frattini, L. Minale, and U. Schönberg (2017). On the Economics and Politics of Refugee Migration. *Economic Policy* 32(91), 497–550.
- Dustmann, C., K. Vasiljeva, and A. Piil Damm (2019). Refugee Migration and Electoral Outcomes. *The Review of Economic Studies* 86(5), 2035–2091.
- Giuliano, P. and M. Tabellini (2020). The Seeds of Ideology: Historical Immigration and Political Preferences in the United States. Technical report, National Bureau of Economic Research.
- Gordon, M. (1964). *Assimilation in American Life*. Oxford University Press.
- Guiso, L., P. Sapienza, and L. Zingales (2004). The role of social capital in financial development. *American economic review* 94(3), 526–556.
- Guiso, L., P. Sapienza, and L. Zingales (2008). Social Capital as Good Culture. *Journal of the European economic Association* 6(2-3), 295–320.
- Guiso, L., P. Sapienza, and L. Zingales (2011). Civic Capital as the Missing Link. Volume 1 of *Handbook of Social Economics*, pp. 417–480. North-Holland.
- Hainmueller, J. and D. J. Hopkins (2014). Public Attitudes Toward Immigration. *Annual review of political science* 17.
- Halla, M., A. F. Wagner, and J. Zweimüller (2017). Immigration and voting for the far right. *Journal of the European Economic Association* 15(6), 1341–1385.
- Hangartner, D., E. Dinas, M. Marbach, K. Matakos, and D. Xefteris (2019). Does Exposure to the Refugee Crisis Make Natives More Hostile? *American Political Science Review* 113(2), 442–455.
- Putnam, R. D. (1993). *Making Democracy Work*. Princeton University Press.

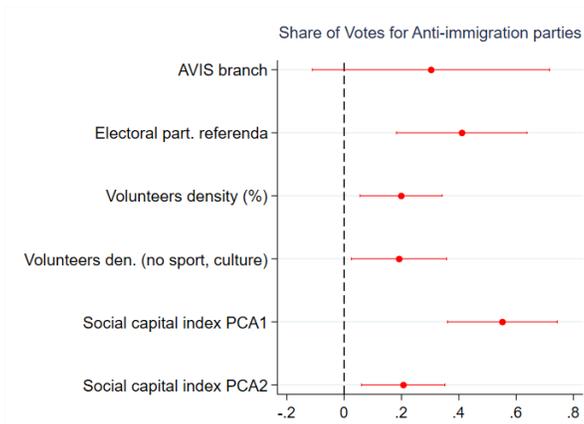
Figures and Tables

Figure 1: Response to refugee exposure and economic drivers



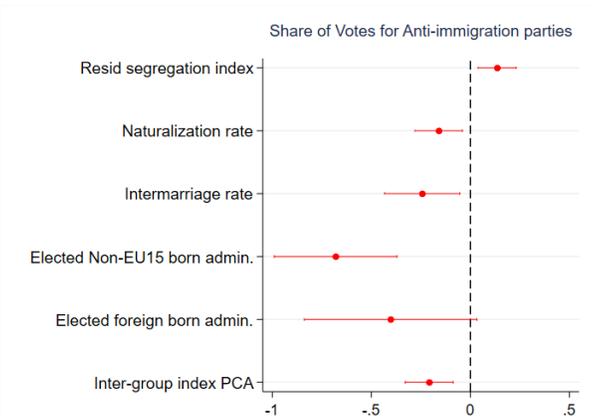
Notes: This figure shows the estimated effect on vote share for anti-immigration parties of refugee exposure interacted with local economic characteristics. The graph plot the estimated coefficients and associated confidence intervals, based on standard errors clustered at the province level. Regressions include municipality and time fixed effects.

Figure 2: Response to refugee exposure and social capital drivers



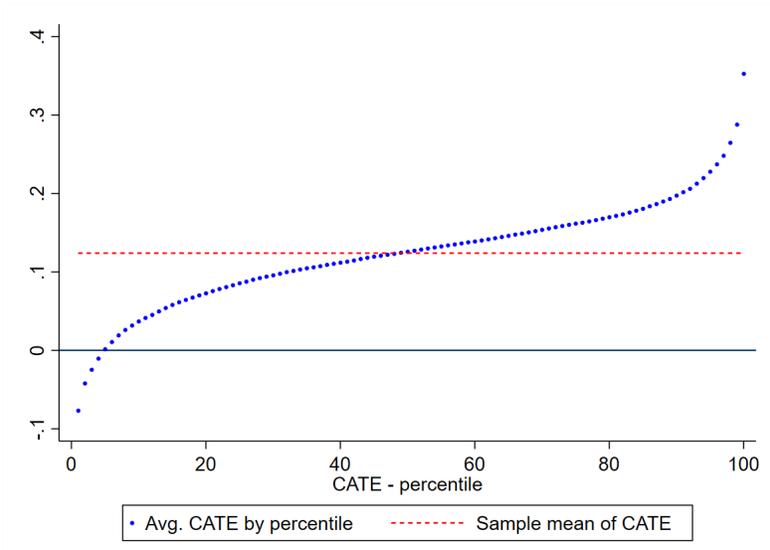
Notes: This figure shows the estimated effect on vote share for anti-immigration parties of refugee exposure interacted with various measures of social capital at the local (municipality) level. The graph plot the estimated coefficients and associated confidence intervals, based on standard errors clustered at the province level. Regressions include municipality and time fixed effects.

Figure 3: Response to refugee exposure and inter-group contact dimensions



Notes: This figure shows the estimated effect on vote share for anti-immigration parties of refugee exposure interacted with various integration measures at the local (municipality) level. The graph plots the estimated coefficients and associated confidence intervals, based on standard errors clustered at the province level. Regressions include municipality and time fixed effects.

Figure 4: Conditional Average Treatment Effects of Refugee Exposure



Notes: This figure shows the average CATE by percentile rank of the distribution.