

“Stop the Invasion!”: Local Labor Markets and Anti-Immigrant Voting ^{*}

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August 2026

Abstract

Why is anti-immigrant voting high where immigrants are scarce? Using municipal data from Lombardy, we document a U-shaped relationship between immigrant presence and the vote share of *Lega Nord*, the region’s main anti-immigration party in 2013. We identify an electoral breakpoint at an immigrant share of 3.35%: the party’s vote share is about 6 percentage points higher immediately below the threshold. We show that this break coincides with a shift from small, weakly specialized labor markets, where natives and immigrants compete for similar jobs, to larger urban markets characterized by occupational differentiation. The native-immigrant income gap absorbs approximately half of the electoral break, while the main observable alternatives do not. A simple model shows how an immigration threshold can activate native skill upgrading, transforming labor-market competition into complementarity and reducing support for anti-immigrant parties.

Keywords: Immigration; anti-immigrant voting; local labor markets; labor-market competition; skill upgrading; tipping points.

JEL codes: D72, J24, J61, R23.

^{*}We are very grateful to Éupolis Lombardia for granting access to the very rich dataset this research is based upon. We thank Henrik Andersson, Andreu Arenas, Davide Cipullo, Tommaso Colussi, Gloria Gennaro, Marco Le Moglie, Francesco Sobbrío, Guido Tabellini, Federico Trombetta, and all participants in the migration workshop at the Università Cattolica del Sacro Cuore in Milan, the seminar at Sose, and the Globalization, Public Opinions and Populism Workshop at Liser for valuable comments. All mistakes are ours.

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1 Introduction

Why do anti-immigrant parties receive substantial electoral support in places where very few immigrants live? A positive association between immigrant presence and anti-immigrant voting is relatively easy to rationalize. Where immigrants are numerous, frequent contact may increase the salience of immigration and raise concerns about security, cultural identity, competition for public services, or labor-market outcomes. The opposite pattern is more puzzling. In many countries, anti-immigrant parties also perform strongly in small towns, rural communities, and economically peripheral areas where immigrants represent only a small fraction of the local population. The relationship between immigrant presence and anti-immigrant voting may therefore be U-shaped: support is high at both low and high immigrant shares and lower at intermediate levels. This paper focuses on the less intuitive left-hand side of this relationship.

The puzzle appears in several political contexts. In France, Marine Le Pen has performed particularly well in rural and peripheral areas with relatively few immigrants, while Emmanuel Macron has received stronger support in large urban centers. Related geographical patterns have accompanied the electoral success of Donald Trump in the United States (Rodrik, 2021), the Brexit vote and support for *UKIP* in the United Kingdom, and the rise of anti-immigration and radical-right parties across continental Europe. Prominent examples include *Lega* and *Fratelli d'Italia* in Italy, *Vox* in Spain, *Alternative für Deutschland* (AfD) in Germany, the *Freiheitliche Partei Österreichs* (FPÖ) in Austria, and *Jobbik Magyarorszáért Mozgalom* and *Fidesz–Magyar Polgári Szövetség* in Hungary. These parties frequently obtain strong support in rural areas and small towns where immigrant shares are comparatively low, whereas large cities tend, on average, to support more traditional or immigration-friendly parties. This pattern is not merely anecdotal. Evidence on the electoral consequences of refugee allocation in Denmark similarly shows that anti-immigrant responses can be stronger outside the largest urban centers (Dustmann et al., 2018), and related work documents how the local economic impact of hosting refugees varies with the characteristics of receiving areas (Batut and Schneider-Strawczynski, 2022). These cases suggest that the political response to immigration depends not only on how many immigrants live in an area, but also on the characteristics of the local economy into which they enter.

Understanding this pattern is particularly important in aging economies that increasingly rely on immigrant labor. Italy, one of Europe's fastest-aging countries, is projected to face a shortage of approximately two million low-skilled workers by 2030, while employers already report substantial difficulties in filling vacancies (Montanino et al., 2023). The

tension between the economic demand for immigrant labor and political opposition to immigration is not new (Boeri et al., 2024). Afonso (2004), for example, documents how Swiss attitudes have alternated between recognition of the need for immigrant labor (Fellini, 2024) and support for restrictive policies. Immigration may raise the wages of highly skilled natives (Beerli et al., 2021) and improve employment outcomes for some native workers (Basten and Siegenthaler, 2019), while anti-immigrant sentiment remains politically salient (Mazzoleni and Pilotti, 2015). The distribution of these gains and losses depends on the technological structure of local production (Brunello et al., 2020b) and on the relative skill composition of natives and immigrants (Gatti et al., 2022).

In this paper, we propose an explanation based on the organization of local labor markets. In a small and weakly specialized economy, employment opportunities are concentrated in a narrow set of predominantly low-skilled occupations. Even if immigrants represent only a small share of the local population, they may compete directly with low-skilled natives for the same jobs. A small immigrant population can therefore generate intense competition for the workers most directly exposed to it. In a larger and more differentiated economy, a broader occupational structure allows natives and immigrants to move into different labor-market segments. Natives are more likely to occupy high-skilled and higher-income positions, while immigrants remain concentrated in low-skilled jobs and services. The two groups consequently become less directly substitutable and may instead be complementary within the local economy (Ottaviano and Peri, 2006; Lewis and Peri, 2015; Moretti, 2010; Moretti and Wilson, 2017).

This difference can also reflect a long-run adjustment process. As immigration contributes to population and market growth, specialization becomes more valuable and the returns to skill acquisition increase. Native workers, or the next generation of natives, may invest in education and move toward different occupations. Consistent with this mechanism, Brunello et al. (2020a) show that young Italians respond to low-skilled immigration by investing more in formal education, while the broader literature documents occupational upgrading in response to immigration (Cattaneo et al., 2015). The need for continuing education and re-skilling is particularly important in aging labor markets (OECD, 2022, 2023). Where immigrant presence remains insufficient to activate this adjustment, natives and immigrants continue to compete directly. Where it becomes sufficiently large, skill upgrading and occupational differentiation can transform competition into complementarity.

We investigate this hypothesis using data from municipalities in Lombardy, Italy’s wealthiest and most populous region. At the time of the 2013 national election, *Lega Nord* was the

principal anti-immigration party competing throughout northern Italy and had a long history of electoral support in Lombardy. Its municipal vote share provides a measure of support for an anti-immigrant party in our empirical setting. The geographical distribution of the vote presents the central puzzle particularly clearly: *Lega Nord* performs strongly in many small municipalities where immigrants account for only a limited share of the population, while its support is often lower in larger urban areas hosting more immigrants.

Our empirical analysis combines electoral and demographic data with the ARCHIMEDE administrative database, processed at Éupolis Lombardia. ARCHIMEDE covers the *universe* of approximately 10 million residents and 4.4 million households living in Lombardy in 2012. It provides information on income, employment, education, age, and gender separately for natives and immigrants. We complement these records with ISTAT data on the economic specialization of local labor areas and with a broad set of municipal demographic, fiscal, and geographical characteristics.

We begin by documenting that the relationship between the municipal share of immigrants and the vote share of *Lega Nord* is U-shaped. We then use structural-break detection methods (Hansen, 2000; Card et al., 2008) to examine whether the left-hand side of this relationship contains an empirically identifiable breakpoint. The procedure identifies a tipping-like change at an immigrant share of 3.35% of the municipal population. Using local regression-discontinuity methods to characterize the break (Calonico et al., 2014, 2018), we estimate that the vote share of *Lega Nord* is approximately 6 percentage points higher in municipalities immediately below the threshold than in municipalities immediately above it.

The estimated threshold is not an externally imposed institutional cutoff. It is an emergent breakpoint detected in the relationship between immigrant shares and electoral outcomes. We therefore do not interpret the local discontinuity as the causal effect of crossing a treatment threshold. Instead, we use regression-discontinuity methods descriptively: first to measure the electoral break and then to determine which characteristics of municipalities change at the same point and account statistically for it.

The evidence indicates that the electoral breakpoint coincides with a change in the organization of local labor markets. Municipalities immediately above the estimated threshold are larger, are more likely to belong to highly specialized urban labor areas, and display wider income and employment gaps between natives and immigrants. These characteristics are jointly consistent with a transition from small and weakly differentiated economies, in which natives and immigrants compete for similar low-skilled jobs, to larger and more specialized economies, in which the two groups occupy different occupational segments. The

native-immigrant income gap provides a summary indicator of these two configurations. When it is included as a covariate in the voting equation, the estimated electoral break declines by approximately 52% and is no longer statistically distinguishable from zero.

We find comparatively less support for the principal observable alternatives. Municipalities immediately below and above the threshold do not display statistically detectable discontinuities in public-good provision and local amenities (Hainmueller and Hiscox, 2010; Card et al., 2012; Cavallé and Ferwerda, 2023), in the observable composition of their immigrant populations (Edo et al., 2019), or in most demographic and geographical characteristics. Short-run changes in native and immigrant populations also evolve smoothly through the threshold. Differential exposure to the Great Recession changes at the breakpoint but does not absorb the electoral discontinuity when included in the voting equation. These findings do not exclude a role for cultural attitudes, public services, residential sorting, or other unobserved factors in determining the overall level of anti-immigrant voting. They indicate that these alternatives do not account for the localized electoral break as closely as local labor-market structure does.

Finally, we develop a simple theoretical model to rationalize the empirical pattern. Immigrants enter the local economy as unskilled workers, while native workers can acquire additional skills by paying a fixed qualification cost (Jinno and Yasuoka, 2022; Schultheiss et al., 2023). When the initial immigrant inflow remains below a critical level, the increase in the return to skill acquisition is insufficient to cover this cost. No native worker upgrades, and unskilled natives continue to compete directly with immigrants. Once immigrant presence exceeds the threshold, some natives find it worthwhile to acquire additional skills. Their upgrading changes relative labor supplies, attracts further immigration, and induces additional re-qualification until the economy reaches a more differentiated long-run equilibrium.

The model therefore generates an immigration threshold separating two labor-market regimes. With heterogeneous qualification costs, a share of the native workers who upgrade, as well as the original skilled workers, may benefit from immigration. A smaller fraction of the native population then experiences immigration exclusively as direct competition, reducing the material basis for anti-immigrant voting. The model does not determine the numerical value of the empirical threshold or explain why anti-immigrant voting may rise again at very high immigrant shares. It shows why the labor-market and political response to immigration can change regime as immigrant presence moves from low to intermediate levels.

Our findings have implications for the interaction between immigration and labor-market policies. If direct competition for low-skilled jobs contributes to anti-immigrant sentiment,

settlement policies should take into account the productive structure and adjustment capacity of receiving labor markets. At the same time, vocational training, effective job-matching services, and access to expanding occupations can reduce the cost of skill upgrading for native workers most exposed to competition. Such interventions may improve labor-market outcomes while reducing the economic sources of opposition to immigration. Their effectiveness should be evaluated across local economies that differ in size, specialization, and initial skill composition.

The remainder of the paper is organized as follows. Section 2 discusses the related literature and the contributions of the paper. Section 3 presents essential background information. Section 4 describes the data, and Section 5 explains the empirical strategy. Section 6 presents the baseline results, investigates the role of local labor markets, and evaluates alternative explanations and robustness checks. Section 7 develops the conceptual framework and discusses its welfare and political implications. Section 8 concludes.

2 Related Literature and Contribution

Both economics and political science have long been interested in the relationship between immigration and support for anti-immigrant parties. We contribute to this literature by documenting a non-linear relationship between anti-immigrant voting and the local share of immigrants. In the municipalities we study, this relationship is U-shaped: support for an anti-immigrant party is high not only where immigrants represent a relatively large share of the population, but also where they are scarce, while it is lower at intermediate levels. The right-hand side of this relationship can be reconciled with established explanations based, for example, on the salience of immigration, perceived threats to security or identity, and pressure on local services. The left-hand side presents a less intuitive puzzle: why do anti-immigrant parties perform strongly in places where very few immigrants live? Our main contribution is to investigate this part of the relationship.

Our explanation builds on the economic literature studying the effects of immigration on labor-market competition, employment, and wages (Borjas, 1989; Dustmann et al., 2009, 2013, 2017). We argue that the intensity of competition between natives and immigrants depends not only on the number of immigrants, but also on the structure of the local economy in which they work. In small and weakly specialized labor markets, even a limited number of low-skilled immigrants may compete directly with low-skilled natives for a narrow set of similar jobs. As the local population and economy expand, greater specialization can

induce natives to acquire additional skills and move into different occupations. Natives and immigrants then become less directly substitutable and may instead become complementary within the local economy. We show that the decline in anti-immigrant voting from low to intermediate immigrant shares coincides with a change between these two labor-market configurations, and we rationalize this long-run transition through a model of skill upgrading.

Our analysis complements [Barone et al. \(2016\)](#), who study the relationship between the vote share of *Lega Nord* and the share of immigrants using data from Italian municipalities. They use an instrumental-variable strategy to estimate a positive linear causal effect of immigration on the vote share of *Lega Nord*, and show that this effect is driven by municipalities in the middle of the population-size distribution. We depart from the assumption of a linear relationship and show that anti-immigrant voting can be high at both low and high immigrant shares. In the Lombardy municipalities in our sample, we identify a tipping-like change at an empirically estimated threshold. Around this threshold, the decline in the vote share of *Lega Nord* is accompanied by a change in the characteristics of the local labor market: municipalities above the threshold are larger, are more likely to belong to urban areas specialized in services, and display wider employment and income gaps between natives and immigrants. These patterns are consistent with a transition from labor markets in which the two groups compete for similar low-skilled jobs to more differentiated markets in which they occupy different occupational segments.

We also contribute to the literature studying how labor-market competition shapes attitudes toward immigration ([Mayda, 2006](#); [Barone et al., 2016](#); [Edo et al., 2019](#)). Previous work has frequently assessed workers' exposure to competition using education. However, education may capture not only an individual's position in the labor market, but also greater tolerance and stronger preferences for cultural diversity ([Hainmueller and Hiscox, 2007, 2010](#); [Barone et al., 2016](#)). Moreover, equal levels of formal education do not necessarily imply that natives and immigrants compete for the same occupations. Language barriers and the limited recognition of foreign qualifications may prevent immigrants from entering particular professions even when their formal education is comparable to that of natives ([Brücker et al., 2019](#)). We therefore use the native-immigrant income gap as a summary indicator of the extent to which the two groups are located in similar or different segments of the local labor market. A relatively small gap is consistent with natives and immigrants competing for similar jobs, whereas a larger gap is consistent with occupational differentiation. We do not interpret the income gap in isolation: its variation across the estimated threshold is accompanied by changes in the native-immigrant employment gap, urban-service specialization, and munic-

pal population. Among these indicators, however, the income gap is the variable that absorbs the discontinuity in anti-immigrant voting when included in the electoral specification.

Our paper also speaks directly to the political-science literature on the contextual determinants of anti-immigrant attitudes and radical-right voting, which has long studied why opposition to immigration is often strong where immigrants are few (Hopkins, 2010; Maxwell, 2019; Hangartner et al., 2019). A prominent strand of this literature emphasizes cultural and identity-based grievances rather than material competition in the labor market. Other studies find null or even negative effects of immigrant exposure on support for anti-immigrant parties. For example, combining Swedish workplace and precinct-level data, Andersson and Dehdari (2021) find that a higher share of non-European coworkers reduces support for an anti-immigration party. Their result need not contradict our mechanism: contact with immigrant coworkers may reduce prejudice, while the electoral effect of immigration may still depend on whether natives and immigrants compete for the same narrow set of jobs or occupy different segments of the local economy. Our setting allows us to examine this distinction. The observable composition of the immigrant population just below and just above the estimated tipping point does not differ significantly in terms of education, age, or geographical origin (Edo et al., 2019). By contrast, the configuration of the local labor market changes at the threshold, and the native-immigrant income gap absorbs the electoral discontinuity once it is included in the voting equation. In the Lombardy municipalities we study, the evidence therefore provides greater support for a material labor-market interpretation of the electoral break than for explanations based on changes in the observable cultural composition of immigrants.

Our empirical analysis also draws on the tipping-point approach developed by Card et al. (2008), who document tipping-like behavior in the residential choices of white households in US cities. They show that white residents tend to remain in a neighborhood until the minority share reaches a critical threshold, beyond which white population outflows increase sharply. We apply a related structural-break methodology to electoral outcomes. In the European context we study, where residential mobility is more limited, adjustment to immigration may occur through political behavior rather than native population outflows (Ortega and Verdugo, 2022). Using the terminology of Hirschman (1978), immigration may therefore affect *voice* more than *exit* (Schelling, 1971). Consistent with this interpretation, we find no discontinuity at the estimated threshold in the annual change in either the native or the immigrant population. This evidence indicates that the electoral break is not accompanied by a corresponding discontinuity in short-run residential sorting. Instead, natives remain in the

local market and, until occupational differentiation and skill upgrading take place, continue to face competition from immigrant workers (Brunello et al., 2020a; Foged and Peri, 2016; Prantl and Spitz-Oener, 2020).

Finally, we contribute to the literature on the effects of immigration on natives' education and occupational choices. Brunello et al. (2020a) show that immigration induces young natives in Italian provinces to invest more in formal education, while related research studies educational responses to changing labor-market opportunities (Bachlib and Tsankova, 2020). Our theoretical model describes how a similar response can generate a long-run change in the organization of a local labor market. When the local economy is small and the gains from specialization are limited, the cost of acquiring additional skills discourages upgrading and low-skilled natives continue to compete directly with immigrants. As immigration contributes to population and market growth, the returns to specialization increase. If the cost of acquiring skills is sufficiently low, natives invest in education or training and move toward different occupations. This process reduces labor-market substitutability (Borjas, 2003; Manacorda et al., 2012; Peri, 2016; Gentili and Mazzonna, 2024) and can restore complementarity between less-educated immigrants and more-educated natives, with positive effects on natives' wages (Peri and Sparber, 2009; Ottaviano and Peri, 2012; Fusaro and López-Bazo, 2021). Greater skill differentiation may also strengthen natives' bargaining position (Moreno-Galbis and Tritah, 2016; Battisti et al., 2014). The resulting income gap between natives and immigrants is therefore not the mechanism itself, but an observable implication of the transition from a low-skill, high-competition equilibrium to a more specialized local economy.

3 Institutional Background and Setting

We study the relationship between anti-immigrant voting and the local presence of immigrants using data from Lombardy, Italy's largest and wealthiest region. Our main electoral outcome is the municipal vote share obtained by *Lega Nord* in the 2013 national election. Focusing on this election allows us to match electoral outcomes with the detailed labor-market information available for 2012. National elections are also the appropriate setting for our analysis because immigration and labor-market policies in Italy are primarily determined by the national government.

The 2013 election was held to renew both chambers of the Italian Parliament following the end of Mario Monti's government. The electoral system established by Law 270/2005, commonly known as the "Porcellum," was proportional and included a majority premium.

For the Chamber of Deputies, the premium was allocated nationally and guaranteed 55% of the seats to the coalition receiving the largest vote share. For the Senate, seats and the corresponding majority premiums were instead allocated at the regional level. We use the vote share in the election for the Chamber of Deputies as our main outcome and show in Section 6 that the results are robust to using the Senate vote.

At the time of the 2013 election, *Lega Nord* was the principal anti-immigration party competing throughout northern Italy. The party originated as a federation of six autonomist movements representing regions in the north of the country. Its original platform emphasized northern autonomy and opposition to fiscal redistribution toward southern Italy, but anti-immigration positions had also become a prominent component of its political identity well before 2013. Figure A1 provides an example from the party’s 2009 electoral campaign. The party subsequently strengthened its anti-immigration position under Matteo Salvini, who became its leader after the 2013 national election, and later changed its name to *Lega* as part of its transformation from a northern regionalist party into a national radical-right party. Our analysis refers to the earlier *Lega Nord* and uses its municipal vote share as the observable measure of support for an anti-immigrant party in the Lombardy context.

The choice of Lombardy offers substantial variation in both electoral support for *Lega Nord* and the local presence of immigrants. The party received approximately 17% of the regional vote in the 2013 national election and increased its vote share to approximately 32% in 2018. Figure 1 shows that its electoral support in 2013 varied considerably across municipalities. Lombardy contains 1,543 municipalities grouped into 12 provinces. ISTAT also identifies 57 local labor market areas (LLAs), defined as groups of municipalities connected by commuting flows and sharing a common local labor market. The region has more than 10 million inhabitants, and in the period we study immigrants accounted for approximately 12% of its population, well above the Italian average.

Immigrants are distributed very unevenly across the region. As shown in Figure 2, some municipalities host almost no immigrants, whereas in others immigrants account for close to 30% of the municipal population. Comparing the map of immigrant shares in Figure 2 with the map of *Lega Nord*’s vote share in Figure 1 reveals the empirical puzzle that motivates our analysis. Support for *Lega Nord* is strong not only in municipalities with a relatively large immigrant presence, but also in many areas where immigrants represent a very small share of the population. Conversely, several urban municipalities hosting relatively large immigrant populations display lower support for the party. The geographical comparison therefore suggests that the relationship between immigrant presence and anti-immigrant voting is not

monotonic. In Section 6, we examine this relationship directly and show that it follows a U-shaped pattern.

The characteristics of natives and immigrants also differ substantially. Figure 3 shows that immigrants are younger, have lower average incomes and lower employment rates, and are more concentrated in low-skilled occupations than natives. Immigrants are overrepresented in the 0–14 and 15–65 age groups, while very few are older than 65. They also predominantly originate from countries with average incomes below that of Italy. In 2013, the main countries of origin of immigrants living in Lombardy were Romania, accounting for 13.24% of the foreign population, Morocco for 10.02%, Albania for 9.56%, and Egypt for 5.29%. By contrast, immigrants from developed European countries represented only a small fraction of the foreign population.

Taken together, these features make Lombardy a useful setting for studying the puzzle of anti-immigrant voting in places where immigrants are scarce. The region combines substantial cross-municipal variation in immigrant shares with local economies that differ markedly in population size, sectoral specialization, and occupational structure. Immigrants are predominantly of working age and concentrated in low-skilled occupations, but the degree to which they compete with similarly skilled natives depends on the organization of the local labor market. This variation allows us to investigate whether the non-linear electoral pattern suggested by the maps is associated with a transition from small and weakly specialized labor markets to larger and more differentiated local economies. In the empirical analysis, we also examine whether the estimated electoral break is accompanied by changes in the local populations of natives and immigrants, thereby directly assessing the role of residential sorting.

4 Data

Our main source of information on the labor-market conditions of natives and immigrants is the ARCHIMEDE database. We accessed the data at Éupolis Lombardia, the regional research institute that processed the individual records and constructed the municipal-level measures used in our analysis.¹ ARCHIMEDE integrates information from several administrative sources, including social-security records, tax records, chambers of commerce, insurance archives, and the Ministry of Education. Although the data are available only as a cross-section for 2012, they cover the *universe* of residents in Lombardy: approximately

¹We are grateful to Éupolis Lombardia for granting us access to this experimental database.

10 million individuals living in 4.4 million households. The database contains information on income, employment status, education, age, and gender and allows us to distinguish between natives and immigrants. Income is measured using information from the fiscal archives, while employment status follows the official ISTAT classification. We aggregate the individual records at the municipal level and construct separate measures for natives and immigrants. From Éupolis Lombardia, we also obtained information on the number of firms in each municipality. These data allow us to characterize local labor markets and, in particular, to compare the economic positions of natives and immigrants.

Because the ARCHIMEDE data refer to 2012, we match them with the first national election held after that year. We collect the vote share obtained by *Lega Nord* in each Lombardy municipality in the 2013 national election. Electoral results are provided by the Italian Ministry of the Interior and cover elections for both the Chamber of Deputies and the Senate. We use the vote share for the Chamber of Deputies as our main outcome and the Senate vote share for a robustness exercise. We obtain data on the number of foreign residents in each municipality from ISTAT for 2012. The data are drawn from municipal population registers and classify residents according to citizenship. We define the immigrant share as the number of resident foreign citizens divided by the total municipal population. Individuals who have acquired Italian citizenship are therefore classified as natives in our baseline measure.² The ISTAT data also provide information on immigrants' country of citizenship.

We complement these data with information on the demographic and geographical characteristics of each municipality. From the 2011 Population and Housing Census, we obtain total population, the female share of the population, the share of children aged 0–14, the share of residents aged 65 or older, the share of university graduates, and municipal altitude. These variables allow us to assess whether municipalities just below and just above the estimated tipping point differ systematically in their demographic composition or geographical characteristics.

We also collect information on the economic specialization of Lombardy's 57 local labor market areas (LLAs), following [Gianfreda and Vallanti \(2024\)](#). LLAs are functional geographical units formed by contiguous municipalities that are connected through commuting flows and are relatively self-contained in terms of labor demand and supply. Using ISTAT

²Citizenship acquisitions were still relatively limited in Italy during the period considered: ISTAT records 65,383 acquisitions in 2012 ([ISTAT, 2014](#)). Consistent with this limited incidence, reclassifying foreign-born residents who had acquired Italian citizenship as immigrants rather than natives leaves our results unchanged. The additional estimates are available upon request.

information on the predominant economic activity of each LLA in 2012, we construct four mutually exclusive categories: (i) highly specialized urban areas, characterized by a concentration of service-sector activities and high-skilled employment; (ii) tourism-oriented areas; (iii) areas specializing in small-scale industry and agriculture; and (iv) areas specializing in large-scale industry. This classification allows us to examine whether the estimated threshold coincides with a change in the scale and specialization of the relevant local labor market. Finally, we construct a measure of municipalities’ exposure to the economic downturn that followed the global financial and euro-area crises. Using municipal income data from the Italian Ministry of Economy and Finance for 2007–2012, we calculate the change in average income over this period. We then define an indicator equal to one for municipalities whose income growth was above the sample median and which were therefore relatively less affected by the recession.

Our final sample contains 1,500 of Lombardy’s 1,543 municipalities. We first exclude 26 municipalities for which information on the immigrant share is unavailable. We then drop 16 municipalities with reported average annual income per capita below the first percentile of the distribution, corresponding to EUR 9,412. These municipalities are located along the Swiss border and contain a large number of residents who work in Switzerland. Because part of their income is earned and taxed abroad, the income recorded in the Italian fiscal archives provides an incomplete measure of their residents’ actual economic resources. Finally, we exclude Campione d’Italia, an Italian exclave surrounded by Swiss territory, whose institutional and economic characteristics make it difficult to compare with other Lombardy municipalities.

5 Empirical strategy

Motivated by the geographical patterns in Figures 1–2, our empirical analysis begins from the hypothesis that the relationship between anti-immigrant voting and the local share of immigrants is non-monotonic. Specifically, anti-immigrant voting may be high at both low and high immigrant shares and lower at intermediate levels. Our primary interest lies in the left-hand side of this relationship: the decline in anti-immigrant voting as the immigrant share moves from low to intermediate values.

Drawing on the literature showing that immigration can induce occupational upgrading among natives (Cattaneo et al., 2015; Brunello et al., 2020a), we investigate whether this decline exhibits a tipping-like change around an empirically identifiable threshold. The economic intuition is that, in small and weakly specialized local economies, low-skilled natives

and immigrants compete for a narrow set of similar jobs. As immigration contributes to population and market growth, the returns to specialization increase. Once these returns become sufficiently large relative to the cost of acquiring skills, natives may upgrade and move into different occupations. In the long run, the local labor market can therefore shift from an equilibrium characterized by direct competition between natives and immigrants to one characterized by occupational differentiation and complementarity. The theoretical model in Section 7 shows how this change of regime generates the pattern we investigate.

Our empirical strategy proceeds in two stages. In the first stage, we estimate the location of the electoral breakpoint. Let V_i denote the vote share obtained by *Lega Nord* in the 2013 national election in municipality i , and let s_i denote the municipal share of immigrants in 2012. We treat the vote share of *Lega Nord* as our measure of support for an anti-immigrant party in the Lombardy context. Following the approach proposed by Card et al. (2008), we use a search procedure commonly applied to detect structural breaks. For each candidate value of the immigrant share, we estimate

$$V_i = \alpha_0 + \alpha_1 1[s_i > s^*] + \xi_i. \quad (1)$$

We estimate equation (1) separately for each candidate threshold across the empirical distribution of s_i and select the value that maximizes the R^2 . We denote the resulting estimate by $\hat{s}$. As shown by Hansen (2000), when the threshold model is correctly specified, this search procedure yields a consistent estimate of the structural break. Equation (1) is not intended to describe the full U-shaped relationship between immigrant shares and anti-immigrant voting. Rather, it is a reduced-form search procedure used to locate the most pronounced discrete shift within that relationship.

Two features of $\hat{s}$ are important for the interpretation of the analysis. First, the threshold is not imposed by an institutional rule. It is an *emergent* breakpoint estimated from the observed relationship between immigrant shares and electoral outcomes, in the spirit of Card et al. (2008). Second, neither the existence nor the numerical location of this threshold is assumed to be universal. Its estimated value is specific to the distribution of immigrants and the organization of local labor markets in Lombardy. The more general claim is that a tipping-like change can arise when the expansion of a local economy makes specialization and skill upgrading sufficiently valuable to move natives and immigrants into different occupational segments.

In the second stage, we use the estimated breakpoint $\hat{s}$ as the reference point in a local discontinuity specification. Define the centered running variable as $r_i = s_i - \hat{s}$. We estimate

$$V_i = \beta_0 + \beta_1 r_i + \beta_2 \mathbb{1}[r_i > 0] + \beta_3 r_i \times \mathbb{1}[r_i > 0] + \gamma' X_i + \eta_i, \quad (2)$$

where $\mathbb{1}[r_i > 0]$ is an indicator equal to one for municipalities with an immigrant share above the estimated threshold and X_i is a vector of municipal covariates. The interaction $r_i \times \mathbb{1}[r_i > 0]$ allows the slope of the relationship to differ on the two sides of the breakpoint. The coefficient β_2 measures the discontinuous difference in the vote share of *Lega Nord* between municipalities immediately above and immediately below $\hat{s}$. Our baseline estimate is obtained using a local linear regression on municipalities within the interval $r_i \in [-h, +h]$, where h is selected using the optimal-bandwidth procedures proposed by [Calonico et al. \(2014\)](#) and [Calonico et al. \(2018\)](#). We also examine how the estimated coefficient changes under alternative polynomial specifications and when we use the full municipal sample.

We use equation (2) for three related purposes. First, we estimate the magnitude of the electoral break at $\hat{s}$. This provides a local, descriptive measure of how sharply support for *Lega Nord* changes around the estimated threshold. Second, we replace V_i with the observed economic, demographic, and geographical characteristics of municipality i , while retaining the same estimated threshold and local bandwidth. This exercise allows us to determine which features of municipalities change at the same point as the electoral outcome. Our hypothesis implies that the threshold should coincide with a change in the configuration of the local labor market. We therefore examine the native-immigrant income and employment gaps, the economic specialization of the relevant LLA, the number of firms, and municipal population. We also examine public-good provision, the composition of the immigrant population, migration flows, and other municipal characteristics to assess alternative interpretations.

Third, we re-estimate equation (2) for the vote share of *Lega Nord*, adding the same municipal characteristics as covariates. We ask whether controlling for a characteristic that changes at $\hat{s}$ reduces or absorbs the estimated electoral break. A variable is informative about the mechanism when it satisfies two conditions: it changes at the same estimated threshold as the electoral outcome, and its inclusion in the voting equation substantially reduces β_2 . Conversely, characteristics that evolve smoothly at $\hat{s}$, or that leave the electoral break unchanged when included as controls, receive less support as explanations of the tipping-like pattern. Because these covariates are not exogenously assigned, this exercise does not identify a causal mediation effect. It instead assesses which observable configuration of the local economy accounts statistically for the electoral break.

Our use of regression-discontinuity methods differs from a standard RDD in two respects. In such designs, an externally imposed assignment rule generates a known cutoff. If all other

determinants of the outcome evolve smoothly through that cutoff, the discontinuity can be interpreted as the causal effect of treatment. Neither feature applies here. The threshold $\hat{s}$ is estimated from the electoral data, and crossing it does not assign municipalities to a treatment. We therefore use the RDD machinery descriptively: to characterize the local electoral break and to investigate which municipal characteristics change with it. Accordingly, smoothness of the covariates is not an identifying assumption in our exercise. The discontinuities in those covariates are themselves objects of interest because they characterize the type of local labor market associated with each side of the breakpoint.

The empirical analysis therefore proceeds in three steps. We first document a U-shaped relationship and estimate the location and magnitude of its principal tipping-like change. We then examine whether that electoral change coincides with a transition between two configurations of the local labor market. Finally, we assess whether the variables characterizing that transition absorb the electoral discontinuity and whether competing explanations receive comparable support from the data.

6 Results

6.1 Baseline results

Figure 4 plots the municipal vote share of *Lega Nord* against the local share of immigrants and documents the non-linear relationship that motivates our analysis. The relationship is U-shaped: the vote share of *Lega Nord*—our measure of support for an anti-immigrant party in the Lombardy context—is high both where immigrants represent a small fraction of the municipal population and where their presence is comparatively large, while it is lower at intermediate immigrant shares. This pattern is consistent with the geographical evidence in Figures 1 and 2. In particular, the left-hand side of the relationship confirms the central puzzle of the paper: support for an anti-immigrant party can be high even in municipalities where very few immigrants live.

Applying the structural-break procedure described in Section 5, we estimate a breakpoint at an immigrant share of 3.35% of the municipal population, corresponding to $\hat{s} = 0.0335$. Figure 4 shows a sharp decline in the vote share of *Lega Nord* as the immigrant share moves above this threshold. Equivalently, municipalities immediately below the estimated breakpoint display substantially higher support for the party than municipalities immediately above it. Figure A2 shows a similar pattern when we use the vote share obtained by *Lega Nord* in the 2013 Senate election.

Table 1 quantifies the magnitude of the electoral break using equation (2). Column 1 reports a local linear specification, based on the optimal bandwidth selected using the procedures proposed by Calonico et al. (2014) and Calonico et al. (2018). Column 2 uses a local quadratic specification and its corresponding optimal bandwidth. Columns 3 and 4 use the full sample of municipalities and estimate global linear and quadratic specifications, respectively. The estimated discontinuity is negative in all four specifications and ranges from approximately 5 to 8 percentage points. In the local linear specification, municipalities immediately above the estimated threshold have a *Lega Nord* vote share approximately 6 percentage points lower than municipalities immediately below it. Relative to the mean vote share of 23.7% within the estimation bandwidth, this corresponds to a decline of approximately 25%.

Taken together, Figure 4 and Table 1 establish two results. First, the relationship between the local presence of immigrants and anti-immigrant voting is non-monotonic. Second, its left-hand side contains a large and localized electoral break around an immigrant share of 3.35%. The remainder of the analysis investigates whether this electoral breakpoint coincides with a change in the organization of the local labor market.

6.2 Local labor markets and the electoral breakpoint

We now investigate whether the electoral breakpoint documented in Section 6.1 coincides with a change in the organization of local labor markets. Our interpretation is based on the existence of two different labor-market configurations. In small and weakly specialized local economies, employment opportunities are concentrated in a narrow set of predominantly low-skilled occupations. Even when immigrants represent only a small share of the municipal population, low-skilled natives and immigrants may therefore compete directly for the same jobs. In larger and more differentiated economies, a broader occupational structure allows natives and immigrants to move into different segments of the labor market. Natives are more likely to work in high-skilled and higher-income occupations, while immigrants remain more concentrated in low-skilled jobs and services. The two groups consequently compete less directly and may instead become complementary within the local economy.

In the long run, population growth and the expansion of the local market can contribute to the transition between these two configurations. As the returns to occupational specialization increase, natives—or the next generation of natives—have stronger incentives to acquire additional skills and move into different occupations. This occupational-upgrading process reduces direct competition with low-skilled immigrants and can transform the organization

of the local labor market (Cattaneo et al., 2015). Our hypothesis is that the decline in anti-immigrant voting around the estimated threshold reflects such a transition from a small, weakly specialized labor market to a larger and more differentiated one.

Figure 5 provides initial evidence consistent with this interpretation. The top panel reproduces the baseline local linear estimate reported in Column 1 of Table 1. The bottom panel plots the residuals obtained after regressing the municipal vote share of *Lega Nord* on LLA fixed effects against the municipal share of immigrants. The fixed effects absorb characteristics shared by municipalities within the same LLA, including their broader economic and occupational environment. Once this variation is removed, the electoral break is substantially attenuated and no longer visible. This evidence does not by itself identify a causal mechanism, but it indicates that the breakpoint is closely associated with differences across local labor markets rather than solely with differences across municipalities within the same labor market.

We examine this interpretation more formally in two steps. First, we estimate equation (2) using the observed economic and demographic characteristics of municipalities as dependent variables. This allows us to determine which characteristics change at the same estimated threshold as the electoral outcome. Second, we include these characteristics as covariates in the voting equation and assess whether they reduce or absorb the estimated electoral break. The first exercise identifies the configuration of municipalities on the two sides of the breakpoint; the second identifies which observable features of that configuration accounts statistically for the change in anti-immigrant voting.

The results of the first exercise are shown in Figures 6–9 and Tables 2–5. For each municipal characteristic, we estimate a local linear specification around $\hat{s}$, using the same bandwidth as in the baseline electoral regression. Four findings characterize municipalities immediately above the estimated threshold. First, the difference between the average income of natives and immigrants is larger by approximately EUR 3,700, as reported in Column 1 of Table 2. Second, the difference between the employment rates of natives and immigrants is also larger (Column 3). Third, these municipalities are more likely to belong to highly specialized urban LLAs (Column 4). Fourth, they have larger populations (Column 1 of Table 5).

These findings should be interpreted jointly. They indicate that the electoral breakpoint coincides with a transition between two types of local labor markets. Immediately below the threshold, municipalities tend to be smaller and to belong to less specialized labor markets, while the relatively small native–immigrant income gap is consistent with the two groups oc-

cupying similar segments and competing for similar jobs. Immediately above the threshold, municipalities are larger and more likely to belong to urban, service-oriented labor markets. The wider income and employment gaps are consistent with greater occupational differentiation between natives and immigrants. We therefore interpret the native–immigrant income gap as a summary indicator of these two labor-market configurations, rather than as the mechanism in isolation.

The second exercise examines which of these characteristics accounts statistically for the electoral discontinuity. Tables 6–9 report estimates of equation (2) obtained by adding the municipal characteristics individually to the baseline voting specification. The most informative result appears in Table 6. When the native–immigrant income gap is included, the estimated electoral break declines from -0.060 to -0.029 , a reduction of approximately 52%, and is no longer statistically distinguishable from zero. The coefficient on the income gap is negative, indicating that larger income differences between natives and immigrants are associated with lower vote shares for *Lega Nord*. None of the other characteristics, when introduced individually, produces a comparable reduction in the estimated electoral break.

Table 10 assesses the robustness of this result. Column 2 includes the native–immigrant income gap alone. Column 3 adds the full set of observed municipal characteristics. The coefficient on the income gap remains negative and statistically significant, while the estimated electoral break remains substantially smaller than in the baseline and statistically indistinguishable from zero. Column 4 additionally controls for the average income of natives. This addresses the possibility that municipalities above the threshold simply contain wealthier natives who may be more educated or more favorable toward immigration. The average income of natives is not statistically significant, while the coefficient on the native–immigrant income gap remains negative and significant. The relevant correlate of the electoral break is therefore not the income level of natives in isolation, but the difference in the economic positions occupied by natives and immigrants within the local market.

Finally, Column 5 of Table 10 includes LLA fixed effects. With these fixed effects, both the electoral break and the coefficient on the native–immigrant income gap become statistically indistinguishable from zero. Because the income gap is measured at the municipal level, this result is not mechanical. Rather, it indicates that LLA fixed effects absorb much of the variation associated with the broader structure of the local labor market. This finding is consistent with the evidence in Figure 5: the differences relevant to the electoral break-point largely reflect the economic and occupational environments shared by municipalities belonging to different local labor markets.

Taken together, these results support an interpretation based on local labor-market structure. The breakpoint does not merely separate municipalities with different immigrant shares. It also separates smaller, weakly specialized economies, in which natives and immigrants appear more likely to compete for similar low-skilled jobs, from larger and more differentiated economies, in which the two groups occupy different occupational segments. Among the observed indicators of this transition, the native-immigrant income gap is the variable that absorbs the largest share of the electoral break. Section 6.3 examines whether alternative economic, demographic, fiscal, or compositional explanations receive comparable support from the data.

6.3 Alternative explanations and robustness checks

We now examine whether alternative economic, fiscal, demographic, and compositional factors can account for the electoral breakpoint. We apply the same two-step procedure used in Section 6.2. First, we test whether each potential explanatory variable changes discontinuously at the estimated threshold. Second, we include the variable in the voting equation and assess whether it reduces the estimated electoral break. These exercises do not allow us to exclude every possible alternative mechanism. They indicate whether the observable implications of the principal alternative explanations are present in the data and whether they account statistically for the discontinuity in the vote share of *Lega Nord*.

A first explanation is that immigrants increase local public expenditure, affect municipal taxes, or compete with natives for public services and local amenities. These factors have been identified as potential determinants of attitudes toward immigration (Hainmueller and Hiscox, 2010; Card et al., 2012; Alesina et al., 2021; Cavaillé and Ferwerda, 2023). Table 3 and Figure 7 examine whether the provision and financing of local public services change at the estimated threshold. We find no statistically detectable discontinuities in municipal expenditure on education, social services, or policing, in local taxation, or in transfers received from the central government. We also find no discontinuity in the number of students per class or in the share of foreign students. Consistent with this evidence, Table 7 shows that the estimated electoral break remains similar in magnitude when these variables are included individually in equation (2). Differences in local public services, fiscal pressure, and school composition therefore do not account for the electoral discontinuity.

A second possibility is that the threshold coincides with a change in the composition of the immigrant population. Natives may respond differently to immigrants depending on their education, age, or geographical origin (Edo et al., 2019). Table 4 and Figure 8

show no statistically detectable discontinuities in these characteristics at $\hat{s}$. Moreover, Table 8 shows that controlling for each compositional variable leaves the electoral break largely unchanged. These results do not exclude a role for cultural or identity-based attitudes in explaining the overall level of anti-immigrant voting. They indicate, however, that changes in the observable composition of immigrants do not explain why the vote share of *Lega Nord* drops at the estimated threshold.

Third, we examine whether the electoral break reflects differences in the demographic or geographical composition of municipalities. Table 5 and Figure 9 consider the female share of the population, the share of university graduates, the shares of children and elderly residents, and municipal altitude. With the exception of population size, which is part of the labor-market configuration discussed in Section 6.2, we find no evidence of discontinuous changes in these municipal characteristics. Table 9 further shows that including them individually as controls does not absorb the electoral discontinuity.

A fourth explanation concerns residential sorting. The observed relationship could arise if immigrants systematically move toward municipalities in which natives are less hostile to immigration or if natives leave municipalities as the immigrant share increases (Card et al., 2008). To investigate short-run population movements, we calculate the annual changes in the municipal shares of natives and immigrants in 2012. Columns 9 and 10 of Table 2 show no statistically detectable discontinuity in either measure at the estimated threshold. Table 6 also shows that including these annual changes in the voting equation does not substantially alter the electoral break. This evidence does not exclude residential sorting over longer periods, but it indicates that the tipping-like electoral pattern is not accompanied by a corresponding discontinuity in short-run native or immigrant population changes.

Fifth, the breakpoint may reflect differences in exposure to the economic downturn following the global financial and euro-area crises. We measure exposure using an indicator equal to one for municipalities with above-median income growth between 2007 and 2012. Column 8 of Table 2 shows that municipalities immediately above the estimated threshold were less severely affected by the recession. The local impact of the recession therefore changes at the breakpoint and represents a relevant competing explanation. However, Table 6 shows that including this measure in the voting equation leaves the estimated electoral discontinuity largely unchanged. Differential exposure to the recession is consequently correlated with the two sides of the threshold but does not account statistically for the electoral break.

Finally, we conduct a descriptive placebo exercise to assess whether the estimated discontinuity is concentrated around $\hat{s}$. We re-estimate equation (2) at 1,000 alternative thresholds,

using 500 candidate values below and 500 above the estimated breakpoint. Figures A3 and A4 report the cumulative distributions of the resulting t -statistics. The discontinuity estimated at $\hat{s}$ is larger than those obtained at the alternative candidate thresholds.

This exercise must be interpreted cautiously. Because $\hat{s}$ is selected to maximize the fit of the structural-break model in equation (1), finding the largest discontinuity near that value is partly mechanical. The placebo exercise is therefore not an independent test of the statistical significance or causal validity of the electoral break. Its more limited purpose is to show that the estimated change is localized: discontinuities of comparable magnitude are not repeatedly obtained at other points of the immigrant-share distribution.³

Taken together, the evidence provides comparatively less support for explanations based on local public services, fiscal pressure, the observable composition of immigrants, municipal demographics, short-run residential sorting, or differential exposure to the recession. None of these factors absorbs the electoral break to the same extent as the native–immigrant income gap. Combined with the changes in population size, employment gaps, and urban specialization documented in Section 6.2, these findings support the interpretation that the electoral breakpoint is associated with a change in the organization of the local labor market.

7 So why? A conceptual framework for the tipping point

The empirical analysis documents a U-shaped relationship between anti-immigrant voting and the local share of immigrants. It also identifies, on the left-hand side of this relationship, a sharp decline in the vote share of *Lega Nord* around an estimated immigrant share of 3.35%. This electoral breakpoint coincides with changes in municipal population, urban specialization, and the income and employment gaps between natives and immigrants. These findings suggest a transition between two configurations of the local labor market. This section develops a simple theoretical framework to show why such a transition may occur once the local presence of immigrants exceeds a critical threshold.

The model describes a local economy containing skilled and unskilled native workers. Im-

³We also examine the evolution of the tipping point over time, using data from the national elections held between 1996 and 2018. If our hypothesis is correct, no tipping point should be detectable at the same immigrant share in electoral years in which the overall presence of immigrants was still very limited. Figure 10 shows that the share of immigrants in Lombardy grew from approximately 2% in 1996 to approximately 12% in 2018. Consistent with this expectation, Figure 11 shows that a discontinuity at $\hat{s}$ emerges only once the regional share of immigrants had reached a sufficiently high level, and remains visible in subsequent elections.

migrants enter the economy as unskilled workers, while native workers can acquire additional skills by paying a fixed qualification cost. When the immigrant presence is limited, the return to acquiring skills remains below this cost. No native worker upgrades, and immigrants compete directly with unskilled natives for the same jobs. When the immigrant inflow exceeds a critical level, however, the widening wage differential between skilled and unskilled labor makes skill acquisition worthwhile. Native workers begin to upgrade, increasing occupational differentiation and complementarity within the local economy. Greater complementarity, in turn, attracts additional immigrant labor and reinforces the upgrading process until the economy reaches a new long-run equilibrium.

The framework therefore generates an immigration threshold separating two labor-market regimes. Below the threshold, the economy remains in a low-skill equilibrium characterized by direct competition between unskilled natives and immigrants. Above it, skill upgrading is activated and the economy moves toward an equilibrium with greater immigration, greater specialization, and less direct competition between the two groups. Skill upgrading should be interpreted broadly: in practice, this long-run adjustment may occur through vocational training and occupational mobility among existing workers, as well as through the educational choices of the next generation of natives.

The model is not intended to reproduce the numerical value of the estimated 3.35% breakpoint or to explain the upward-sloping right-hand side of the U-shaped relationship. Its purpose is to establish that the economic response to immigration can change regime at a threshold and to clarify the distributive and political implications of this transition. Below the threshold, unskilled natives lose from immigration and have a stronger material incentive to support an anti-immigrant party. Above it, occupational differentiation allows a larger share of natives to benefit from immigration, providing a rationale for the sharp decline in anti-immigrant voting observed in the data.

7.1 A simple model

Consider an economy with N native workers, who can be either skilled, S , or unskilled, U , with $S + U = N$. The two types of labor are complementary in production, and wages adjust to clear the labor markets. A larger supply of one type of worker therefore reduces the equilibrium wage of that type while increasing the wage of the other type. Assuming a linear specification for simplicity, these relationships can be represented by the following equilibrium wage functions:

$$W^S(U, S) = k^S + aU - bS, \quad (1)$$

$$W^U(U, S) = k^U + dS - eU. \quad (2)$$

$W^S(\cdot)$ and $W^U(\cdot)$ denote the equilibrium wages of skilled and unskilled workers, respectively, while a, b, d, e, k^S , and k^U are positive parameters. We assume that these parameters guarantee $W^S > W^U > 0$ for all admissible values of skilled and unskilled labor. We also assume that $b > a$ and $e > d$, implying that an additional worker of a given type reduces the wage of that type by more than it increases the wage of the other type.

Unskilled native workers can become skilled by investing in education and professional qualifications, but doing so is costly. Specifically, an unskilled native worker i who chooses to become skilled must pay a cost $c^i > 0$. To simplify the analysis, we initially assume that this cost is identical across all native unskilled workers, so that $c^i = c$ for every i . We later consider the more general case of heterogeneous re-qualification costs.

Let $w^{S0} = W^S(U, S)$ and $w^{U0} = W^U(U, S)$ denote the initial equilibrium wages of skilled and unskilled workers. We assume that

$$w^{S0} - w^{U0} < c. \quad (\text{A.1})$$

Assumption A.1 implies that, given the initial skill distribution of the native population, no unskilled native worker finds it worthwhile to become skilled.

The economy is initially closed, but immigrants are subsequently allowed to enter the labor market. We assume that immigrants are unskilled. Alternatively, they may possess skills or qualifications that are not fully recognized or valued in the labor market of the host country. Immigrants have a reservation wage equal to $\underline{w} > 0$. This reservation wage also incorporates the other costs that immigrants must bear to enter the host-country labor market, including transportation and housing costs, and the psychological cost of living in a foreign country.

7.2 Immigration threshold and tipping-point dynamics

Suppose that the native labor market opens to immigration. If $w^{U0} \leq \underline{w}$, no immigrant enters the local economy. We therefore consider the case in which $w^{U0} > \underline{w}$. Immigrants then enter the labor market and increase the supply of unskilled labor. As a result, the wage of unskilled workers falls, while the wage of skilled workers increases because of complementarity

in production. The net benefit of becoming skilled consequently rises. If the cost of upgrading, c , is not too high, some native unskilled workers may choose to re-qualify.

As some unskilled natives become skilled, they leave the pool of unskilled workers and enter the pool of skilled workers. This further changes relative wages and may generate additional rounds of immigration and re-qualification. The process continues until the economy reaches a new equilibrium in which no additional immigrant wishes to enter and no additional native worker wishes to re-qualify.

To study this dynamic process, let $I \geq 0$ denote the number of immigrants who enter the native labor market and let Q denote the number of unskilled native workers who pay the qualification cost and become skilled, with $0 \leq Q \leq U$. Substituting these quantities into equations (1) and (2), the equilibrium wages become:

$$W^S(U - Q + I, S + Q) = k^S + a(U - Q + I) - b(S + Q) = w^{S0} + aI - (a + b)Q \quad (3)$$

and

$$W^U(U - Q + I, S + Q) = k^U + d(S + Q) - e(U - Q + I) = w^{U0} - eI + (d + e)Q \quad (4)$$

Immigrants continue to enter the labor market until the unskilled wage is equal to their reservation wage, $\underline{w}$. Setting equation (4) equal to $\underline{w}$, solving for I , expressing the equation in dynamic terms, and assuming an instantaneous adjustment for simplicity, the motion equation for I can be written as

$$\tilde{I} = \frac{w^{U0} - \underline{w}}{e} + \frac{d + e}{e}Q - I \quad (5)$$

where $\tilde{I}$ is the time derivative of I . Equation (5) implies that, if no native unskilled worker decides to re-qualify, so that $Q = 0$, immigration reaches $I^0 = \frac{w^{U0} - \underline{w}}{e}$ and remains at that level. If some native workers re-qualify, immigration increases further, since $\tilde{I}$ is increasing in Q .

Whether native unskilled workers choose to re-qualify after this initial immigration inflow depends on the qualification cost. If the cost is too high, they remain unskilled. If it is sufficiently low, they invest in upgrading their skills. This intuition is summarized in the following proposition:

Proposition 1. *Suppose that $c \geq c^* \equiv (w^{S0} - w^{U0}) + \frac{a+e}{e}(w^{U0} - \underline{w})$. Then no re-qualification takes place, $Q = 0$, and immigration remains at $I^0 = \frac{w^{U0} - \underline{w}}{e}$.*

Proof. See Appendix A1. □

The condition in Proposition (1) can equivalently be expressed as a threshold in the initial level of immigration. Using the definition of I^0 , we can write $c^* = (w^{S0} - w^{U0}) + (a + e)I^0$. Define $\bar{I} \equiv \frac{c - (w^{S0} - w^{U0})}{a + e}$. Assumption (A.1) guarantees that $\bar{I} > 0$. The condition $c \geq c^*$ is equivalent to $I^0 \leq \bar{I}$. Thus, if the initial immigrant inflow does not exceed $\bar{I}$, it does not generate a sufficiently large increase in the return to skill acquisition, no native worker re-qualifies, and immigration remains at I^0 . Conversely, $c < c^*$ is equivalent to $I^0 > \bar{I}$. Once the initial immigrant inflow exceeds this threshold, re-qualification is activated. The model therefore identifies an immigration threshold separating a regime without skill upgrading from a regime in which immigration triggers re-qualification.

By the previous assumptions, c^* is strictly positive and increasing in both $w^{S0} - w^{U0}$ and $w^{U0} - \underline{w}$. Consider now the case in which $c < c^*$, or equivalently $I^0 > \bar{I}$. Re-qualification by a subset of native unskilled workers takes place up to the point at which the net benefit from becoming skilled equals the qualification cost:

$$W^S(U - Q + I, S + Q) - W^U(U - Q + I, S + Q) = c \quad (6)$$

Substituting equations (3) and (4) into equation (6), solving for Q , and again assuming an instantaneous adjustment, the motion equation for Q can be written as:

$$\tilde{Q} = \frac{w^{S0} - w^{U0} - c}{\Delta} + \frac{a + e}{\Delta} I - Q \quad (7)$$

where $\tilde{Q}$ is the time derivative of Q and $\Delta = a + b + d + e$.

By Assumption (A.1), the first term on the right-hand side of equation (7) is negative. However, because Q is constrained to be non-negative and skilled workers are not allowed to become unskilled, Q is set equal to zero whenever equation (7) would imply a negative level of re-qualification.

Equations (5) and (7), together with the initial conditions $I = Q = 0$, form a system of differential equations. The relevant question is whether this system converges to a stable steady-state equilibrium. Consider the following:

Proposition 2. *Suppose that $c < c^*$. Then the system of differential equations (5) and (7) converges to a unique stable equilibrium.*

Proof. See Appendix A1. □

To characterize the steady state, impose $\tilde{I} = \tilde{Q} = 0$ in equations (5) and (7) and solve the resulting system. For an interior equilibrium, we obtain⁴:

$$\begin{aligned} Q^* &= \frac{e}{be - ad}(c^* - c), \\ I^* &= \frac{w^{U0} - \underline{w}}{e} + \frac{d + e}{be - ad}(c^* - c). \end{aligned} \tag{8}$$

The assumptions $e > d$ and $b > a$ guarantee that $be - ad > 0$. Moreover, $I^* > Q^*$. In the equilibrium with re-qualification, the share of skilled workers in the native population is therefore higher than their share in the total working population, which also includes unskilled immigrants.

Differentiating equation (8), while taking into account the dependence of c^* on a and e , shows that both Q^* and I^* are decreasing in e and b and increasing in a and d . The effects of opening the economy on immigration and re-qualification are therefore larger when the cross-effects generated by complementarity in production are stronger and the own-wage effects are weaker. From the definition of c^* , both Q^* and I^* are also increasing in $w^{S0} - w^{U0}$ and $w^{U0} - \underline{w}$.

7.3 Welfare effects

The welfare effects of immigration on native workers depend on whether skill upgrading takes place. Consider first the case in which $c \geq c^*$. In this case, no native worker re-qualifies, so that $Q = 0$. Skilled native workers are better off because immigration raises their wage through complementarity in production. Unskilled native workers are instead worse off, since immigration reduces their wage from w^{U0} to $\underline{w}$.

Consider now the case in which $c < c^*$, so that re-qualification takes place. Substituting equation (8) into equations (3) and (4), we obtain $W^S(U - Q^* + I^*, S + Q^*) = w^{S*} = c + \underline{w}$. The equilibrium skilled wage w^{S*} is lower than the wage that skilled workers would receive in the equilibrium without re-qualification. When $Q = 0$, incumbent skilled workers do not face the additional competition generated by native unskilled workers who become skilled.

The equilibrium skilled wage w^{S*} may also be either higher or lower than the initial skilled wage w^{S0} . To see this, rewrite the previous expression as $w^{S*} = (c + w^{U0}) - (w^{U0} - \underline{w})$. By Assumption (A.1), the first term, $c + w^{U0}$, is larger than w^{S0} . The comparison between w^{S*} and w^{S0} therefore depends on the difference between the initial unskilled wage and the

⁴This expression assumes that $Q^* < U$. Otherwise, the unique equilibrium is characterized by $Q^* = U$ and $I^* = \frac{w^{U0} - \underline{w}}{e} + \frac{d+e}{e}U$.

immigrants' reservation wage. If $w^{U0} - \underline{w}$ is sufficiently small, then $w^{S*} > w^{S0}$; otherwise, $w^{S*} < w^{S0}$.

Under the assumption that every unskilled native faces the same qualification cost c , unskilled natives are always worse off as a result of immigration. A worker who remains unskilled receives $\underline{w} < w^{U0}$. A worker who re-qualifies receives the skilled wage but pays the qualification cost, obtaining the same net income $w^{S*} - c = \underline{w} < w^{U0}$.

This result is driven by the simplifying assumption that qualification costs are identical across native unskilled workers. Consider instead the more realistic case in which these costs are heterogeneous. Let c^i denote the qualification cost faced by native unskilled worker i , and assume that c^i follows a distribution $F(\cdot)$ with support $[\underline{c}, \bar{c}]$. We maintain the assumption that $w^{S0} - w^{U0} < \underline{c}$, so that no unskilled native worker chooses to re-qualify when the economy is closed.

Once the economy opens to immigration, suppose that an interior equilibrium exists and let $\hat{c}$ denote the qualification cost of the marginal native worker who is indifferent between re-qualifying and remaining unskilled. All native unskilled workers with $\underline{c} \leq c^i \leq \hat{c}$ choose to re-qualify, while those with $\hat{c} < c^i \leq \bar{c}$ remain unskilled. The marginal worker must receive the same net income from either choice. Since the wage of an unskilled worker is $\underline{w}$, the equilibrium skilled wage must satisfy $w^{S*} - \hat{c} = \underline{w}$, or equivalently, $w^{S*} = \hat{c} + \underline{w}$.

Inframarginal workers who choose to re-qualify obtain a net income equal to $w^{S*} - c^i = \hat{c} - c^i + \underline{w} > \underline{w}$. Unlike the marginal worker, these workers receive a strictly positive return from re-qualification. Some may also earn more than they did in the initial closed economy, even after paying the qualification cost.

To see this, consider the worker with the lowest qualification cost, $\underline{c}$. This worker is better off than in the initial equilibrium if $\hat{c} - \underline{c} + \underline{w} > w^{U0}$, which can be written as $\hat{c} - w^{U0} + \underline{w} > \underline{c}$. Since $\underline{c} > w^{S0} - w^{U0}$, a sufficient condition is $\hat{c} + \underline{w} > w^{S0}$.

Thus, if the equilibrium skilled wage exceeds the initial skilled wage, the original skilled workers benefit from immigration and a subset of the original unskilled workers with sufficiently low qualification costs may also be better off after re-qualifying. More generally, if $\hat{c} - \underline{c} > w^{U0} - \underline{w}$, both the original skilled workers and a positive share of the original unskilled workers who choose to re-qualify are better off as a result of immigration.

7.4 Political preferences and empirical interpretation

The model has direct implications for political preferences toward immigration. To connect its distributional effects to voting behavior, we adopt the natural interpretation that native

workers who lose from immigration are more likely to support a party proposing to restrict it, while workers who benefit from immigration have weaker incentives to support such a party.

Consider first the regime in which $c \geq c^*$, or equivalently $I^0 \leq \bar{I}$. Immigration remains limited and no native unskilled worker re-qualifies. Skilled native workers benefit from the complementarity with immigrant labor, while unskilled natives face direct competition and experience a decline in their wage. Although immigrants remain relatively few, their effect is concentrated on the native workers competing for the same set of low-skilled jobs. These workers therefore have a material incentive to support an anti-immigration party.

Consider instead the regime in which $c < c^*$, or equivalently $I^0 > \bar{I}$. Once the initial immigrant inflow exceeds the threshold, some unskilled native workers re-qualify. Their re-qualification changes relative labor supplies, attracts additional immigrants, and induces further skill upgrading until the economy reaches the new steady-state equilibrium characterized by $Q^* > 0$ and $I^* > I^0$. In this equilibrium, the native population contains a larger share of skilled workers, and natives and immigrants are more differentiated in their labor-market positions.

As shown in Section 7.3, when qualification costs are heterogeneous, inframarginal native workers obtain a positive return from upgrading. Under the conditions identified above, the original skilled workers and a share of the original unskilled workers who re-qualify may both be better off as a result of immigration. Compared with the regime without upgrading, a smaller share of the native population therefore experiences immigration exclusively as direct labor-market competition. This reduces the material basis for supporting an anti-immigration party.

The model thus describes two long-run political-economic regimes. Below the immigration threshold, the local economy remains weakly specialized, immigrants and unskilled natives compete for similar jobs, and anti-immigrant voting is relatively attractive. Above the threshold, skill upgrading and occupational differentiation reduce direct competition, allowing a larger share of natives to benefit from complementarity with immigrant labor. Anti-immigrant support may consequently decline even though the number of immigrants is larger.

The model also predicts that local economies in which native workers are initially more skilled, or in which the cost of acquiring additional skills is lower, are more likely to reach the equilibrium characterized by greater immigration and occupational differentiation. Such economies should therefore display both a larger immigrant presence and lower support for an anti-immigration party than otherwise comparable economies in which upgrading remains

too costly.

This prediction is consistent with the empirical differences observed around the estimated breakpoint. Municipalities immediately below $\hat{s}$ tend to be smaller and to belong to less specialized local labor markets. The relatively small income gap between natives and immigrants is consistent with the two groups occupying similar labor-market segments and competing for similar jobs. Municipalities immediately above $\hat{s}$ are larger, are more likely to belong to highly specialized urban LLAs, and display wider income and employment gaps between natives and immigrants. These characteristics are consistent with greater occupational differentiation and reduced direct substitutability.

The theoretical immigration threshold can be expressed as a share of the working population by defining $\bar{s} = \frac{\bar{I}}{N+\bar{I}}$. The theoretical threshold $\bar{s}$ and the empirically estimated breakpoint $\hat{s}$ should not be interpreted as numerically identical objects. The model abstracts from non-working residents and from many institutional and economic characteristics that affect the organization of actual local labor markets. Rather, $\bar{s}$ establishes that the labor-market response to immigration can change once immigrant presence exceeds a critical level. The estimated $\hat{s} = 0.0335$ identifies the point in the Lombardy data at which the electoral outcome and the observable configuration of local labor markets exhibit a corresponding change.

The native–immigrant income gap provides the closest empirical link between the two regimes. In the model, skill upgrading increases the differentiation between the economic positions of natives and immigrants. In the data, the income gap widens at $\hat{s}$, and controlling for it absorbs approximately half of the electoral break. The income gap is therefore not itself the theoretical threshold or the causal mechanism. It is an observable implication of the transition from direct labor-market competition to occupational differentiation and complementarity.

The framework consequently provides an economic interpretation of the left-hand side of the U-shaped relationship documented in the empirical analysis. It explains why anti-immigrant voting may be high where immigrants are scarce and why that support may fall once immigrant presence becomes sufficient to activate specialization and skill upgrading. As emphasized above, the model does not seek to explain why anti-immigrant voting may rise again at very high immigrant shares, where other mechanisms may become dominant.

8 Conclusions

This paper investigates why anti-immigrant parties receive substantial electoral support in places where immigrants represent only a small share of the local population (Rodrik, 2021; Lewis and Peri, 2015). Using data from municipalities in Lombardy, Italy’s wealthiest and most populous region, we first document a U-shaped relationship between the local share of immigrants and the vote share of *Lega Nord*, the principal anti-immigration party in the context we study. Support for the party is high both where immigrants are scarce and where their presence is comparatively large, while it is lower at intermediate immigrant shares. Applying structural-break detection methods (Hansen, 2000; Card et al., 2008) and local regression-discontinuity methods (Card et al., 2008; Calonico et al., 2014, 2018), we identify a tipping-like electoral change around an immigrant share of 3.35% of the municipal population. In our preferred local specification, the vote share of *Lega Nord* is approximately 6 percentage points higher immediately below this estimated threshold than immediately above it.

We then examine which characteristics of municipalities change at the same threshold and which of them account statistically for the electoral break. The evidence points to a change in the organization of local labor markets. Municipalities immediately below the threshold tend to be smaller and to belong to less specialized local economies, in which low-skilled natives and immigrants appear more likely to compete for similar jobs. Municipalities immediately above the threshold are larger, are more likely to belong to highly specialized urban labor markets, and display wider income and employment gaps between natives and immigrants. These patterns are consistent with greater occupational differentiation and complementarity (Cattaneo et al., 2015). Among the observed indicators of this transition, the native–immigrant income gap is the variable that absorbs the largest share of the electoral discontinuity. When it is included in the voting equation, the estimated break declines by approximately 52% and is no longer statistically distinguishable from zero.

We find comparatively less support for alternative explanations based on the observable composition of the immigrant population (Edo et al., 2019), municipal public-good provision and local amenities (Hainmueller and Hiscox, 2010; Card et al., 2012; Cavaillé and Ferwerda, 2023), demographic characteristics, short-run residential sorting, or differential exposure to the Great Recession. These results do not exclude a role for cultural concerns, public services, or other unobserved factors in shaping the overall level of anti-immigrant voting. They indicate that these observable alternatives do not account for the localized electoral break as closely as the configuration of the local labor market does.

The conceptual framework rationalizes this interpretation. When the initial presence of immigrants remains below a critical level, the increase in the return to skill acquisition is insufficient to cover its fixed cost. Native unskilled workers do not re-qualify and continue to compete directly with immigrants. When immigrant presence exceeds the threshold, some natives find it worthwhile to acquire additional skills. This initiates a process of further immigration and skill upgrading that leads to a more differentiated long-run equilibrium. With heterogeneous qualification costs, the original skilled workers and a share of the unskilled workers who re-qualify may benefit from immigration. A smaller share of the native population then experiences immigration exclusively as direct labor-market competition, reducing the material basis for support for an anti-immigration party. The model does not determine the numerical value of the empirical threshold; it shows why immigration can generate different labor-market and political responses below and above a locally specific critical level.

These findings have implications for the interaction between immigration and local labor-market policies. If competition for a narrow set of low-skilled jobs contributes to anti-immigrant sentiment ([Borjas, 1989](#); [Dustmann et al., 2009, 2017, 2018](#)), immigration policies should take into account the productive structure and adjustment capacity of receiving labor markets. Large and differentiated urban economies may be better able to absorb immigrant workers without generating direct competition with similarly skilled natives. In line with the argument developed by [Dustmann et al. \(2018\)](#) for refugees, settlement in areas offering a broader range of employment opportunities may reduce conflict with native workers. This implication should not be read as a general prescription to concentrate immigrants in cities, but as evidence that settlement policies cannot be designed independently of local labor-market conditions.

A complementary strategy is to reduce the cost of skill acquisition for native workers who are most exposed to competition from immigrants. Affordable vocational training, effective recruitment and job-matching services, and access to expanding occupations may facilitate occupational upgrading ([Schultheiss et al., 2023](#)). Such policies can improve native workers' labor-market opportunities while also reducing the economic sources of opposition to immigration. Their effectiveness is likely to depend on the scale, sectoral composition, and existing skill structure of the local economy and should therefore be evaluated in different territorial settings.

The numerical threshold estimated in this paper is specific to Lombardy and to the period we study. The broader mechanism may nevertheless apply to other settings in which anti-immigrant voting is strong in small or economically left-behind communities with relatively

few immigrants. A large literature already shows that immigration and local economic scale reshape occupational specialization and the allocation of workers across local labor markets (Lewis and Peri, 2015; Moretti, 2010; Moretti and Wilson, 2017; Cattaneo et al., 2015). The open question is whether these well-established adjustment mechanisms also explain the non-linear relationship between immigrant presence and anti-immigrant voting across other regions and countries.

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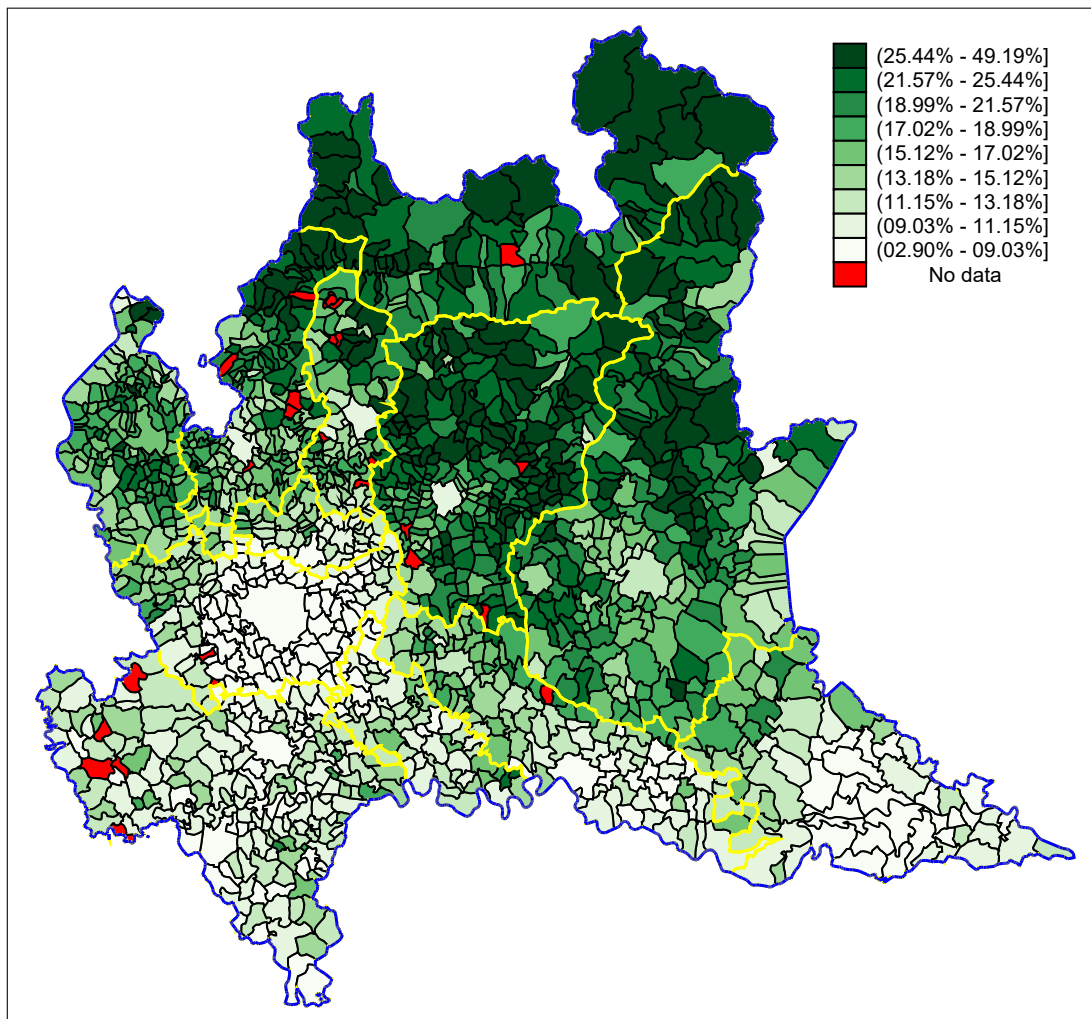
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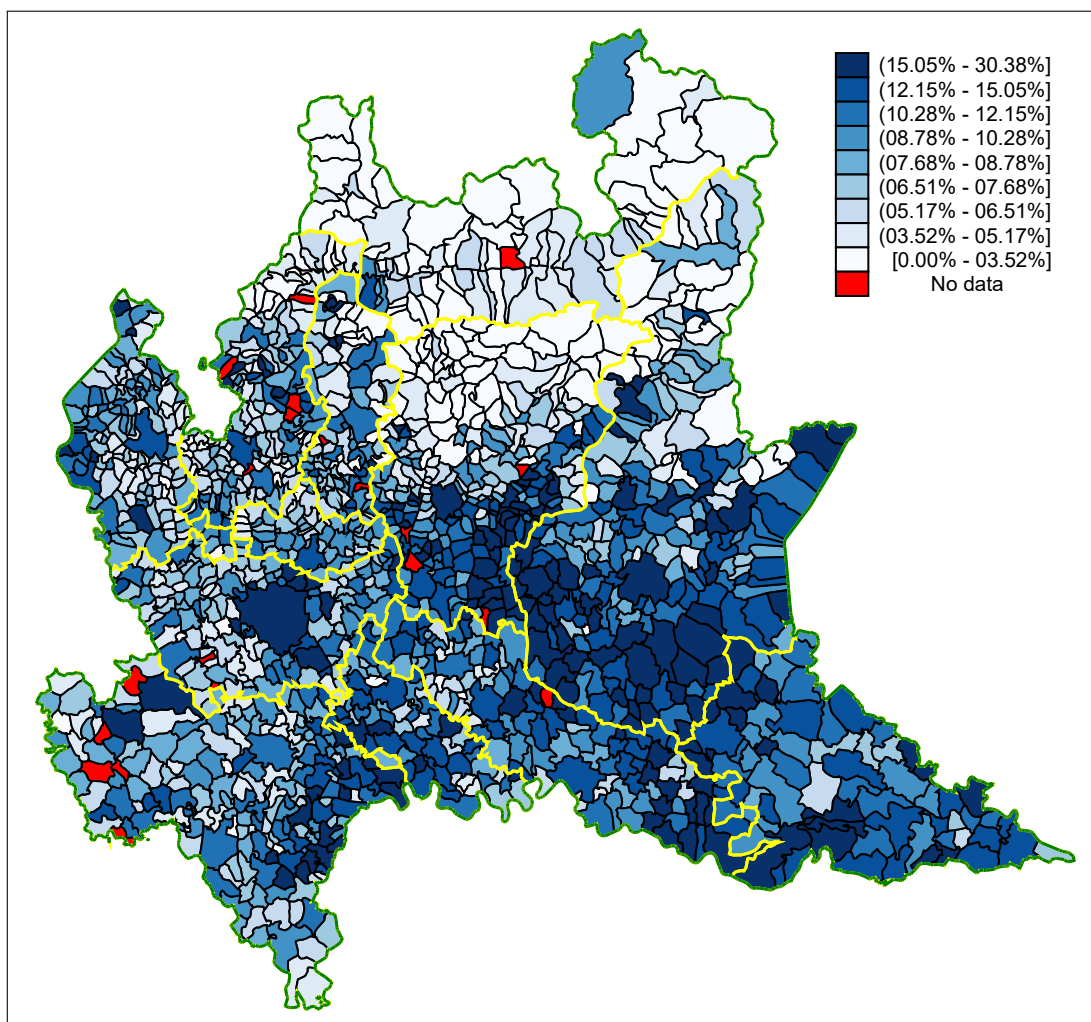
Tables and Figures

Figure 1: Votes share LEGA NORD at 2013 national elections



Notes. Source: Italian Home Office.

Figure 2: Share of immigrants by municipality



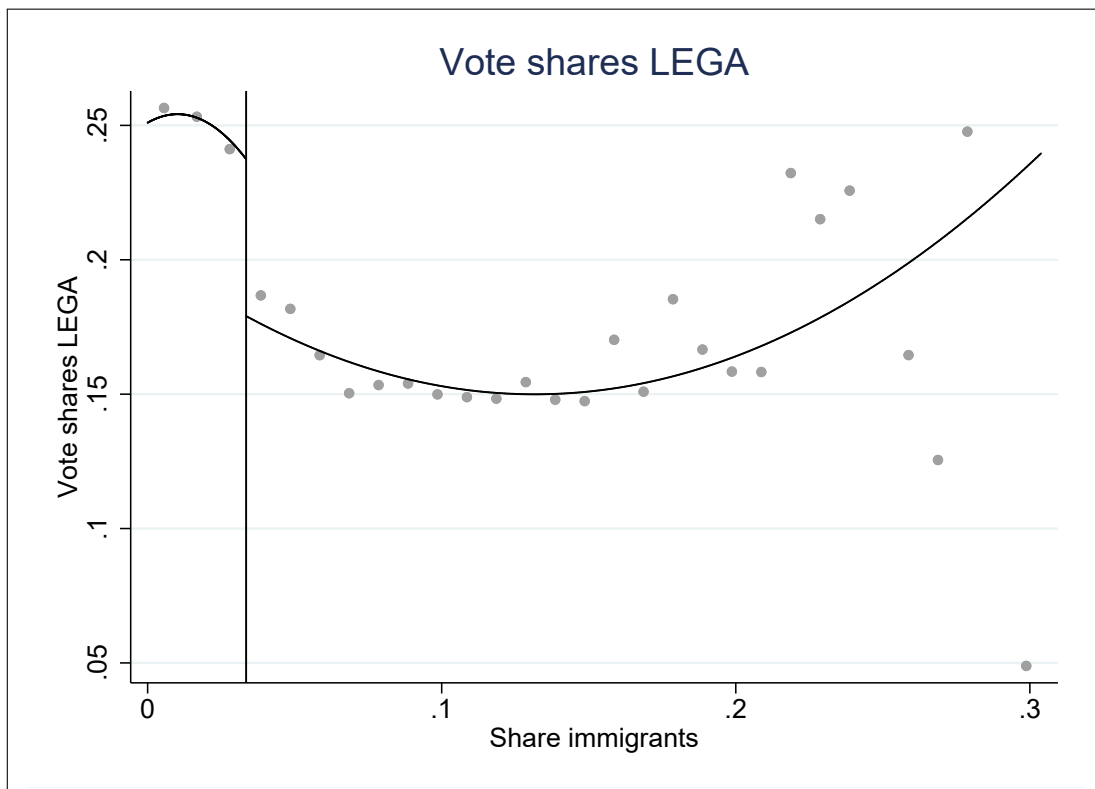
Notes. Source: Italian Statistical Office (ISTAT).

Figure 3: Characteristics natives vs. immigrants



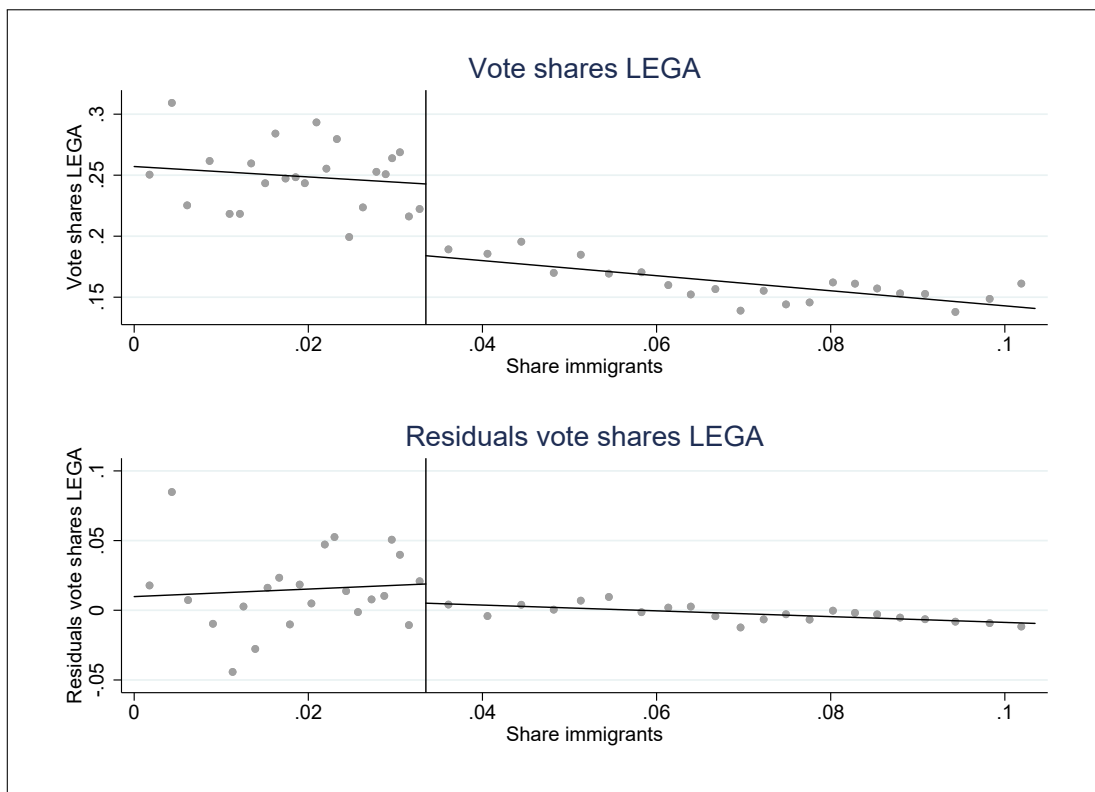
Notes. Source: ARCHIMEDE database, Éupolis Lombardia.

Figure 4: Tipping point: votes share for LEGA and share of immigrants



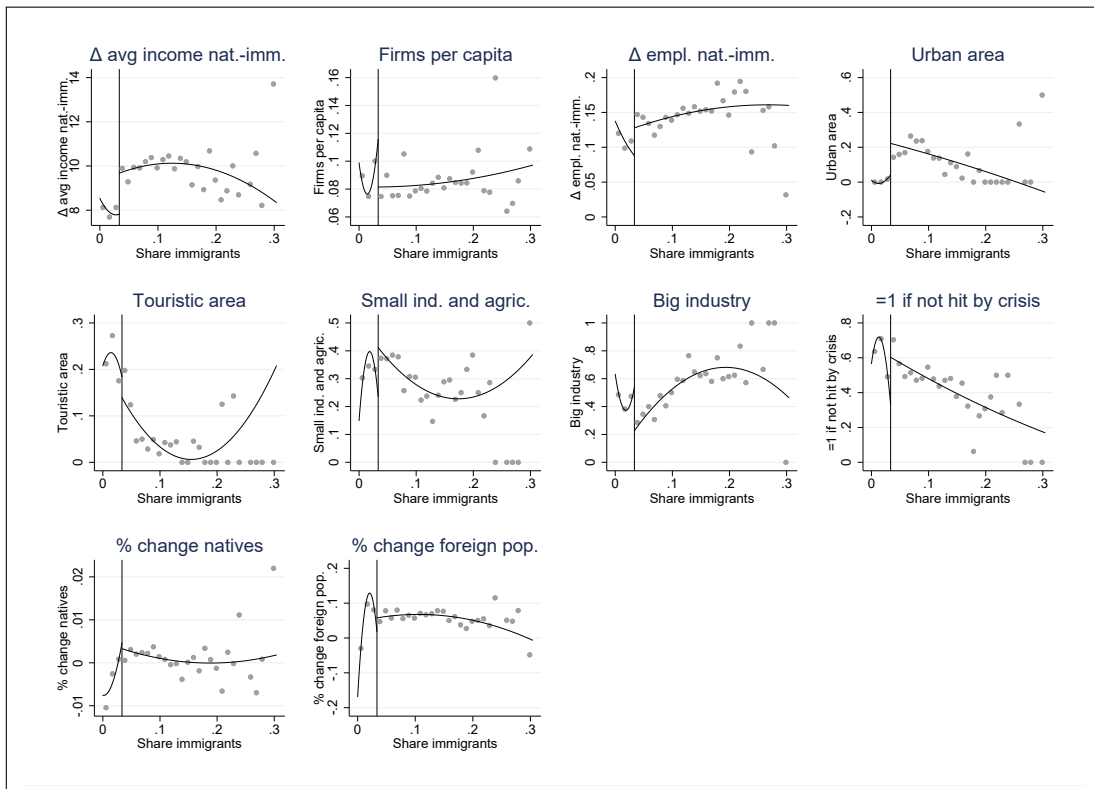
Notes. The dependent variable is equal to votes share of Lega Nord at the 2013 national elections. The central line is a spline 2th-order polynomial in the share of immigrants. The threshold corresponds to a share of immigrants equal to 0.0335.

Figure 5: Tipping point: votes share for LEGA and share of immigrants
Controlling for local labour areas FE



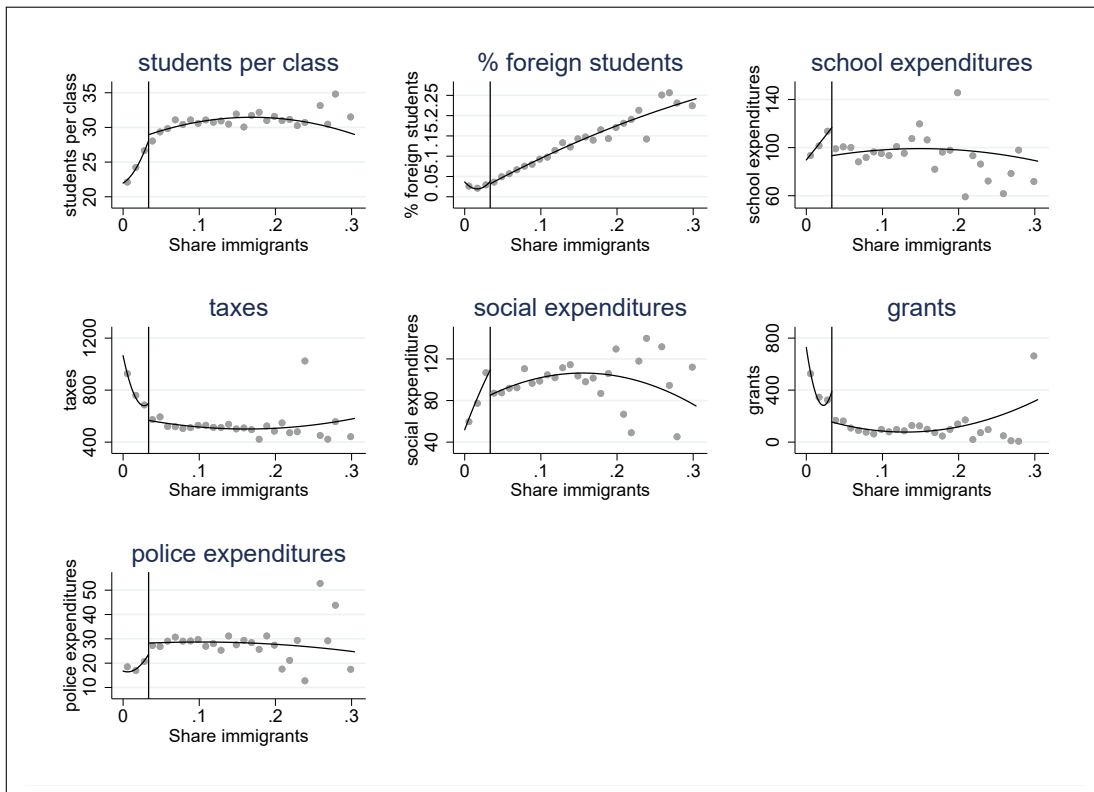
Notes. The dependent variable is equal to the vote shares of Lega Nord at the 2013 national elections in the top graph, and the residuals obtained after regressing the vote shares of Lega Nord on local labour area fixed effects in the bottom graph. The central line in the two graphs is a spline 1st-order polynomial in the share of immigrants. The threshold corresponds to a share of immigrants equal to 0.0335.

Figure 6: Tipping point: economic measures



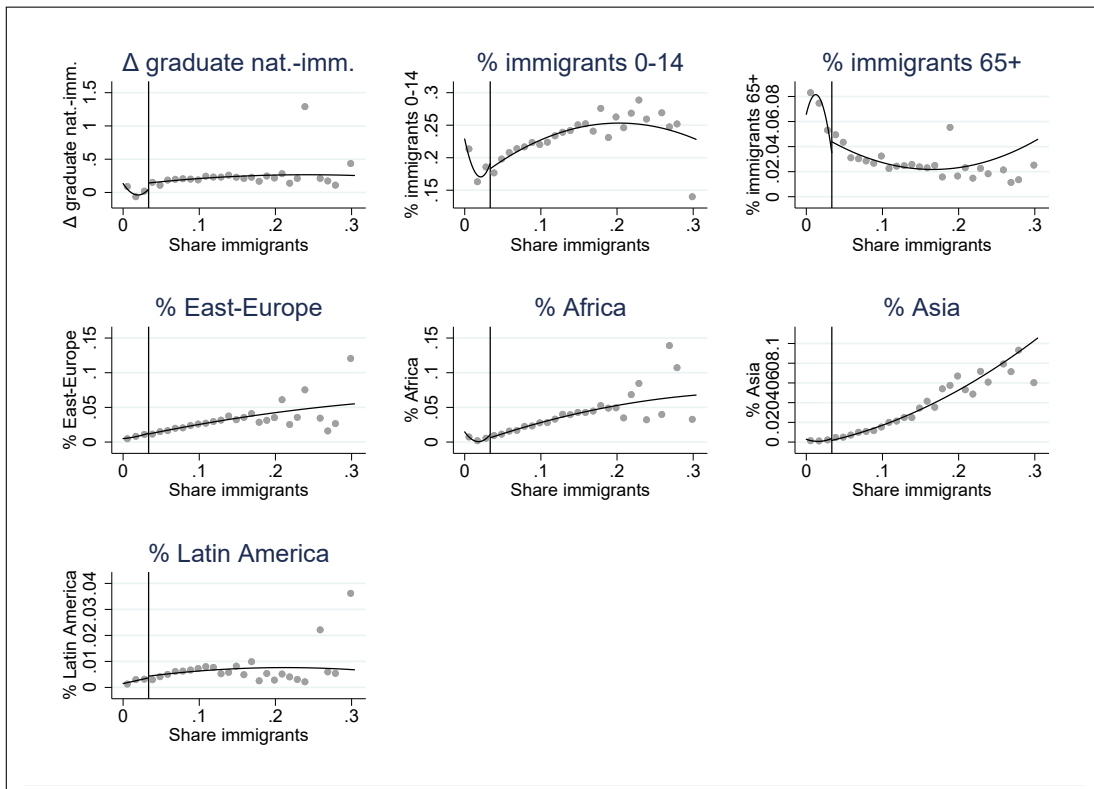
Notes. The dependent variables are different economic measures at municipal level. The central line is a spline 2th-order polynomial in the share of immigrants. The threshold corresponds to a share of immigrants equal to 0.0335.

Figure 7: Tipping point: public goods



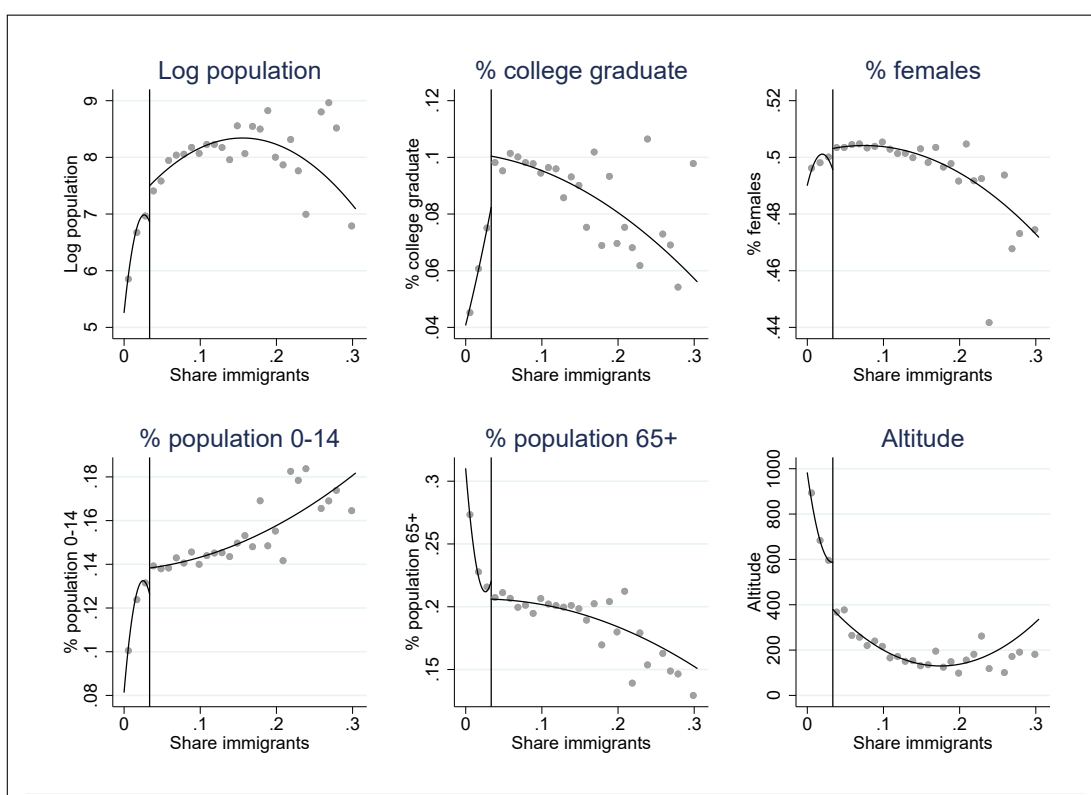
Notes. The dependent variables are measures for public goods at municipal level. The central line is a spline 2th-order polynomial in the share of immigrants. The threshold corresponds to a share of immigrants equal to 0.0335.

Figure 8: Tipping point: composition foreign population



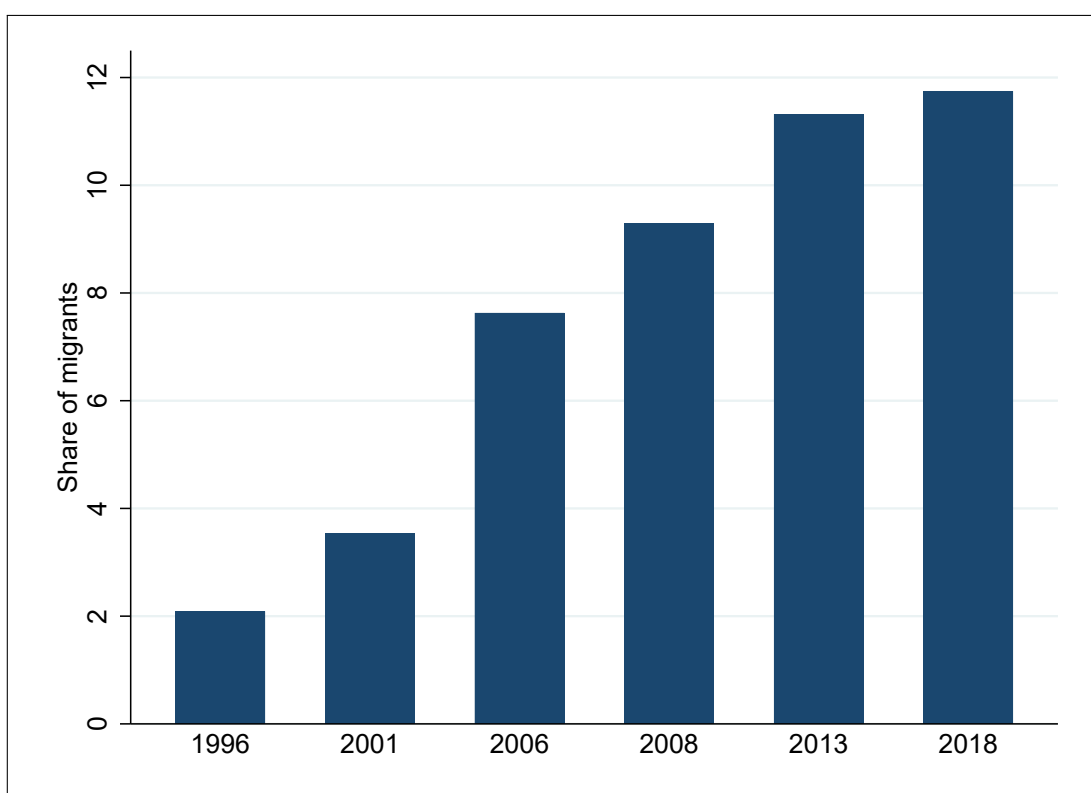
Notes. The dependent variables are measures for the composition of the foreign population at municipal level. The central line is a spline 2th-order polynomial in the share of immigrants. The threshold corresponds to a share of immigrants equal to 0.0335.

Figure 9: Tipping point: other municipal characteristics



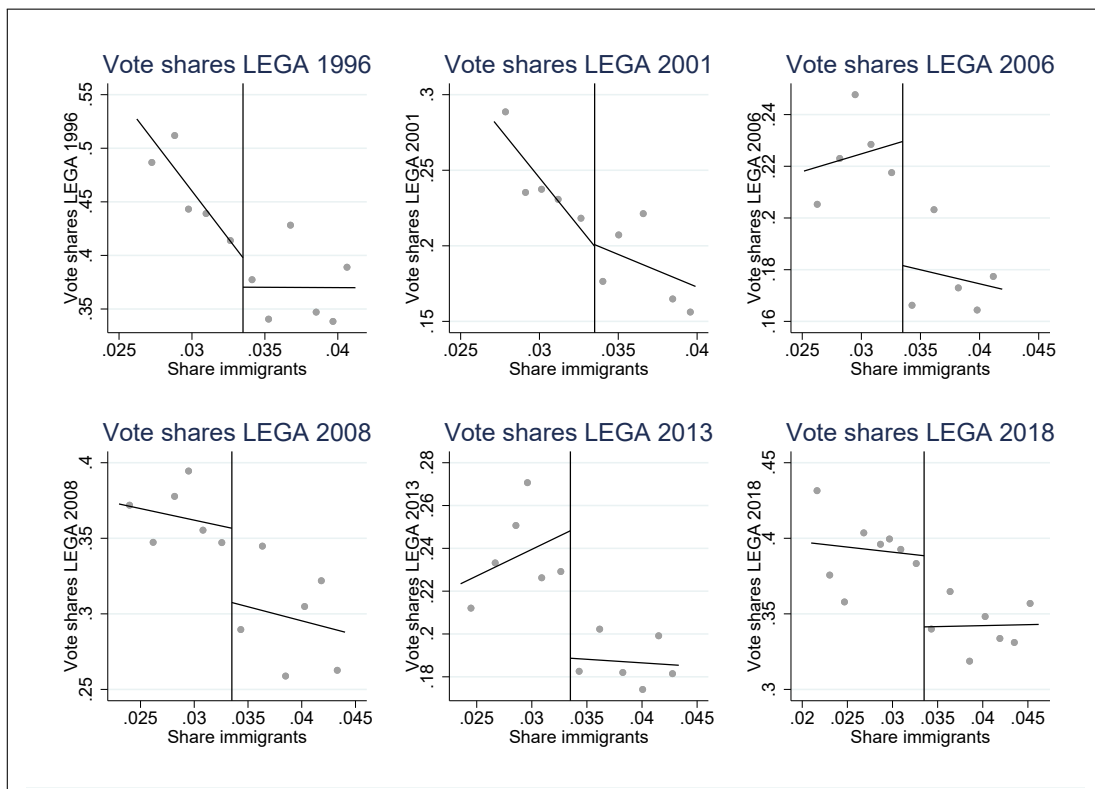
Notes. The dependent variables are measures for various municipal characteristics. The central line is a spline 2th-order polynomial in the share of immigrants. The threshold corresponds to a share of immigrants equal to 0.0335.

Figure 10: Share of migrants in Lombardia over time



Notes. Source: Istat.

Figure 11: Evolution tipping point over time



Notes. The dependent variable is equal to the vote shares of Lega Nord over time. The central line in the graphs is a spline 1st-order polynomial in the share of immigrants. The threshold corresponds to a share of immigrants equal to 0.0335.

Table 1: Tipping point: votes share for LEGA

	(1)	(2)	(3)	(4)
Dependent variable	Vote share of Lega Nord			
Above tipping point	-0.060*** (0.023)	-0.050* (0.029)	-0.079*** (0.011)	-0.058*** (0.016)
Observations	140	150	1,500	1,500
Mean	0.237	0.240	0.249	0.249
R-squared	0.120	0.135	0.160	0.174
Bandwidth	0.009	0.010	Global	Global
Polynomial	Linear	Quadratic	Linear	Quadratic

Notes. The estimated coefficients capture the effect of being above a share of migrants equal to 0.0335. Estimates reported: RDD estimates. The sample includes all municipalities from Lombardia in 2013 within the optimal bandwidth selected by one common MSE-optimal bandwidth selector (Calonico et al., 2017) around the threshold. In column 3 and 4, the entire sample is used. Outcome variable: vote share of Lega Nord. Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1.

Table 2: Tipping point: economic measures

Dependent Variables	(1) Difference income Natives Immigrants	(2) Number Firms per capita	(3) Difference employment Natives Immigrants	(4) Urban Specialized Area	(5) Touristic Area and Agriculture	(6) Small Industry	(7) Big Industry	(8) =1 Not hit by crisis	(9) % change natives	(10) % change immigrants
Above tipping point	3.703** (1.431)	-0.022 (0.036)	0.129*** (0.049)	0.218** (0.105)	-0.123 (0.147)	-0.007 (0.157)	-0.088 (0.175)	0.339** (0.170)	-0.006 (0.006)	-0.044 (0.065)
Observations	140	140	140	140	140	140	140	140	140	140
Mean	8.070	0.102	0.095	0.020	0.200	0.320	0.460	0.480	0.001	0.087
R-squared	0.088	0.022	0.066	0.083	0.020	0.035	0.038	0.072	0.008	0.013
Bandwidth	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009
Polynomial	Linear	Linear	Linear	Linear	Linear	Linear	Linear	Linear	Linear	Linear

Notes. The estimated coefficients capture the effect of being above a share of migrants equal to 0.0335. Estimates reported: RDD estimates. The sample includes all municipalities from Lombardia in 2013 within the optimal bandwidth selected by one common MSE-optimal bandwidth selector (Calonico et al., 2017) around the threshold. Outcome variables: different socio-economic municipal characteristics. The dependent variable in column 1 is measured in thousand of euros. Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1.

Table 3: Tipping point: public goods

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Dependent Variables	Number students per class	% foreign students	Municipal school expenditures	Municipal taxes	Municipal Social expenditures	Grants from central government	Municipal police expenditures
Above tipping point	1.888 (1.985)	-0.006 (0.007)	5.411 (25.003)	-148.882 (117.190)	16.235 (32.485)	-152.520 (118.517)	10.295 (8.274)
Observations	140	140	140	140	140	140	140
Mean	26.97	0.0286	120	676.1	106.8	321.5	21.36
R-squared	0.009	0.065	0.043	0.036	0.020	0.054	0.018
Bandwidth	0.009	0.009	0.009	0.009	0.009	0.009	0.009
Polynomial	Linear	Linear	Linear	Linear	Linear	Linear	Linear

Notes. The estimated coefficients capture the effect of being above a share of migrants equal to 0.0335. Estimates reported: RDD estimates. The sample includes all municipalities from Lombardia in 2013 within the optimal bandwidth selected by one common MSE-optimal bandwidth selector (Calonico et al., 2017) around the threshold. Outcome variables: public goods at municipal level. Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1.

Table 4: Tipping point: composition foreign population

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Dependent Variables	Difference share graudate natives-migrants	% migrants 0-14 years old	% migrants 65+ years old	% migrants East Europe	% migrants Africa	% migrants Asia	% migrants Latin America
Above tipping point	0.118 (0.114)	0.006 (0.021)	-0.006 (0.015)	-0.001 (0.002)	0.003 (0.002)	0.001 (0.001)	-0.001 (0.001)
Observations	140	140	140	140	140	140	140
Mean	0.017	0.183	0.052	0.011	0.005	0.002	0.003
R-squared	0.043	0.005	0.005	0.010	0.091	0.080	0.008
Bandwidth	0.009	0.009	0.009	0.009	0.009	0.009	0.009
Polynomial	Linear	Linear	Linear	Linear	Linear	Linear	Linear

Notes. The estimated coefficients capture the effect of being above a share of migrants equal to 0.0335. Estimates reported: RDD estimates. The sample includes all municipalities from Lombardia in 2013 within the optimal bandwidth selected by one common MSE-optimal bandwidth selector (Calonico et al., 2017) around the threshold. Outcome variables: composition foreign population at municipal level. Robust standard errors in parentheses, *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table 5: Tipping point: other municipal characteristics

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent Variables	Log municipal population	% graduate	% female	% 0-14 years old	% 65+ years old	Altitude
Above tipping point	0.786** (0.326)	0.009 (0.011)	0.006 (0.005)	0.009 (0.010)	-0.002 (0.016)	-173.126 (113.462)
Observations	140	140	140	140	140	140
Mean	7.050	0.076	0.499	0.132	0.213	596
R-squared	0.051	0.068	0.021	0.021	0.005	0.138
Bandwidth	0.009	0.009	0.009	0.009	0.009	0.009
Polynomial	Linear	Linear	Linear	Linear	Linear	Linear

Notes. The estimated coefficients capture the effect of being above a share of migrants equal to 0.0335. Estimates reported: RDD estimates. The sample includes all municipalities from Lombardia in 2013 within the optimal bandwidth selected by one common MSE-optimal bandwidth selector (Calonico et al., 2017) around the threshold. Outcome variables: other municipal characteristics. Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1.

Table 6: Tipping point: votes share for LEGA
Controlling for economic measures

Dependent variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
					Vote share of Lega Nord						
Above tipping point	-0.060*** (0.023)	-0.029 (0.023)	-0.059** (0.023)	-0.066*** (0.024)	-0.037* (0.020)	-0.051** (0.021)	-0.059*** (0.023)	-0.061*** (0.023)	-0.052** (0.022)	-0.063*** (0.022)	-0.058** (0.023)
Difference income natives-immigrants		-0.008*** (0.002)									
Number firms per capita			0.024 (0.050)								
Difference employment natives-immigrants				0.048 (0.041)							
Urban specialized area					-0.102*** (0.012)						
Touristic area						0.070*** (0.014)					
Small industry							0.008 (0.011)				
Big industry								-0.020* (0.011)			
=1 no hit crisis									-0.023* (0.012)		
% change natives										-0.623** (0.290)	
% change foreigners											0.024 (0.049)
Observations	140	140	140	140	140	140	140	140	140	140	140
Mean	0.237	0.237	0.237	0.237	0.237	0.237	0.237	0.237	0.237	0.237	0.237
R-squared	0.120	0.262	0.121	0.128	0.294	0.276	0.123	0.138	0.143	0.143	0.124
Bandwidth	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009
Polynomial	Linear	Linear	Linear	Linear	Linear	Linear	Linear	Linear	Linear	Linear	Linear

Notes. The estimated coefficients capture the effect of being above a share of migrants equal to 0.0335. Estimates reported: RDD estimates. The sample includes all municipalities from Lombardia in 2013 within the optimal bandwidth selected by one common MSE-optimal bandwidth selector (Calonico et al., 2017) around the threshold. Outcome variables: vote share of Lega Nord. Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1.

Table 7: Tipping point: votes share for LEGA
Controlling for public goods

Dependent variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Vote share of Lega Nord								
Above tipping point	-0.060*** (0.023)	-0.052*** (0.020)	-0.061*** (0.023)	-0.059*** (0.023)	-0.049** (0.023)	-0.058** (0.022)	-0.052** (0.024)	-0.058** (0.023)
Number students per class		-0.004*** (0.001)						
% foreign students			-0.197 (0.259)					
School expenditures				-0.000 (0.000)				
Municipal taxes					0.000** (0.000)			
Social expenditures						-0.000 (0.000)		
Transfers from central government							0.000** (0.000)	
Police expenditures								-0.000 (0.000)
Observations	140	140	140	140	140	140	140	140
Mean	0.237	0.237	0.237	0.237	0.237	0.237	0.237	0.237
R-squared	0.120	0.226	0.124	0.121	0.187	0.130	0.174	0.123
Bandwidth	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009
Polynomial	Linear	Linear	Linear	Linear	Linear	Linear	Linear	Linear

Notes. The estimated coefficients capture the effect of being above a share of migrants equal to 0.0335. Estimates reported: RDD estimates. The sample includes all municipalities from Lombardia in 2013 within the optimal bandwidth selected by one common MSE-optimal bandwidth selector (Calonico et al., 2017) around the threshold. Outcome variables: vote share of Lega Nord. Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1.

Table 8: Tipping point: votes share for LEGA
Controlling for composition foreign population

Dependent variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Above tipping point	-0.060*** (0.023)	-0.057** (0.023)	-0.061*** (0.022)	-0.057** (0.023)	-0.061*** (0.023)	-0.061*** (0.023)	-0.058** (0.023)	-0.062*** (0.023)
Difference share graduate nat-imm		-0.021 (0.016)						
% migrants 0-14 years old			0.178** (0.087)					
% migrants 65+ years old				0.445*** (0.094)				
% migrants East Europe					-1.237 (1.168)			
% migrants Africa						0.706 (0.926)		
% migrants Asia							-1.258 (1.557)	
% migrants Latin America								-2.242 (2.054)
Observations	140	140	140	140	140	140	140	140
Mean	0.237	0.237	0.237	0.237	0.237	0.237	0.237	0.237
R-squared	0.120	0.129	0.145	0.228	0.130	0.124	0.125	0.131
Bandwidth	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009
Polynomial	Linear	Linear	Linear	Linear	Linear	Linear	Linear	Linear

Notes. The estimated coefficients capture the effect of being above a share of migrants equal to 0.0335. Estimates reported: RDD estimates. The sample includes all municipalities from Lombardia in 2013 within the optimal bandwidth selected by one common MSE-optimal bandwidth selector (Calonico et al., 2017) around the threshold. Outcome variables: vote share of Lega Nord. Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1.

Table 9: Tipping point: votes share for LEGA
Controlling for other municipal characteristics

Dependent variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Vote share of Lega Nord						
Above tipping point	-0.060*** (0.023)	-0.051** (0.024)	-0.054** (0.021)	-0.056** (0.022)	-0.059** (0.024)	-0.059** (0.023)	-0.038* (0.021)
Log population		-0.010 (0.008)					
% graduate			-0.652*** (0.129)				
% female				-0.658 (0.490)			
% 0-14 years old					-0.021 (0.286)		
% 65+ years old						0.226 (0.155)	
Altitude							0.000*** (0.000)
Observations	140	140	140	140	140	140	140
Mean	0.237	0.237	0.237	0.237	0.237	0.237	0.237
R-squared	0.120	0.141	0.270	0.147	0.120	0.139	0.372
BW Loc. Poly. (h)	0.009	0.009	0.009	0.009	0.009	0.009	0.009
Polynomial	Linear	Linear	Linear	Linear	Linear	Linear	Linear

Notes. The estimated coefficients capture the effect of being above a share of migrants equal to 0.0335. Estimates reported: RDD estimates. The sample includes all municipalities from Lombardia in 2013 within the optimal bandwidth selected by one common MSE-optimal bandwidth selector (Calonico et al., 2017) around the threshold. Outcome variables: vote share of Lega Nord. Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1.

Table 10: Tipping point: votes share for LEGA
Adding all control variables

Dependent variable	(1)	(2)	(3)	(4)	(5)
	Vote share of Lega Nord				
Above tipping point	-0.060*** (0.023)	-0.029 (0.023)	-0.028 (0.018)	-0.027 (0.018)	-0.019 (0.021)
Difference income natives immigrants		-0.008*** (0.002)	-0.004** (0.002)	-0.004** (0.002)	-0.000 (0.002)
Average income natives				0.000 (0.002)	
Observations	140	140	140	140	140
Mean	0.237	0.237	0.237	0.237	0.237
R-squared	0.120	0.262	0.678	0.678	0.845
Bandwidth	0.009	0.009	0.009	0.009	0.009
Polynomial	Linear	Linear	Linear	Linear	Linear
Controls	No	No	Yes	Yes	Yes
LLA FE	No	No	No	No	Yes

Notes. The estimated coefficients capture the effect of being above a share of migrants equal to 0.0335. Estimates reported: RDD estimates. The sample includes all municipalities from Lombardia in 2013 within the optimal bandwidth selected by one common MSE-optimal bandwidth selector (Calonico et al., 2017) around the threshold. Outcome variables: vote share of Lega Nord. Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1.

A1 Appendix: Proofs

Proposition 1

Proof. The worker will not re-qualify if, at I^0 and at $Q = 0$, the cost for re-qualification is larger than the net benefit; that is, by invoking (3) and (4) if

$$c \geq W^S(U + I^0, S) - W^U(U + I^0, S) = w^{S0} - w^{U0} + \frac{(a+e)}{e}(w^{U0} - \underline{w}) \equiv c^*. \text{ QED} \quad \square$$

Proposition 2

Proof. To prove the proposition, let us first define the isoclines for (5) and (7) as follows:

$$(a.1) \ I = \frac{w^{U0} - \underline{w}}{e} + \frac{d+e}{e}Q; \ (a.2) \ Q = \frac{w^{S0} - w^{U0} - c}{\Delta} + \frac{a+e}{\Delta}I.$$

By differentiating (a.1) and (a.2), the slope of the two isoclines in the space (I, Q) is given, respectively by $(\frac{dI}{dQ} |_{\tilde{I}=0}) = 1 + \frac{d}{e}$ and $(\frac{dI}{dQ} |_{\tilde{Q}=0}) = 1 + \frac{b+d}{a+e}$. It follows that the isocline for the state variable Q is steeper than the one for I if $eb > ad$, that is true by our previous assumption on parameters. The two isoclines will then cross once on the positive orthant of (I, Q) if and only if the intercept on the I axes for isocline (a.1) is higher than the intercept on the I axes for isocline (a.2); that is, if $\frac{w^{U0} - \underline{w}}{e} > \frac{-(w^{S0} - w^{U0} - c)}{a+e}$. Solving the inequality and rearranging terms, we find that this holds if $w^{S0} - w^{U0} + \frac{(a+e)}{e}(w^{U0} - \underline{w}) \equiv c^* > c$, which is what we assume here. The point where the two isoclines cross is then the unique equilibrium of the system (see Figure A5). To prove that this equilibrium is also stable, let us rewrite the system of differential equations (5) and (7) in matrix form:

$$(a.3) \ \begin{pmatrix} \tilde{I} \\ \tilde{Q} \end{pmatrix} = \begin{pmatrix} -1 & \frac{d+e}{e} \\ \frac{a+e}{\Delta} & -1 \end{pmatrix} \begin{pmatrix} I \\ Q \end{pmatrix} + \begin{pmatrix} \frac{w^{U0} - \underline{w}}{e} \\ \frac{w^{S0} - w^{U0} - c}{\Delta} \end{pmatrix}$$

Inspection of the matrix on the RHS of (a.3) shows that its determinant is positive (e.g. both eigenvalues have the same sign) and its trace is negative (e.g. both eigenvalues are negative). The equilibrium is therefore stable. QED. $\square$

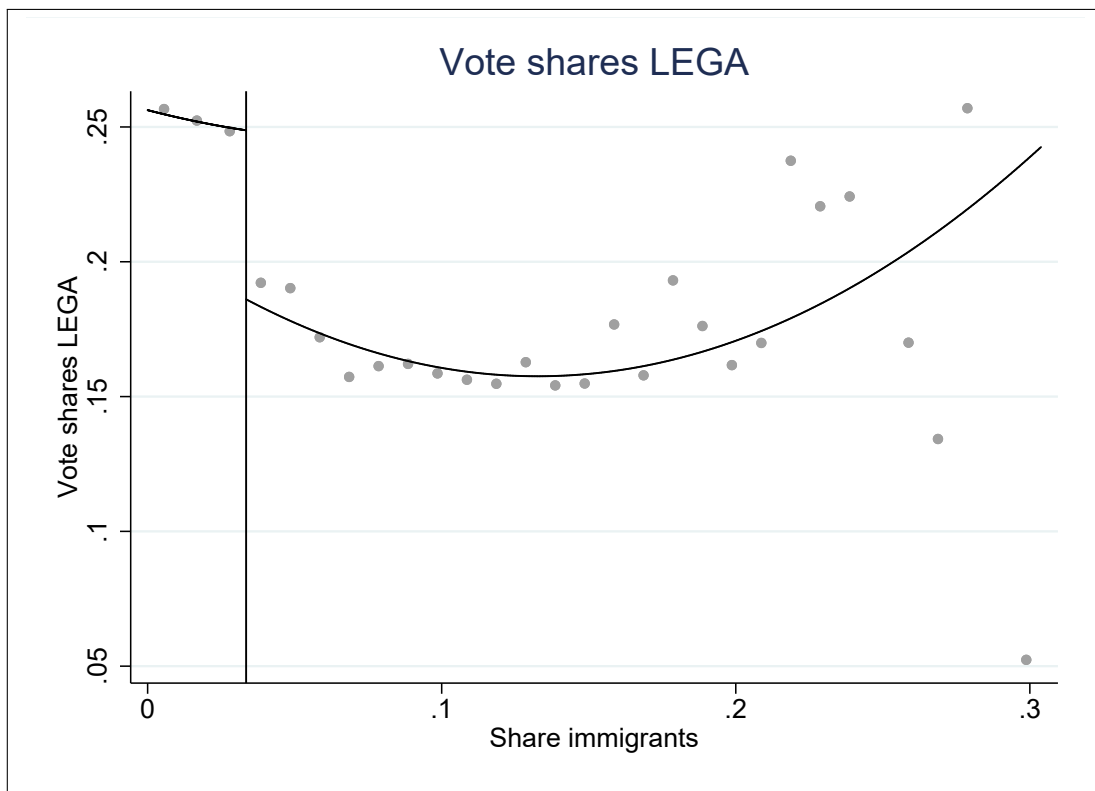
A2 Appendix: additional Tables and Figures

Figure A1: Lega Nord electoral poster for the 2009 electoral campaign



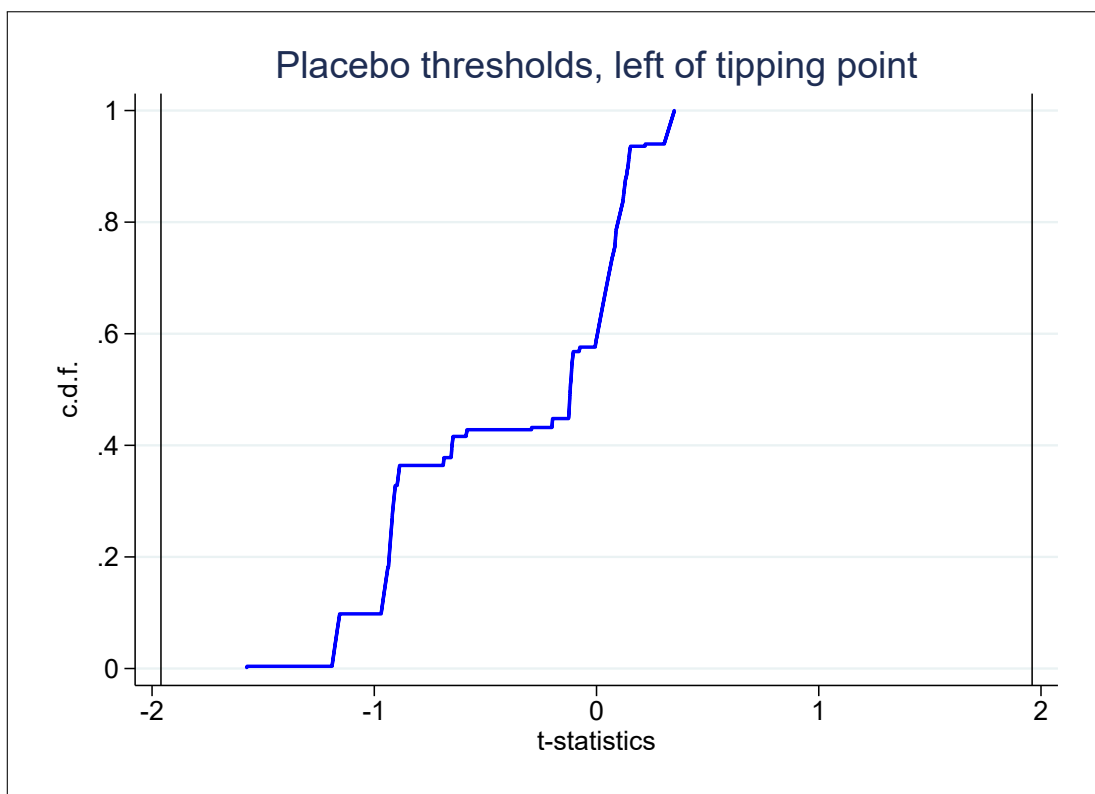
Translation: "They have suffered immigration. Now they live in the reserves. Think about it."

Figure A2: Tipping point: votes share for LEGA and share of immigrants
Senate



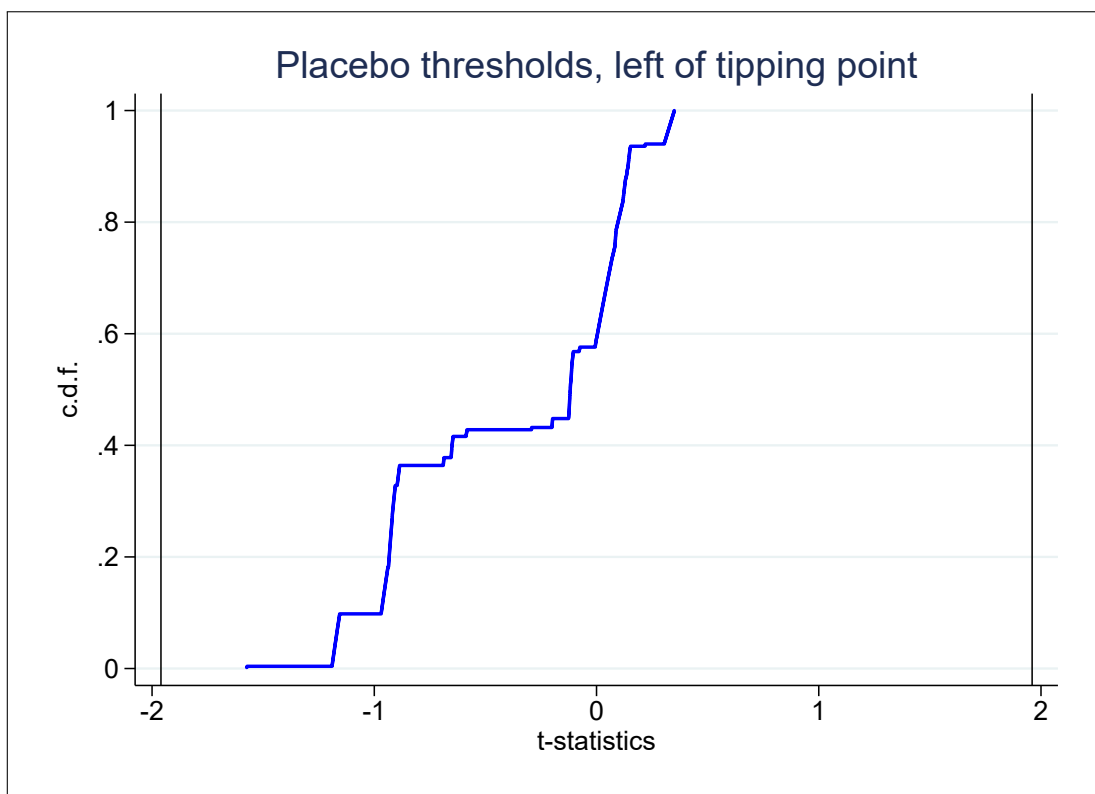
Notes. The dependent variable is equal to votes share of Lega Nord at the 2013 national elections. The central line is a spline 2th-order polynomial in the share of immigrants. The threshold corresponds to a share of immigrants equal to 0.0335.

Figure A3: Placebo thresholds on the left of the tipping point



Notes. The figure reports the cdf of the t-statistics obtained running 500 regressions using 500 fake thresholds on the left of the threshold that corresponds to a share of immigrants equal to 0.0335.

Figure A4: Placebo thresholds on the right of the tipping point



Notes. The figure reports the cdf of the t-statistics obtained running 500 regressions using 500 fake thresholds on the right of the threshold that corresponds to a share of immigrants equal to 0.0335.

Figure A5: Model equilibrium and dynamics

