I Z A Institute
of Labor Economics
Initiated by Deutsche Post Foundation

DISCUSSION PAPER SERIES

IZA DP No. 14354

The Political Effects of Immigration: Culture or Economics?

Alberto Alesina
Marco Tabellini

MAY 2021

I Z A Institute
of Labor Economics

Initiated by Deutsche Post Foundation

DISCUSSION PAPER SERIES

IZA DP No. 14354

The Political Effects of Immigration: Culture or Economics?

Alberto Alesina
Harvard University, CEPR and NBER

Marco Tabellini
Harvard Business School, CEPR and IZA

MAY 2021

ISSN: 2365-9793

IZA – Institute of Labor Economics

Schaumburg-Lippe-Straße 5–9
53113 Bonn, Germany

Phone: +49-228-3894-0
Email: publications@iza.org

www.iza.org

ABSTRACT

The Political Effects of Immigration: Culture or Economics?*

We review the growing literature on the political effects of immigration. After a brief summary of the economics of immigration, we turn to the main focus of the paper: how immigrants influence electoral outcomes in receiving countries, and why. We start from the "standard" view that immigration triggers political backlash and raises support for nativist, anti-immigrant political parties. We present evidence from a variety of studies that the causes of natives' political discontent are unlikely to have (solely) economic roots, but are instead more tightly linked to cultural and social concerns. Next, we discuss works that paint a more nuanced picture of the effects of immigration, which, in some cases, can move natives' preferences in a more liberal direction. We also consider the factors that can explain a seemingly puzzling empirical regularity: the anti-immigration rhetoric has become a banner of right wing parties. We conclude by outlining what, to us, are promising avenues for future research.

JEL Classification: D72, J11, J15, J61, Z1

Keywords: immigration, diversity, culture, politics

Corresponding author:
Marco Tabellini
Harvard Business School
Boston, MA 02163
USA

E-mail: mtabellini@hbs.edu

* We thank Leah Boustan, Nicola Gennaioli, Francesco Giavazzi, Paola Giuliano, and Guido Tabellini for helpful comments. Elisabetta Campagna and Silvia Farina provided outstanding research assistance. Alberto sadly passed away before completing the final version of the paper. Marco Tabellini is responsible for any remaining imperfection.

1 Introduction

In recent years, immigration has emerged as one of the most salient political issues in both Europe and the US. It was at the center of the 2016 US Presidential elections, while in Europe is one of the factors typically associated with the rise of populist parties. Immigration also featured prominently in the debate surrounding the Brexit referendum. In many European countries, the stance on immigration policies of various parties is a critical point for voters' choices. The pandemic might increase even more the salience of immigration, diversity, and mixing of different people. Racial animosity, nativism, and border closures in a post-virus world are very likely.

The flow of immigrants from poorer and more politically unstable countries to richer and more stable ones, as well as massive internal migrations within large and diverse countries (like the US), can have two consequences. First, they can have economic effects. Although immigration as a whole is economically beneficial to receiving countries, immigrants may compete with natives for jobs. One recurrent worry among natives is that immigrants may drag down salaries, especially at the lower end of the income distribution, possibly also increasing inequality. While the specific effects depend upon the level of human capital of immigrants, at least in more developed countries, the foreign born are seen as a threat especially for unskilled native workers. Second, immigration can have consequences that we summarize with the word "cultural". These are all the effects deriving from the fact that natives receive an often sudden and large influx of people with different cultures, race, ethnicity, religion, language, and social norms. Although the "economic" and the "cultural" effects are intertwined, they are, at least in principle, separable. The political consequences of immigration – e.g., which political parties gain or lose from immigration or the policy platforms they propose – depend on some combination of these two effects.

A large literature has studied, without reaching an agreement, the labor market effects of immigration. This debate can be summarized in three position. Some studies find that immigration reduces natives' wages and employment, in particular among those in the lower part of the income distribution, and may therefore increase inequality (Aydemir and Borjas, 2007; Borjas, 2003; Dustmann et al., 2017; Monras, 2020). Many other papers, however, do not find any significant effect on either employment or wages of natives, even at the lower spectrum of the wage distribution (Card, 2001, 2005, 2009; Manacorda et al., 2012). Finally, at the other side of the spectrum, more recent papers document that diversity and immigration increase productivity (and thus wages) of natives because of complementarities (Foged and Peri, 2016; Ottaviano and Peri, 2012; Peri and Sparber, 2009; Tabellini, 2020). These papers and related topics are discussed in more detail in a number of recent reviews

(Abramitzky and Boustan, 2017; Dustmann et al., 2016; Peri, 2016), and will not be the main focus of our work.

In the last decade or so, research has focused on a second set of issues – those that we labelled "cultural" above. The recent surge of immigration has dramatically changed the ethnic and racial profiles of many European countries, which used to be homogeneous until a few decades (or, even years) ago, and have become significantly more heterogeneous. Immigration has also fundamentally reshaped the racial profile of the United States. These pattern have created a host of deep and complex issues, triggering natives' backlash and fueling a heated debate about immigration and, more broadly, globalization.

The purpose of this paper is to review and make sense of the growing literature that has focused on the political effects of immigration. In doing so, we address a set of related questions. Are natives more concerned about immigrants' economic impact, or are they more worried about the "cultural" dimension of immigration? Are natives well informed about immigrants, or are their views distorted by misperceptions and stereotypes? Which parties benefit the most from rising natives' anti-immigrant sentiments, and why? As we examine these questions, we highlight what to us are fruitful avenues for future research.

Even a journalistic assessment suggests that economic factors are not the only – perhaps not even the main – reason behind the recent surge of anti-immigration sentiments in Europe and the US. President Trump's almost obsessive campaign against Mexican immigration occurred when the US unemployment rate was at historically low levels and, if anything, the main issue was labor shortage.[1] In Europe, the rhetoric of populist, anti-immigration parties is centered around crime, the perceived use of natives' taxes to support "undeserving" foreigners who do not contribute enough, and stereotypes about the negative qualities of immigrants as law-obeying citizens. Similar considerations apply to the Great Migration of African Americans from the South to the North of the US between 1915 and 1970, and to the Mass Migration of Europeans at the turn of the twentieth century. This suggests that many of the anti-immigrant reactions we are observing today are not specific to our times.

Our view is that "cultural" factors broadly defined have a stronger political and social impact than the purely economic ones, arising from potential labor market competition. In other words, while the economic effects of immigration are likely to be positive, large inflows of immigrants, especially when concentrated within short periods of time, can undermine social and political cohesion, for reasons that go above and beyond strictly economic ones. We also discuss the policy direction in which anti-immigration backlash moves native voters. A seemingly puzzling empirical regularity is that anti-immigration sentiments are, at least in recent times, channeled towards support for right-wing parties. Since voters most likely

[1]Moreover, Mexican immigration had plateaued since the late 2000s (Hanson and McIntosh, 2016).

to suffer from immigrants' competition are unskilled, and because right-wing parties have historically been associated with lower redistribution and welfare spending, this pattern cannot be reconciled with a "simple economic" story for natives' opposition to immigration. We discuss a number of forces – including voters' misperceptions, moral values, and preferences for redistribution – that can explain these seemingly contradictory trends.

The literature that directly or indirectly addresses these questions is immense, so we need to set clear boundaries. First, we will not cover, but take as given, results on the socio-political effect of diversity from the literature on diversity (racial, religious, ethnic, etc.).[2] Instead, we focus on immigration specifically, given that the latter may increase real and perceived diversity in receiving countries. Second, even though we will touch upon the issue of immigrants' assimilation, we will not cover this topic in detail.[3] Third, we will discuss issues about redistributive policies, but we will not cover the broad literature on preferences for redistribution in general (Alesina and Giuliano, 2011). Our work will remain focused on the issue of redistribution only when related to immigration. Fourth, we will not cover the immense literature on racial divisions and racial inequality in the US. Rather, we will present evidence from the Great Migration of African Americans as one "data point" for our discussion on the effects of large migration flows. Finally, we will not cover the consequences of emigration from sending countries, or regions in the case of the US South.[4]

The paper is organized as follows. Section 2 briefly reviews the traditional literature on the labor market effects of immigration. We conclude this section by noting that, although economists disagree on the existence and on the size of redistributional consequences of immigration, there is a broad consensus around the idea that immigration (up to a point) is economically beneficial for receiving countries.

Section 3 discusses the political effects of immigration, such as rising support for anti-immigration and populists parties, but also the more nuanced and heterogeneous results obtained in some studies. Specifically, although the "standard" finding is that immigration increases natives' backlash, a growing number of papers have documented that in certain circumstances, such as prolonged contact and development of a non-race related identity, immigration might move natives' attitudes towards a more liberal direction.

In Section 4, we ask why most of the electoral benefits from immigration have accrued to right-wing parties, rather than left-wing ones, which at least from a pure economic per-

[2]See Alesina and La Ferrara (2005) for a survey.

[3]Many papers have focused on the economic assimilation of immigrants (Abramitzky et al., 2014; Borjas, 1985). More recently, a growing literature has studied immigrants' cultural assimilation (Abramitzky et al., 2020; Fouka, 2019, 2020a) and the policies that can hinder or foster this process (Abdelgadir and Fouka, 2020; Bandiera et al., 2019; Fouka, 2020b; Lleras-Muney and Shertzer, 2015).

[4]A few recent papers explore these issues (Hornbeck and Naidu, 2014; Karadja and Prawitz, 2019).

spective should be better suited at protecting working-class voters from immigrants' labor market competition. In Section 5, we turn to other forms of political reactions – in particular "white flight" from cities to suburbs, and political separatism based upon racial and ethnic lines. Section 6 concludes, outlining potential avenues for future research.

2 The Economic Effects of Immigration

As a stepping stone for the remainder of the paper, in this section we summarize the gigantic literature on the economic effects of immigration – the focus of several recent reviews (Abramitzky and Boustan, 2017; Card and Peri, 2016; Dustmann et al., 2016; Peri, 2016).[5] As noted above, in our view, the existing research on the labor market effects of immigration can be, roughly, divided in three groups.

At one end of the spectrum, there are papers that find a negative relationship between immigration and employment and wages of natives. The majority of these paper document that such effects are relatively short-lived and tend to be concentrated amongst the low-skilled segment of the natives. Dustmann et al. (2017) exploit a policy change that led to the sudden inflow of temporary Czech workers in local labor markets of Eastern Germany, and find that the immigration shock had large, negative effects on natives' employment and a modest one for wages. However, both wage and employment responses were concentrated among less skilled natives, and were highly heterogeneous: while employment fell more for older workers, wages declined to a larger extent among younger Germans. In addition, the employment effects were driven by a slow-down in internal migration of prospective German workers, rather than by an increase in unemployment among incumbent workers.

Monras (2020) uses variation generated by the 1995 Peso Crisis, combined with pre-existing settlements of Mexican migrants across US cities, to estimate the effects of immigration on natives' earnings and employment. He finds that immigration reduced wages of natives in unskilled occupations in the short run, while employment was not significantly affected. Over the subsequent five years, the economy endogenously adjusted, largely absorbing the immigration shock.[6]

Within this first set of papers, some have argued that the negative impact of immigra-

[5]See also Hanson (2009), and Kerr and Kerr (2011) for more in-depth surveys on international migration, as well as the review essay by Borjas (2015). For a review of the literature on temporary migration and on the labor market integration of refugees see Dustmann and Görlach (2016) and Brell et al. (2020) respectively.

[6]In line with these works, Smith (2012) finds that immigration to the United States reduced labor force participation of young natives, inducing some of them to stay in school longer, whereas Boustan et al. (2010) and Glitz (2012) document that immigration can reduce employment but not wages of natives. Angrist and Kugler (2003) show that the labor market impact of immigration can be mediated by the institutions in place.

tion on natives is not confined to unskilled workers and can be long-lasting (Aydemir and Borjas, 2007; Borjas, 2003).[7] In particular, Borjas (2003) compares wages of US workers across skill and experience groups, who have been differentially exposed to labor market competition brought about by immigrants with different skill-experience profiles. He finds that natives with skill-experience levels that are subject to more immigrants' competition have significantly lower wages – effects that, according to Borjas (2003), are long-lasting.

A second set of papers, instead, provide evidence that immigration has no discernible effect on either employment or wages of native workers (Altonji and Card, 1991; Card, 2001, 2005; Card and Lewis, 2007). These works compare local labor markets that, because of variation in the historical presence of enclaves of different immigrant groups, received a different number of immigrant workers over time. Using a similar design, Card (2009) shows that immigration is not associated with higher wage inequality in the United States. The literature has identified at least two potential explanations for these "non-findings".

First, despite the increase in labor supply, immigrants are not perfect substitutes for natives, implying that new (immigrant) workers do not necessarily displace previous (native) ones (Manacorda et al., 2012; Ottaviano and Peri, 2012). Second, immigration often triggers technological change in receiving economies. For instance, Lewis (2011) combines variation in the presence of historical Mexican enclaves across US metropolitan statistical areas (MSAs) with nation-wide migration flows from Mexico between 1970 and 2000 to predict changes in the skill-mix across US labor markets. Lewis (2011) finds that Mexican immigration altered significantly the skill mix of US cities, and was associated with a lower rate of computer adoption – something that, in turn, helps dilute the labor market impact of immigrants.

In the context of the *Bracero* program, Clemens et al. (2018) show that the exclusion of about 500,000 Mexican workers did not raise wages among US workers, as technology endogenously responded, undoing the direct effects of immigration restrictions. Similarly, Abramitzky et al. (2019) document that the immigration restrictions of the 1920s reduced employment and wages of natives, as internal mobility, the influx of immigrant groups not excluded by the quotas, and technological adjustments more than offset the desired effects of the Immigration Acts.[8]

Finally, at the other end of the spectrum, there are papers that find a positive, sometimes large impact of immigration on employment and earnings of native workers – even amongst the unskilled ones. Peri and Sparber (2009) were among the first to document such patterns. Using detailed US Census data, they show that unskilled immigrants specialize in manually

[7] More generally, Collier (2013) and Borjas (2014) maintain critical views on the gains from international labor mobility.

[8] Similar findings are obtained in Dustmann and Glitz (2015) and Lafortune et al. (2019) for Germany and the US respectively. See also Lewis and Peri (2015) for a review of this literature.

and physically intensive occupations, thereby "pushing" natives into communication and language intensive jobs, which tend to pay higher wages. Similar results are also obtained in Battisti et al. (2018) and Foged and Peri (2016), for 20 OECD countries and for Denmark respectively.

These mechanisms are not specific to the contemporary period. In fact, positive, large economic effects of immigration are also documented in Tabellini (2020) for European immigration to the US in the early twentieth century and by Peters (2019) for Western Germany after WWII.[9] As noted above, findings in these papers are consistent with skill complementarities between immigrants and natives (D'Amuri and Peri, 2014; Lewis, 2013; Ottaviano and Peri, 2012), which result in higher labor supply being more than offset by the rise in productivity of natives (Peri, 2012). Exploiting the birthplace diversity of immigrants, Alesina et al. (2016) find evidence consistent with such complementarity, although only for skilled workers.

Most of the literature has focused on the short-run impact of immigration. However, Dustmann and Preston (2019) and Sequeira et al. (2020) show that the economic benefits of immigration can persist and grow over time. Indeed, besides the potential gains from complementarity, immigrants contribute to receiving economies through innovation (Akcigit et al., 2017a,b; Burchardi et al., 2020; Hunt, 2011; Kerr and Lincoln, 2010; Moser et al., 2014), entrepreneurship (Hunt, 2011; Kerr and Kerr, 2020; Kerr et al., 2017), and by establishing links that can favor investment (Burchardi et al., 2019; Burchardi and Hassan, 2013) and trade (Dunlevy and Hutchinson, 1999; Ottaviano et al., 2018; Parsons and Vézina, 2018).[10]

Returning to the short run effects of immigration, a natural question arises: why do results differ so much across studies? Dustmann et al. (2016) argue that one explanation is that different studies use different approaches, and estimate different structural parameters. Dustmann et al. (2016) distinguish three distinct empirical methodologies. The first one, also referred to as the "national skill-cell" approach, and used among others in Borjas (2003, 2014) and in Aydemir and Borjas (2007), assigns immigrants and natives to groups based on reported education and labor market experience. It then compares wages and employment of natives within the same skill cell groups, who only differ in their labor market experience, to estimate the effects of immigration. The second methodology – the "pure spatial" approach

[9] Lee et al. (2020) find that the repatriation of Mexicans from the US between 1930 and 1940 was associated with lower employment and wages of native workers.

[10] Recently, Moser and San (2020) and Doran and Yoon (2019) also find that the immigration restrictions of the 1920s had large, negative effects on innovation and patenting in the US. In contrast with most other works, instead, Borjas and Doran (2012) find that the influx of mathematicians from the Soviet Union reduced the productivity of American scientists working in the same fields of Soviet immigrants. See also Kerr (2018) for a recent, detailed discussion on the contribution of immigration to US science, entrepreneurship, and innovation.

(used, among others in Altonji and Card, 1991; Dustmann et al., 2017; Foged and Peri, 2016; Tabellini, 2020) – compares labor market outcomes of natives across regions differentially exposed to immigrant inflows. Finally, the "mixture" approach (implemented in Card, 2001, Dustmann and Glitz, 2015, and Lewis, 2011, among others) exploits variation in immigration flows across regions and skill or education groups.

Dustmann et al. (2016) conclude that the "pure spatial" approach is preferable because it delivers estimates that are easier to interpret and is more robust to immigrants' "misclassification" across education or skill groups. In particular, studies that implement the "skill-cell" strategy over-estimate the negative impact of immigration due to immigrants' downgrading. Since immigrants tend to take up jobs for which they are over-qualified in host countries (Dustmann and Preston, 2012; Dustmann et al., 2013), they get incorrectly assigned to skill-experience cells in the approach used by Borjas (2003) and related works. This biases the estimates, and artificially inflates the (negative) coefficients for the impact of immigration on natives' wages. In addition, the "skill-cell" strategy remains silent on the total impact of immigration, and only estimates its, narrowly defined, relative effect – comparing the effects of immigration on natives' wages or employment of workers with more or less experience within a given education group.[11]

Overall, in line with most other works (Dustmann and Preston, 2019; Peri, 2016), we conclude that there are stronger reasons to believe that immigrants benefit receiving countries than the opposite. Moreover, even though immigration can have redistributional effects, this finding does not appear to be robust across settings, and many studies suggest that, if any, such effects are likely to be small.

3 The Political Effects of Immigration

In this section, we first review the papers that present evidence consistent with the "conventional" view that immigration triggers natives' backlash and raises support for anti-immigrant, nativist parties (Section 3.1). Next we show that, at least in some circumstances, the inflow of immigrants can lead to more liberal attitudes and greater acceptance of diversity among natives (Section 3.2). Especially in the long run, this may be accompanied, and perhaps facilitated, by a two-way process of transmission between immigrants and natives that promotes the emergence of a "melting pot" society and of a hybrid, diverse culture.

[11] See Dustmann et al. (2016) for a more technical discussion about this point, and about the lack of a clear interpretation of parameters estimated using the "skill-cell" approach. See also Peri (2016) and Card and Peri (2016) for another reason why the skill-cell approach in Borjas (2003) is likely to over-estimate the negative effect of immigration on natives.

3.1 Immigration and Natives' Backlash

Throughout history, in the US, Europe, and other countries as well (upon which we admittedly know much less), immigration has often increased support for anti-immigrant parties. Both the nature and the political platforms of the latter have varied substantially, depending on the context. In some cases, natives' backlash has been channeled into parties whose main policy goal was to introduce anti-immigration measures. In other cases, the anti-immigration stance was picked up by more traditional right wing, conservative parties. In yet other instances, like in Europe today, populist parties, particularly those allied with traditional right wing parties, such as the *League*, *National Rally*, and the *AfD* in Italy, France, and Germany respectively, have represented voters' demand for anti-immigrant policies.[12]

Higham (1955) is a classic reference for the review of nativism in US history. He describes how, already in the early 1850s, the "Know Nothing Party" gained substantial support running on a strongly anti-Irish platform in Massachusetts (see also Alsan et al., 2020). Goldin (1994) discusses the political economy of the 1917 literacy test – the precursor of the Immigration Acts that shut down European immigration in the 1920s.[13] Until recently, however, economists have devoted little attention to the political effects of immigration, focusing instead on its economic impact, reviewed in Section 2 above.

Reversing this trend, in the last few years, work on the political effects of immigration has literally exploded. Halla et al. (2017) exploit cross-neighborhood variation, and show that immigration raised support for the right wing Freedom Party of Austria (FPO). Identification in this study is based on panel regressions that control for community (the lowest administrative level in Austria) and election year fixed effects. To deal with concerns of endogenous sorting of immigrants across communities based on time-varying local shocks, the authors corroborate their baseline results using an instrumental variable approach. Following the large immigration literature, they construct a version of the "shift-share" instrument (Card, 2001) exploiting the cross-sectional distribution of historical settlements of different immigrant groups, interacted with time-series variation in national migration induced by "push-factors".

The effects estimated in Halla et al. (2017) indicate that the inflow of immigrants received by Austrian municipalities can explain up to one tenth of the regional variation in support for the FPO – a party that used to be marginal in 1980, but whose vote share in the

[12]See Guriev and Papaioannou (2020) and Margalit (2019) for recent reviews on the political economy literature on populism.

[13]Immigration from China, Japan, and other Asian countries had already been banned or restricted in various forms starting from the Chinese Exclusion Act of 1882. Then, the Emergency Quota Act and the National Origins Act of 1921 and 1924 restricted immigration from Europe, and governed the American immigration policy until 1965 (Abramitzky and Boustan, 2017).

2013 national elections surpassed 20%.[14] Interestingly, however, these effects are highly heterogeneous: while unskilled immigrants lead to an increase in the FPO vote share, high skilled immigration has no political effects.[15] Along similar lines, focusing on US presidential elections between 1990 and 2010, Mayda et al. (2020) find that unskilled immigrants increase support for the Republican Party, but the influx of more skilled foreign born individuals has the opposite effect, raising the vote share of the Democratic Party at the county level.

One possible interpretation for the heterogeneous effects of immigration, depending on immigrants' level of human capital, is that natives are concerned about labor market competition, which tends to be stronger at the lower end of the skill distribution. However, it is also possible that natives trust high skilled immigrants more, whereas they associate unskilled ones with illegal immigration, crime, and the congestion of public goods. Consistent with this view, Halla et al. (2017) provide suggestive evidence that natives are concerned also about the impact of immigration on "compositional amenities", such as neighborhood quality and over-crowding of public schools and kindergartens.

Using survey data for 21 European countries, Card et al. (2012) find that natives are more concerned about the effects of immigration on compositional amenities than on labor markets. The idea that natives' opposition to immigration is not driven (solely) by economic anxiety, but rather by sociotropic concerns about the cultural impact of immigration and of diversity has been shown using survey data in the political science literature, extensively reviewed in Hainmueller and Hopkins (2014). This is also apparent in the recurrent claims by (anti-immigrant) politicians that foreign born individuals are unwilling and unable to assimilate, and that national culture is at risk of being diluted because of immigration.[16]

Evidence that anti-immigrant sentiments are likely to have non-economic roots is also documented in Tabellini (2020). Exploiting variation in immigration across US cities between 1910 and 1930 induced by the exogenous shocks of World War I (WWI) and the Immigration Acts, Tabellini (2020) finds that immigration led to strong political backlash, such as increased support for anti-immigrant Congress members, who subsequently voted in favor of the immigration quotas, and a steep reduction in redistribution, despite large and positive effects on natives' employment and occupational standing.[17] Measuring cultural distance

[14] In line with findings in Halla et al. (2017), immigration has been shown to generate political backlash in almost every other European country (see Barone et al., 2016; Edo et al., 2019; Mendez and Cutillas, 2014, and Otto and Steinhardt, 2014, for Italy, France, Spain, and Germany respectively).

[15] Similar heterogeneity is also documented in Moriconi et al. (2019) across European countries.

[16] While the statements made by President Trump in several instances during and after his 2016 campaign are perhaps the most obvious example, they are not the only one. In fact, the debate about immigrants' assimilation has been a recurrent theme in American history (see, among others, Abramitzky et al., 2020, and Higham, 1955) and has recently emerged in Europe as well (Bansak et al., 2016).

[17] A methodology similar to that in Tabellini (2020) is also used in Abramitzky et al. (2019) to study the effects of the 1920s Immigration Acts on economic outcomes of native workers across local labor markets.

with religion and linguistic distance from English, Tabellini (2020) documents that political opposition was stronger against immigrants who were culturally further from natives, even if their economic effects were not different from those of culturally closer immigrants.

Of course, one should not conclude that natives' concerns are only about "culture", and that "economics" plays no role at all. However, the results just discussed indicate that it would be incorrect to interpret natives' political reactions to immigration focusing exclusively on the potential labor market effects – positive or negative – that immigrants might have. At the same time, economic concerns can also contribute to fuel natives' opposition to immigration, as documented in recent work by Alsan et al. (2020) in the context of the massive and sudden inflow of Irish immigrants across cities in Massachusetts in the early 1850s.

The authors assemble a novel dataset from rich historical sources to construct a proxy for immigrants' labor market competition. In particular, following the standard logic of Bartik instruments (Borusyak et al., 2018; Goldsmith-Pinkham et al., 2020), the paper predicts exposure to immigration by interacting the share of native-born employment in a given occupation across municipalities with state-level changes in occupation-specific employment of Irish immigrants between 1850 and 1855.[18] As in the works reviewed above, Alsan et al. (2020) document that immigration triggered strong political backlash, which increased support for the Know-Nothing Party – a party characterized by a staunch anti-Catholic and anti-Irish platform. However, differently from Tabellini (2020), Alsan et al. (2020) find evidence that natives' backlash at least partly came from labor market competition and "deskilling" caused by immigrant flows. At the same time, as noted by the authors, the importance of the anti-Catholic rhetoric indicates that cultural factors were also at play, and were strategically used by party leaders to reinforce negative stereotypes among voters.[19]

3.2 Immigration and the Contact Hypothesis

While the conventional wisdom is that immigration triggers natives' backlash, some recent papers have shown that this is not always the case. In light of the previous discussion and of the abundant anecdotal evidence on anti-immigrant backlash, this seems surprising. One possible explanation for this is that, in some cases, the "contact hypothesis" may be at work. In a seminal contribution, Allport (1954) suggested that inter-group contact can increase cohesion between groups, if interactions are sufficiently sustained, and if the minority

[18]The logic used in the paper to construct exposure to immigration closely resembles that in Autor et al. (2020) for import competition from China across US labor markets in recent years.

[19]Alsan et al. (2020) discuss the differences between their results and those in Abramitzky et al. (2019), Sequeira et al. (2020), and Tabellini (2020). They note that the latter papers focus on a period where the (booming) US economy was likely in a better position to absorb large migration flows.

group is not perceived as a threat by the majority group.[20] In other words, after a period of coexistence, natives might start to hold positive views about immigrants.

Consistent with this idea, Steinmayr (2020) documents that the inflow of refugees had very different effects across Austrian municipalities, depending on the time that refugees spent there. In places close to the German-Austrian border, where refugees did not permanently settle but only "crossed", more exposure to refugee flows was associated with stronger increases in the FPO vote share in local 2015 elections. However, the opposite effect arose in municipalities where refugees applied for asylum and where they settled for a longer period of time.

To attach a causal interpretation to these results, Steinmayr (2020) relies on the local availability of housing supply that was arguably orthogonal to refugee inflows (such as, homes for students or the elderly). Intuitively, municipalities with a larger number of empty buildings were better able to host refugees when the sudden influx occurred. These places thus hosted migrants for longer, and their residents had the opportunity to interact with refugees multiple times. On the contrary, residents of municipalities characterized by low levels of housing supply experienced only "transitory" and short-lived contact with refugees. For natives in these places, the refugee shock likely created a feeling of anxiety, while at the same time the lack of repeated interactions prevented negative stereotypes from fading away.

Mixed results on the effects of exposure to refugee migration on natives' voting behavior are also found in Dustmann et al. (2019) for Denmark. Exploiting a quasi-random allocation policy of refugees across municipalities between 1986 and 1998, the authors find that, on average, refugee inflows increased support for anti-immigrant parties.[21] Interestingly, not only far-right but also centre-right parties gained from the inflow of refugees, whereas left-wing parties – moderate and radical alike – significantly lost support.[22]

However, Dustmann et al. (2019) also find that anti-immigrant parties did not gain everywhere. In fact, refugee inflows increased support for left-wing, pro-immigrant parties in the most urban and largest municipalities. Using data from the European Social Survey (ESS), the authors document that residents of these areas were more likely to have immigrants as friends and to view refugees more favorably. One interpretation advanced by Dustmann et al. (2019) is that natives in large municipalities were interacting with foreigners already before the arrival of refugees. Conversely, natives living in more rural areas entered in contact with

[20] See Pettigrew (1998), Pettigrew and Tropp (2006), and Pettigrew et al. (2011) for comprehensive reviews. See also Lowe (2020) and Rao (2019) for evidence consistent with the contact hypothesis in India.

[21] The empirical strategy of the paper represents a notable exception to the shift-share design: it relies on the exogenous allocation of refugees across municipalities, based on pre-determined rules that could not be influenced by the individual municipalities.

[22] We return to this asymmetric effect, with right-wing parties gaining and left-wing parties losing from immigration, in Section 4 below.

refugees because of the random allocation policy – something that might have increased the sense of insecurity associated with the arrival of "strangers".[23]

Evidence consistent with the contact hypothesis is documented also in the context of race relations by Calderon et al. (2020), who study the political effects of the second Great Migration (1940-1970) of African Americans to the North and West of the United States.[24] Following the approach used in Boustan (2010), the authors predict Black in-migration using a version of the shift-share instrument. They find that Black inflows increased support for the civil rights movement not only among African Americans living outside the South, but also among some segments of the white electorate. Calderon et al. (2020) estimate that Black in-migration increased the Democratic vote share in Congressional elections by more than one for one, indicating that, even under the stringent assumption that all Blacks moving to the North immediately voted for the Democratic Party, some whites started to vote for the pro-civil rights (i.e. Democratic) party because of Black arrivals.[25]

To shed light on this interpretation, Calderon et al. (2020) use historical survey data to measure whites' racial attitudes and data on participation to civil rights protests, which allow the authors to identify the race of participants. They find that white respondents living in areas that received more Blacks were significantly more likely to view African Americans favorably and to support the civil rights legislation; similarly, in areas more exposed to Black in-migration, both Black and white individuals were more likely to join pro-civil rights protest. These results are in line with Gunnar Myrdal's (optimistic) prediction that "[t]he average Northerner does not understand the reality and the effects of such [Southern] discriminations", and that "a great majority of white people in America would be prepared to give the [Black] a substantially better deal if they knew the facts" (Myrdal, 1944, page 47).[26]

As for results in Dustmann et al. (2019) and Steinmayr (2020), however, not all whites responded to Black inflows in the same way. In fact, consistent with the literature (Boustan, 2010), the Great Migration increased racial residential segregation and induced whites to

[23] In line with findings in Dustmann et al. (2019), Vertier and Viskanic (2019) show that French municipalities that hosted a temporary refugee center in 2016 saw a reduction in the vote share for Marine Le Pen during the 2017 presidential elections. These effects were likely due to the small scale of the inflow of refugees, and were more pronounced in more diverse and younger municipalities, again consistent with the contact hypothesis.

[24] See also Collins (2020) for a review of the literature on the Great Migration.

[25] While the Democratic Party was perpetuating disenfranchisement and discrimination against African Americans in the South, starting with the New Deal it began to represent and defend the interests of the Black community outside that region, gradually attracting the majority of Black voters (Moon, 1948; Schickler, 2016).

[26] Similar results are found in Schindler and Westcott (2020), who show that the presence of African American soldiers in the UK during WWII induced a positive, long-lasting shift in British whites' attitudes towards minorities and caused a reduction in whites' racial prejudice.

create more independent school districts, so as not to share public goods with Blacks (Alesina et al., 1999, 2004). Similarly, while Democratic Congress members representing areas more exposed to the Great Migration became more supportive of civil rights legislation, Republican legislators adopted more conservative positions on racial issues. That is, the migration-induced racial diversity increased political polarization on race-related issues.

One might expect the contact hypothesis to operate especially over a relatively long time horizon, as natives gradually get to know immigrants and their culture, possibly reducing their (negative) stereotypes. This idea is corroborated by findings in Giuliano and Tabellini (2020), in the context of European immigration to the United States. Building on the methodology used by Tabellini (2020) and relying on nationally representative survey data from the Cooperative Congressional Election Study (CCES), Giuliano and Tabellini (2020) show that American born individuals living in counties with a higher historical European immigrant share are, today, more likely to hold a left-leaning ideology, to vote for the Democratic Party, and to have stronger preferences for redistribution. These effects are quantitatively large, and comparable to those of race and income – the two most important determinants of preferences for redistribution in the US (Alesina and Giuliano, 2011).

These results are in contrast with those estimated in Tabellini (2020), and suggest that the long run effects of immigration and diversity might sharply differ from their short run counterparts.[27] We conjecture that this is especially likely to happen when different (minority) groups are relatively equal in size, so that the degree of ethnic polarization is low (Bazzi et al., 2019), and the cultural distance between natives and immigrants is "not too high". It is also possible that, over the long-run, immigrants' values spill over to natives, contributing to the formation of a diverse and "melting-pot" culture. To test this idea, Giuliano and Tabellini (2020) construct a county-level index of historical "preferences for redistribution" brought about by European immigrants by counting the years of exposure to social welfare reforms that immigrants had in their country of origin before moving to the US. They find that support for redistribution and left-leaning ideology among American born individuals today is stronger in counties that received more immigrants from European countries with a longer history of social welfare programs. Consistent with a mechanism of cultural transmission and with the contact hypothesis, the effects estimated in Giuliano and Tabellini (2020) are more pronounced where the frequency of historical inter-group contact – measured with intermarriage and immigrants' residential integration – was higher.

We conclude by relating these results to the standard idea that immigrants tend to be more individualistic (Kitayama et al., 2006; Knudsen, 2019), and that their presence,

[27] They are also in contrast with most of the results in the literature on ethnic diversity and preferences for redistribution (Alesina et al., 1999; Alesina and La Ferrara, 2005; Alesina and Giuliano, 2011).

historically, is one of the reasons why the US never had a strong socialist party (Alesina and Glaeser, 2004; Lipset and Marks, 2000). Two forces were likely at play in the context of European immigrants to the US. On the one hand, immigrants promoted a "frontier spirit", and a set of values that emphasized the importance of effort versus luck (Alesina and Angeletos, 2005; Piketty, 1995).[28] On the other, immigrants imported a political ideology that was linked to the experience they lived through in their (more redistributive, relative to the US) countries of origin. Findings in Giuliano and Tabellini (2020) suggest that the second force may have prevailed over the first one.

4 Why "Right" Rather Than "Left"?

An intriguing question arising from the previous section is why the anti-immigration rhetoric has become, in general, a banner of right wing parties, (traditional or populist) rather than left wing ones (traditional or populists). This pattern is puzzling, at least from a standard economic logic. As discussed in Section 2, if and when immigrants compete for jobs with and reduce wages of natives, this happens amongst the unskilled. At the same time, unskilled workers are more likely to support left wing parties, which, especially in Europe, have strong ties to labor unions. One would thus expect left, rather than right, wing parties to adopt an anti-immigrant platform. Instead, they do not.

Why is Marine Le Pen rather than the extreme left (or at least part of it) opposing immigration in France? Why is the *League* tough on immigrants, instead of the Democratic Party in Italy? Interestingly, in Germany, Sahra Wagenknecht – the leader of far-left *Die Linke* party from 2010 to 2019 – openly embraced an anti-immigration stance in 2018, arguing that German workers had to be protected from immigrants' competition. However, she was soon discredited by her own party, and this episode remains an exception.[29]

4.1 Moral Values and Group Identification

One possible answer to the question of why right – and not left – wing parties benefit from immigration, and adopt anti-immigrant stances is that culture rather than economics is the fundamental driver of natives' backlash against immigration. While plausible, this answer is not fully satisfactory. In fact, even if this were to be the case, why would right-wing parties be better suited to address natives' cultural concerns about diversity and immigration? We be-

[28] See also Bazzi et al. (2017) for a study on the long-run influence of the American frontier on US ideology.

[29] See, for instance, the Financial Times at `https://www.ft.com/content/b906c3f4-b03d-11e8-8d14-6f049d06439c`, and the New York Times at `https://www.nytimes.com/2018/02/23/opinion/german-left-merkel-demorats.html`.

lieve that, in order to make progress on these issues, one has to augment the uni-dimensional right-left framework and the simple "working class versus capitalists" view of the world (of a Marxist nature) with a more nuanced distinction between "generalized" versus "localized" trust as in Tabellini (2008). Building on these concepts, Enke (2019, 2020) distinguishes between universalistic and communal values. In this framework, universalistic individuals feel that their moral obligations, altruism, and trust towards others extend equally to everyone, rather than primarily to members of their own groups (where the notion of "group" varies, depending on the specific context). Conversely, communal individuals direct their trust and altruism towards people within their own group.

There is no moral judgement behind the classification of communal and universalistic values or individuals. As stressed in Enke et al. (2020), one way to understand the distinction between universalistic and communal individuals is to think towards *whom* they extend the *same* degree of altruism. Communal individuals are more likely to direct altruism and trust towards others within their own group; universalists, instead, are more likely to trust and be altruistic with people outside their kinship ties or their group. As shown in Enke (2020), moral values are highly correlated with political preferences: both voters and politicians on the left tend to be universalistic, while those on the right are more likely to be communal. These patterns extend beyond pure political values, and include also views towards leadership, trust in institutions, and preferences for redistribution (Enke et al., 2020). Examining survey and electoral data for the past 50 years or so, Piketty (2018) finds that in many Western democracies including France, the US, and the UK, more educated individuals have gradually become more likely to support left-wing parties, whereas working class voters have moved to the right.

These empirical regularities suggest that economic incentives may not be the only factor influencing individuals' political preferences. If voters' concerns are predominantly cultural, the extent to which the left is able and willing to adopt an anti-immigration and anti-globalization stance may be limited by the idea of a worldwide working class and a pluralistic culture. To explain why, in recent years, cultural factors might have become more important for voters' political preferences, Bonomi et al. (2020) extend the framework introduced in Shayo (2009), and present a model of "identity politics" where voters identify with a group according to both economic and non-economic considerations. Such identification is based on the "meta-contrast" principle, which is a key tenet of social psychology and self-categorization theory, and implies that individuals classify themselves and others in groups so as to minimize within-group differences and maximize between-group ones (McGarty, 1999; Tajfel et al., 1979; Turner et al., 1987).[30]

[30]A similar model is applied to preferences over trade policies in Grossman and Helpman (2020). See

A key intuition in Bonomi et al. (2020)'s model is that (cultural) shocks like immigration or globalization can change the salience of the features used by individuals for group categorization. For instance, a sudden inflow of immigrants might change the dimension of group identification from "economic class" to "nationality". When the non-economic dimension becomes the driver of group identification, the poor might identify with the nation rather than with their economic class. In addition, as group identification changes, so do beliefs. When identifying with the nation, the poor join the same group as the rich. The former thus adjust their preferences towards the average of the (new) group, becoming less progressive, both economically and socially. This discussion suggests that, following an immigration shock, working-class voters may move away from traditional or populist left-wing parties, which would maximize their economic interests, and instead vote for nationalist parties, which appeal to their national and cultural identity.

If group identification is important to explain voters' demand and their preferences, and if shocks like migration flows or globalization can shift natives' identity (e.g. from workers to citizens), understanding how immigrants are perceived by natives becomes crucial when studying the political consequences of immigration. We expect universalism to dominate in a more heterogeneous society, characterized by frequent interactions between strangers. Conversely, when interactions occur mostly within a restricted, homogeneous group of individuals, such as in low-density rural areas, communal values are more likely to emerge.

Given this premise, the same inflow of immigrants should turn natives "inward" more in communal (than in universalistic) societies, where diversity may represent a threat to the cohesion of the group. Also, and crucially, the same immigration shock will not be perceived in the same way in homogeneous and heterogeneous communities. In fact, diversity and immigration will be more salient in the former than in the latter, in turn favoring even more strongly natives' identification with the nation (rather than with the economic class). Together, these forces predict that immigration will lead to stronger support for right-wing parties in more homogeneous societies both because the same *perceived* immigration shock will move natives "inward" more in communal societies than in universalistic ones and because the same *actual* immigration shock will be more salient in more homogeneous societies.

4.2 (Mis-)information and Stereotypes

A large literature in social psychology, political science and, more recently, economics has documented that misperceptions about social and political groups are pervasive. Focusing on

Shayo (2020) for a recent review of the literature on social identity and group categorization.

political ideology and partisanship, Ahler and Sood (2018) show that Americans greatly over-estimate the share of party supporters that have characteristics considered "stereotypical" of their party. Stereotyping refers to the tendency of individuals to over-weigh the prevalence of types (or, features) that are more likely in one group *relative to* a comparison group (Bordalo et al., 2016; Kahneman and Tversky, 1972).

For instance, if Republicans are wealthier than Democrats, individuals will form their image of Republicans as rich and wealthy, even though the total number of wealthy Republicans in the population is very low. By the same token, if Democrats are more liberal in their attitudes towards minorities relative to Republicans, the Democratic supporter will be stereotyped as a minority member, even if the actual number of Democrats who are members of a minority group is small in absolute terms. This happens because differences in group characteristics are exaggerated for characteristics that are more frequent in a group relative to its comparison. In line with this discussion, Ahler and Sood (2018) show that, even though only 2.2% of Republicans earn more than 250,000 dollars yearly in reality, survey respondents believe that this share is as high as 38%. At the other side of the political spectrum, the share of Democrats who are believed to be gays, lesbians, or bisexual is more than five times larger than their true share (31.7% instead of 6.3%).

Similar results are obtained in Westfall et al. (2015) using survey data from the American National Election Study (ANES) from 1968 to 2008. The authors take advantage of a specific question asked in the ANES for a subset of socioeconomic and political issues that elicits respondents' beliefs about the position held by "the average member" of either party. Comparing the answers to this question to the actual average stated position of Democrats and Republicans, they find that individuals systematically exaggerate partisan differences on almost any socioeconomic issue, from views towards minorities to those on the role of government. That is, respondents believe that the average Democrat and the average Republican are, respectively, more liberal and more conservative relative to their true positions. Perhaps not surprisingly, these misperceptions are stronger when people think about individuals of the "other" group.

In the context of immigration, immigrants represent the "other" group for natives. Herda (2010) uses the 2002 survey wave of the ESS to examine natives' perceptions of the size of the immigrant population in 21 European countries. Consistent with previous findings for the US (Alba et al., 2005; Kunovich, 2017), he provides evidence of "innumeracy", i.e. natives' propensity to systematically over-estimate the number of immigrants. On average, Herda (2010) finds that natives over-state the immigrant share in their country by more that 11 percentage points, with large variation across countries ranging from a maximum of 16.5

(France) to a minimum of 4.4 (Switzerland).[31]

Innumeracy can have profound consequences on natives' preferences over immigration policy and on their views towards immigrants. In particular, theories of racial and intergroup threat (Blalock, 1967; Blumer, 1958) predict that over-estimation of the size of minority groups leads to (more) negative attitudes among the majority against minority members.[32] Motivated by the predictions of these theories, in a recent study, Hopkins et al. (2019) conduct seven distinct survey experiments over more than 10 years to test the effects of providing natives with correct information about the number of immigrants on the views of the former towards the latter. After eliciting natives' beliefs about the size of the immigrant population in the US, the experiment gave to natives in the treatment group – but not to those in the control group – correct information about the number of immigrants.[33] Interestingly, although the treatment did make natives aware of the true number of immigrants, it did not change their (negative) attitudes towards immigration – no matter how immigration was framed and immigrants were presented.[34]

In the same spirit of Hopkins et al. (2019), Alesina et al. (2018) assemble a novel dataset with around 24,000 respondents to study natives' perceptions about immigrants in six countries (United States, UK, Italy, France, Sweden, and Germany). Alesina et al. (2018) find that natives have striking misperceptions about the number, the composition, and the characteristics of immigrants. In all countries considered in the study, both the average and the median respondents vastly overestimate the number of immigrants. For instance, in the US, the share of documented immigrants in 2017 (when the study was conducted) was 10%, but the average perception among respondents was as high as 36%.[35] In Italy, the share of legal immigrants was 10%, but the perceived share was, on average, 26%.

When asked about immigrants' characteristics, natives believe that immigrants come from culturally more distant regions and benefit from the welfare state of receiving countries

[31]Related research in psychology and political science has shown that contextual factors such as residential segregation, the media, and racial stereotyping are responsible for natives' misperceptions (Flores and Schachter, 2018; Gallagher, 2003; Laméris et al., 2018).

[32]Extensive work in social psychology finds evidence consistent with this idea. See Craig et al. (2018) for a recent review of this literature.

[33]Hopkins et al. (2019) design different treatment arms to verify that their findings are not influenced by the possibility that natives felt that they were being explicitly corrected.

[34]Similar findings are also obtained in previous work by Sides and Citrin (2007). Somewhat more encouraging results are instead obtained in Haaland and Roth (2020) and Grigorieff et al. (2018). The first paper shows that correcting natives' perceptions of the (believed) negative labor market effects of immigration increases their support for immigration. The second one finds similar effects when correcting natives' misperceptions about immigrants' characteristics.

[35]Respondents were specifically asked about immigrants who were legal residents in the country. Even if respondents gave their answer, on average, thinking about all immigrants – documented and undocumented one – they would have been quite far from the true share, which in 2017 was 13.7% (Abramitzky and Boustan, 2017).

more than they actually do. Natives also think that immigrants are less educated and poorer than they actually are. Interestingly, while both left and right wing respondents misperceive the share of immigrants to the same extent, a partisan divide arises when it comes to beliefs about the composition of immigrants and their contribution to the welfare state in the receiving country. Specifically, right-leaning respondents are more likely to under-estimate immigrants' skills and education, and to over-estimate the extent to which immigrants are a net "burden" for the public finances of receiving countries.[36] Alesina et al. (2018) also offer participants the possibility of receiving a slightly lower reward for participating in the survey in exchange for the full revelation of the true data on immigrants. They show that participants with the lowest willingness to pay for information are precisely those who hold the most incorrect views about both the number and the quality (in a negative direction) of immigrants.

Results in Alesina et al. (2018) resonate with the literature on stereotypes and group identity (Bordalo et al., 2016; Bonomi et al., 2020; Kahneman and Tversky, 1972). As the stereotype theory predicts, the differences between the characteristics of immigrants and natives are exaggerated, more so for those traits that are "stereotypical" of the two groups. Immigrants are indeed on average more reliant on transfers and less educated than natives. However, respondents tend to "stereotype" these characteristics, thereby inflating the immigrant-native gap. In addition, Bordalo et al. (2020), who use the ANES to study the effects of the end of the Cold War on perceived polarization in the American electorate, find that stereotyping increases with issue salience. That is, the more voters are concerned about an issue (for instance, immigration), the more they tend to make mistakes about it (for instance, by over-estimating the difference in characteristics between immigrants and natives). Thus, as immigration becomes more salient (e.g. due to the inflow of new immigrants), natives' misperceptions grow even larger.

Immigrant flows may not only increase the salience of immigration and diversity in the society, but might also change the definition of in-group and out-group. As a new (religious, cultural, racial) group enters a society, previous outsiders may be re-classified as members of the majority group. At the same time, by increasing the salience of immigration, new arrivals may trigger widespread hostility among majority group members against all minorities. In a series of studies, Fouka et al. (2020b,a) provide evidence consistent with the context dependent nature of social groups, and the effects of immigration on group categorization.

Fouka et al. (2020b) show that the inflow of more than 1.5 million African Americans in northern cities during the First Great Migration (1915-1930) favored the assimilation of

[36]To rule out the possibility that respondents make mistakes in general, Alesina et al. (2018) also check that natives are wrong only when thinking about immigrants, but not when they think about about natives.

previously excluded and discriminated European immigrants. European immigrants residing in cities that received more Blacks were more likely to intermarry with natives – a proxy for successful assimilation – and to become naturalized – a proxy for assimilation effort.

Using data from historical press, Fouka et al. (2020b) document that natives' (negative) stereotypes declined more in cities experiencing larger Black inflows. Not only mentions of the "immigration issue" fell in local newspapers, but also the joint frequency of ethnic groups (e.g. Italians) and disparaging terms (e.g. "mafia") fell more where Black inflows were larger. Also in line with a mechanism of changing perceptions among natives, Fouka et al. (2020b) show that immigrants who were culturally closer to native whites before the Great Migration were able to "fit in" the majority group even with little change (or, even a reduction) in effort; conversely, groups that were at intermediate distance from native whites, such as Eastern and Southern Europeans, exerted significantly more effort to become accepted. And yet, not all of them were able to get assimilated.

The interpretation put forward by the authors is that the migration of Black southerners increased the salience of skin color as opposed to language or religion. This, in turn, shifted the characteristic used by native whites to classify individuals into in- and out-groups. In a companion paper, Fouka et al. (2020a) corroborate this idea by studying the effects of 1970-2010 Mexican immigration on whites' attitudes towards Blacks. As immigration, rather than race, became more salient, whites viewed African Americans more positively. This was reflected not only in survey data but also in hate crime, which fell more in counties that experienced a larger influx of Mexican immigrants.

Consistent with the previous discussion, Barrera et al. (2020) show that, once immigration becomes salient, natives turn against a wide range of policies that, in their opinion, would disproportionately favor immigrants. The authors randomly allocate French voters during the 2017 presidential campaign into a control group and three treatment groups. The first treatment group receives fake news (or, alternative facts) on immigration from the far-right candidate, Marine Le Pen, whereas the second and the third treatment groups receive, respectively, correct information and fake news (as the first treatment group) followed by fact-checking. After the various information treatments, individuals were asked about their attitudes towards immigration policy as well as their posterior beliefs about the facts they were presented with.

Barrera et al. (2020) find that fake news have a strong persuasive effect on voters, and that fact checking is unable to eliminate it. Individuals exposed to the fake news treatment become more likely to vote for Marine Le Pen – a pattern true both for those who were not exposed to fact checking and for those who were. Interestingly, while voters update their beliefs after receiving the fact-checking treatment, they do not change their policy views.

Barrera et al. (2020) interpret these results as consistent with the idea that alternative facts increase the salience of immigration, and even after fact-checking voters' stereotypes remain strong enough to influence policy preferences.

When social media and strategic politicians amplify natives' misperceptions about immigrants, they might have consequences that go beyond mere support for immigration restrictions.[37] Müller and Schwarz (2020) study the effects of Facebook usage on anti-refugee sentiments and hate crimes in Germany between 2015 and 2016, when the country received the sudden and unexpected influx of almost one million refugees, and the number of episodes of violence against them skyrocketed. The authors test the idea that, because of their "echo-chamber" effect (Sunstein, 2009, 2018), social media reinforce anti-refugee sentiments, and may eventually induce individuals to perpetrate acts of violence. First, Müller and Schwarz (2020) construct a novel proxy for the salience of anti-refugee hate speech on Facebook using the number of posts and of users (at the municipal level) of the *AfD* Facebook page. Next, exploiting the timing of internet outages across municipalities, they document that hate crimes rise when refugee salience increases, but that this correlation disappears for municipalities experiencing an internet outage.[38]

Overall, these papers suggest that the debate on immigration takes place in a world of misinformed voters, where politicians' strategic use of information and salience may deeply affect natives' perceptions, in turn influencing political outcomes. In particular, misperceptions and stereotypes may reinforce natives' tendency of identifying with the nation rather than with their economic class. As a consequence, this may lead to stronger support for parties whose policy platform is not economically optimal for the working class, but that meets the demand for a more homogeneous and "close" society. These dynamics, once viewed from the universalistic-communal framework described above, can help reconcile the puzzle of why immigration increases support right-wing (rather than left-wing) parties. Moreover, misperceptions about immigrants might lower natives' preferences for redistribution, even for those who would benefit from a more generous welfare state, further moving their political ideology to the right. We turn to this point in the next section.

[37] See Zhuravskaya et al. (2020) for a review of the literature on the effects of social media on political outcomes, including xenophobia and hate crime.

[38] Similar results on the effects of social media are obtained by Müller and Schwarz (2019), who exploit random variation in the diffusion of Twitter across US counties to study the effects of Donald Trump's tweets on anti-Muslim sentiments and hate crimes. In a related study, exploiting variation in social media penetration across Russian municipalities, Bursztyn et al. (2019) show that, in addition to the persuasion effect identified in the studies discussed above, social media can increase the frequency of hate crimes against ethnic minorities via a "coordination" mechanism, proxied for using hate crimes with multiple perpetrators.

4.3 Preferences for Redistribution

A large literature summarized in Alesina and Giuliano (2011) documents that private and public generosity (redistribution) travels faster within rather than between groups. Put differently, people are more willing to redistribute to those poor who "deserve" help. At the same time, it is more likely for individuals to think that the poor are worth receiving help when they share the same features or belong to the same group (e.g. nationality, religion, race, ethnicity) of the better off. This literature also finds that beliefs about whether the needy exert effort are critical. If the poor are perceived to be hard working but poor because of circumstances beyond their control (i.e. bad luck), people feel more generous towards them.[39] Moreover, for members of any given group, it is easier to perceive a poor as unlucky rather than lazy if she belongs to such group, relative to a poor who is member of another group. Alesina and Glaeser (2004) argue that these perceptions about diversity and poverty are the critical reasons of the American exceptionalism in terms of generosity of the welfare state relative to other rich countries.

Large inflows of immigrants increase diversity. Moreover, natives might view immigrants as poor, uneducated, and as a net burden for the welfare state. They may thus turn against redistributive policies in response to immigration, especially when immigrants are "far" (religiously, ethnically, culturally, etc.) from them. Abundant evidence supports this idea. The paper by Tabellini (2020) already discussed above finds that the reduction in redistribution across US cities in the early twentieth century was stronger where the "immigrant mix" was culturally more distant from natives, and where ethnic diversity brought about by immigration was higher.

Similar results are obtained by Dahlberg et al. (2012) for Sweden. The authors leverage random variation in the allocation of refugees across Swedish municipalities between 1985 and 1994, and match refugee inflows to survey data from the Swedish National Election Studies Program. A notable feature of this survey is that it is taken in the form of a rotating panel, where the same individual is interviewed twice. This allows the authors to compare the preferences of the same individual before and after the (exogenous) inflow of refugees in her municipality. Dahlberg et al. (2012) find that a higher concentration of immigrants caused by the random allocation program reduced natives' preferences for redistribution, especially among high-income individuals.[40]

In recent work, Alesina et al. (2019) study the relationship between preferences for redistribution and immigration across 140 regions in 16 European countries between 1990 and

[39] See also Alesina and Angeletos (2005), Benabou and Tirole (2006), and Piketty (1995).

[40] Eger (2010) obtains similar results using survey data for four repeated cross-section between 1986 and 2002 across 22 Swedish counties.

2010. The paper assembles a novel dataset combining data on immigration across European countries from multiple sources, and matches it with survey responses from the ESS between 2008 and 2016. In a preliminary step, Alesina et al. (2019) verify that natives living in regions more exposed to immigration perceive immigration at the national level to be higher. Relating this finding to our discussion about misperceptions in Section 4.2, when redistributional policies are decided at the national level, natives' preferences and group identification might be distorted by inaccurate beliefs, influenced by the local presence of immigrants.

Next, Alesina et al. (2019) show that individuals living in areas more exposed to immigration hold significantly lower preferences for redistribution.[41] The paper also finds substantial heterogeneity along several margins. First, the negative effect of immigration is stronger in countries that have a more generous welfare state. Second, results are stronger for voters at the center or the right of the political spectrum, and among natives who have more negative views about immigrants. Third, natives' preferences for redistribution vary significantly with immigrants' country of origin, and are more negative when the foreign born come from the Middle-East and Northern Africa.

One possible interpretation of these results is that individuals prefer to redistribute towards the in-group. Since immigrants are considered part of the out-group, natives might choose a more limited degree of redistribution in a more heterogeneous society. Another possibility is that natives strereotypically view immigrants as a net burden to public finances, and therefore shift their policy preferences to the right. In line with this idea, the work by Alesina et al. (2018) reviewed in Section 4.2 finds that natives who have more incorrect views about immigrants (either in terms of the number or in terms of the quality) are especially opposed to redistributive policies. In the experimental part of the paper, Alesina et al. (2018) randomly assign respondents to different treatment groups: (*i*) a priming (or salience) treatment that simply primes people to think about immigrants before asking them about their views about various redistributive policies; (*ii*) two informational treatments that provide information on the share and on the origins of immigrants present in the country; and, (*iii*) a treatment where individuals are presented with an anecdotal story about "hard-working" immigrants.

The first treatment, which makes immigration more salient, reduces natives' preferences for redistribution. This effect is larger for respondents who have more negative baseline views on immigrants (mostly, non college-educated individuals who also work in immigrant intensive sectors, and right-wing voters). Treatments (*ii*) and (*iii*) should, in principle, provide "positive" information about immigrants, their number, their origin, and their work ethics. However, these treatments also make immigration more salient (because they bring

[41] Similar results are obtained by Senik et al. (2009) using the ESS wave of 2002-2003 for 22 countries.

up the issue in the first place). Thus, for respondents in the second and third treatment groups, two forces are at play: on the one hand, the salience effect should turn natives more against redistribution (as for respondents in treatment group (i)); on the other, the correction of (negative) misperceptions and the anecdotal story about immigrants should present the foreign born under a more positive light. It turns out that the first force dominates over the second one, and even treatments (ii) and (iii) reduce natives' preferences for redistribution. These results, which resonate with those of Barrera et al. (2020), indicate that the "priming" effect prevails over the "positive information" effect.

4.4 Discussion

We started out this section by asking a question that, to us, is puzzling: why does immigration increase support parties on the right, rather than for those on the left? This is a puzzle especially because the shift towards the right triggered by immigration is stronger among unskilled and low income natives, who should support left-wing, and not right-wing, parties. We have proposed two distinct, but not mutually exclusive, explanations.

The first one is that immigration transforms the political conflict within the society from the standard economic one (rich vs poor) into a new, cultural one (open vs close). Consistent with the framework in Bonomi et al. (2020) and with results in Fouka et al. (2020b,a), immigration makes more salient features like nationality and citizenship, and induces natives – especially the unskilled and working class ones – to identify with the nation rather than with the economic class. Once the relevant dimension for group identification is no longer purely economic in nature, individuals can rationally choose to vote for a party that does not offer policies that are economically optimal for them (Shayo, 2009). This process is further reinforced by the fact that, as individuals identify with a new group, their beliefs (and preferences) change accordingly.

Combining group identification theory with evidence on the relationship between moral values and political preferences, one can see why, in response to immigration, even unskilled natives can move to the right. Since both voters and politicians on the right of the political spectrum are communal (Enke, 2020), when immigration makes national identity the relevant feature for group identification, natives that are against immigrants naturally turn to right-wing parties. By the same token, because of their universalistic stance, parties on the left are unable (or, unwilling) to attract voters that demand a more "inward" and close society. The model in Bonomi et al. (2020) offers an additional insight: once voters identify with a group (in this case, with the nation and with nationalistic parties), they "slant" their beliefs in the direction of the average belief of members of that group. Thus, because of cultural

identification and the related belief distortion, natives' economic preferences may diverge from what it would be optimal for them.

The second reason why immigration increases support for right-wing parties is related to preferences for redistribution. For one, immigrants are often (culturally, religiously, racially) different from natives, and their inflows increase diversity in receiving countries. As a consequence, immigration reduces natives' demand for social welfare, since individuals are less willing to redistribute in more diverse societies (Alesina et al., 1999; Alesina and La Ferrara, 2005). The papers reviewed above suggest that immigration lowers natives' preferences for redistribution more when immigrants are "culturally further" from natives. In addition, if immigrants are perceived to be poor and to be a net fiscal burden, natives might oppose public spending because they do not want to pay for goods that, in their view, are disproportionately consumed by immigrants. Regardless of the exact channel through which immigration lowers natives' demand for redistribution, one prediction is clear: voters will move closer to parties that, ideologically, advocate for a "small government", i.e. right-wing parties.

Both mechanisms – group identification and lower preferences for redistribution – are likely to be reinforced by misinformation and misperceptions. First, strategic politicians can emphasize cultural differences between immigrants and natives to increase the salience of immigration. This might induce natives to identify more strongly with the "nation" than with their economic class, in turn moving to the right, as just discussed. Second, as documented in Alesina et al. (2018) among others, stereotypes and misperceptions may lead natives to think that immigrants are "worse", culturally more distant, and poorer than they actually are. This will reduce even more natives' willingness to share public goods with members of another group.

These forces are difficult to disentangle, and we suspect that they are complementary. The more natives identify with the nation rather than with the economic class, the more they perceive immigrants as "far". Similarly, the more immigrants increase diversity in the society, the more they raise natives' propensity to identify with the nation. While both mechanisms can independently influence political ideology of natives and their preferences for redistribution, we believe that what makes these forces particularly powerful is the interaction between them. We view at least three promising avenues for future research.

First, researchers should seek to isolate the two channels, identifying the "interaction effect" between them, both theoretically and empirically. When unskilled and working-class natives support a small welfare state (in response to immigration), is it because they identify with the nation rather than their economic class and, once they support right-wing parties, they internalize the idea of a limited government (among other things)? Or, is it because

they dislike sharing public goods with members of a different group? How does each of the two mechanism influence the other? Identifying each of these two forces separately may be particularly daunting with observational data. For this reason, researchers may seek to rely on experimental data, either from online surveys or from the lab.

Second, future work could exploit historical episodes of immigration to test whether natives' shift to the right in response to immigration is a trend specific to our times, as findings in Piketty (2018) may indicate, or whether it is instead a broader empirical regularity that was true also in the past. Adopting a historical perspective might provide valuable also to assess the impact of immigration on the evolution of moral values (Enke, 2019, 2020) in diverse countries such as the United States.

Finally, it would be instructive to examine systematically the relationship between immigration and political polarization. The vast literature reviewed above has studied the effects of immigration on natives' political preferences, but has not directly considered the potential for immigrant flows to increase political divisions. This analysis would complement the extensive literature that has focused on the social conflict triggered by diversity and migration (Alesina and La Ferrara, 2005). Figure 1 plots the evolution of the immigrant share of the US population (solid line) and polarization in the US Senate (black, dotted line) and Congress (grey, dashed line) between 1880 and 2019.[42] While the graph is merely descriptive, the co-movement between immigration and polarization in US history is striking. We believe that testing this relationship more formally, and exploring similar dynamics for other countries, is a fruitful avenue for future research.

5 Voting with the Feet

Up to now, we have focused mostly on political reactions that natives express at the ballot box. However, if individuals are dissatisfied with the policies prevailing in their local community or if they dislike their neighbors, they can "vote with their feet", joining or forming a new jurisdiction (Hirschman, 1970; Tiebout, 1956). A large literature, especially for the US, has provided evidence of white flight: when immigrants move into a neighborhood (or, a city), natives move away from it, fleeing increasingly diverse areas in search for more homogeneous ones, both in terms of race or ethnicity and in terms of income or economic class.

Boustan (2010) makes an important contribution to this literature, studying the effects of the Black Great Migration to US non-southern cities between 1940 and 1970 on whites'

[42] A similar relationship is also presented in McCarty et al. (2016). We define political polarization as the partisan difference in the first dimension of the DW Nominate scores (Poole and Rosenthal, 1985).

residential decision. To address endogeneity concerns on the location of Black migrants, Boustan (2010) predicts the number of new Black residents using a shift-share design (Card, 2001), interacting the share of Black Americans who moved to a non-southern city from a given southern state between 1935 and 1940 with the decadal number of Black emigrants from each southern state between 1940 and 1970.[43] She finds that the arrival of each new Black individual led to the departure of 2.7 whites. Since the median city in the sample of the paper had around 200,000 white residents and received 19,000 Black migrants between 1940 and 1970, these estimates imply that the Black Great Migration triggered the departure of more than 50,000 white residents, and caused a net decline in the population of central cities of 17% during this period.[44]

Results in Boustan (2010) suggest that the second Great Migration was an important factor behind the process of racial residential segregation in American cities.[45] As noted in the introduction, because of space constraints, in our review we will not discuss the gigantic literature on this topic.[46] Instead, motivated by findings in Boustan (2010), we ask a different question: why do natives choose to leave areas that receive in-migrants? The first, and most obvious answer is that the inflow of migrants raises house prices and, possibly, increases competition in the labor market, inducing natives to leave. Even though this explanation is appealing, Boustan (2010) finds that, not only more than one white resident left for each new Black migrant, but also that house prices fell and vacancy rates increased in otherwise declining cities. In growing cities, white flight was not enough to increase vacancy rates, but it did lead to a slow down in the construction of new housing units. Hence, the simple economic mechanism proposed above cannot be the whole story.

One alternative to a housing market explanation is racial distaste: white households chose to leave central cities because they did not want to live next-door to African American migrants. In particular, it is possible that white residents abruptly left neighborhoods (moving to the suburbs) as soon as the share of Black migrants living there reached a certain threshold (Card et al., 2008). While plausible, as discussed in Boustan (2016), this explanation is unlikely to be the only motivation behind white flight. Given the degree of racial residential segregation prevailing in American cities, even in urban centers that received large inflows of Black migrants, such as Chicago or Philadelphia, only a relatively small portion of whites

[43] A number of recent papers formally discuss the conditions under which shift-share instruments are valid (Adao et al., 2019; Borusyak et al., 2018; Goldsmith-Pinkham et al., 2020; Jaeger et al., 2018).

[44] Focusing on the first Great Migration (1915-1930), Shertzer and Walsh (2019) document very similar dynamics, but within cities (between neighborhoods) rather than between cities and suburbs.

[45] See also Jackson (1987) for the process of suburbanization in US history.

[46] See, however, Logan and Parman (2017a,b) and Cook et al. (2018) for a comprehensive analysis of racial residential segregation in American history, and Boustan (2011) for a review of this literature. See also Cutler et al. (1999) for previous influential work.

lived in neighborhoods that were at risk of "racial transition" during this period. Boustan (2016) thus suggests the existence of a multiplier due to whites' concerns about the fiscal impact of the Great Migration. That is, an important motivation for whites' decision to leave central cities was that they did not want to share public goods with Black migrants. By moving to the suburbs, as in Tiebout (1956)'s model, whites could avoid the changes in the bundle of public goods – and in the recipients of such public goods – that were caused by the socio-demographic shift associated with the Great Migration.

Boustan (2016) documents evidence consistent with this interpretation by comparing house prices – used to measure demand for residence in a given area – of adjacent neighborhoods that belong to different municipalities.[47] This strategy allows to hold constant both the "local attributes" and the housing stock. Thus, one can interpret any difference in house prices as reflecting the value that residents attach to the different bundle of public goods and taxes in the corresponding municipality. Using this strategy, Boustan (2016) finds that a 15 percentage point increase in the Black share of the population (or, the average in her sample) lowers house prices by around 5%.[48] When controlling for both the Black share and median income in the municipality, only the latter remains statistically significant and economically relevant. One may thus conclude that white flight was primarily triggered by the fact that whites were richer than Black migrants, and that the former chose to move in order not to subsidize the consumption of public goods of the latter.

Yet, we believe that this interpretation is incorrect. While income certainly played a role, it was far from being the only factor behind white residents' decision to leave central cities in response to Black inflows.[49] First, income and race are highly correlated, and the lack of significance of the latter might be a statistical byproduct of this. Second, even if income were an observable reason why whites dislike diversity, this may be due to racial stereotypes and misperceptions, as discussed above in the context of immigration. For instance, whites may stereotype Black individuals as disproportionately associated with high crime, low income, and low education. Under this scenario, race might become a proxy for a number of intrinsic characteristics that motivate individuals' willingness to interact with others or share public goods with them.

Racial residential segregation, often caused by white flight, can have a profound impact on local finances. Since a large fraction of local revenues, especially in the US, are collected through property taxes, the decline in property values caused by whites' out-migration can

[47] This analysis was originally conducted by Boustan in separate work (Boustan, 2013).

[48] In related work, Boustan (2012) studies the effects of court-ordered desegregation of public schools implemented in several northern cities, comparing the evolution of house prices in neighborhoods that shared a municipal border. She finds that desegregation lowered both house prices and rents by about 6%.

[49] Results in Boustan (2012) are indeed consistent with our interpretation.

impair cities' ability to provide public goods. Using a novel dataset of city finances, Tabellini (2018) studies the effects of the first Black Great Migration (1915-1930) on public goods provision and on tax revenues of northern cities. He documents that, in response to Black inflows, both public spending and tax revenues fell substantially. However, and somewhat in contrast with findings in Alesina et al. (1999) for the more recent period, Tabellini (2018) does not find any systematic change in the allocation of spending across categories. Moreover, and against the idea that cities decided to limit redistribution, Tabellini (2018) shows that Black arrivals were associated with a substantial drop in property values, whereas tax rates were left unchanged. This in turn implied that cities' budget deteriorated, forcing them to cut public spending.

One possible interpretation for these results is that, consistent with Boustan (2016), white residents decided to leave central cities, exerting a negative fiscal externality on remaining residents. This suggests that racial diversity caused by in-migration can reduce public goods provision not only because members of the majority (i.e. whites) vote for parties that advocate for a smaller government, as documented by the papers reviewed in previous sections. But also, more diverse areas may be forced to cut public spending because of the fiscal externality triggered by white flight, which can severely reduce house prices and impair local governments' ability to provide public goods.

The costs of fiscal externality and residential segregation can be extremely high. Derenoncourt (2019) quantifies them by studying the effects of the second Great Migration across northern and western labor markets on intergenerational mobility. Building on the approach used in Boustan et al. (2010), Derenoncourt (2019) shows that individuals who grew up in cities that received more Black migrants between 1940 and 1970 have, today, a lower probability of being upwardly mobile. This was not due to either the selection of migrants or the fact that southern born African Americans were less educated or upwardly mobile than northern residents. Instead, white flight, the decline in funds available to public schools, the rise in police spending, and the increase in both incarceration and murder rates are, together, the culprit for the negative association between the Great Migration and intergenerational mobility. Findings in Derenoncourt (2019) are quantitatively large: according to her estimates, about 30% of the current racial gap in upward mobility in northern cities can be traced back to the to changes induced by the Great Migration.

Although the process of white flight has been studied mostly in the context of race, there is evidence of similar patterns also in the context of immigration across US neighborhoods and school districts. Saiz and Wachter (2011) use a spatial diffusion model to predict the density of the immigrant population within metropolitan areas. They find that when the immigrant share of a neighborhood within a metropolitan area moves from 0 to 10%, house

prices are expected to decline by 2%. Since immigrant arrivals should mechanically increase house prices, due to higher demand, these estimates indicate that, as for the Great Migration, natives' residential response to immigration is large. Moreover, since the estimates in Saiz and Wachter (2011) capture the decision of the marginal native, they likely represent a lower bound for the distaste that the average native has for racial or ethnic diversity. When examining the mechanisms, consistent with most of the works reviewed thus far, Saiz and Wachter (2011) show that natives respond only when immigrants are socially, culturally, and economically further from them.

Similar results are obtained in Cascio and Lewis (2012), who use a variant of the shift-share design (Card, 2001) to study the effects of Mexican immigration across Californian school districts on the school enrolment of non-Hispanic children. They document that, on average, a Californian school district lost 14 non-Hispanic households for every 10 Mexican immigrant kids enrolled in public schools between 1970 and 2000. Consistent with natives' attempt to avoid inter-group interactions in public schools, these patterns are accompanied by an increase in private school enrolment among non-Hispanic white pupils, which is significantly higher in districts with more immigrant kids enrolled in public schools. Interestingly, the magnitude of the effects estimated in Cascio and Lewis (2012) is comparable to those from the literature on white flight in the context of school desegregation (Baum-Snow and Lutz, 2011; Reber, 2005).

Often, natives or, more broadly, members of the majority group, in order to avoid inter-group contact, move to jurisdictions that already exist. However, in some circumstances, natives might be able to set up independent communities, separating themselves from the undesirable newcomers.[50] Especially in the US context, setting up an independent jurisdiction might be particularly valuable to native whites who do not want to share public goods with members of the minority group (either a racial minority or immigrants, or both). Alesina et al. (2004) start from this intuition to test if higher heterogeneity in the population causes a higher number of local jurisdictions across US counties. They focus on heterogeneity along the four margins that are considered as the most relevant to shape preferences and potentially generate political conflict in the US: income, race, ethnicity, and religion.[51]

The main results indicate that counties with higher income and racial heterogeneity are more likely to have a higher number of local governments – municipalities, school districts, and special districts – whereas no such relationship exists for ethnic or religious heterogeneity. When running a horse-race between race and income heterogeneity, the authors find that the effect of the former is more robust and larger in size than the effect of the latter.

[50] Of course the decision to move and to set up an independent jurisdiction can occur at the same time.

[51] See, for instance, Hacker (2010), Kohfeld (1989), and Wilson (2011).

Moreover, Alesina et al. (2004) show that not only the number of local jurisdictions (including school districts), but also that the number of school attendance areas increases with racial heterogeneity. This result indicates that individuals dislike racial heterogeneity both because they want to avoid redistribution and because they dislike inter-group interactions. Interestingly, for the number of school attendance areas, all types of heterogeneity – and not only racial and income ones – have explanatory power. Since creating a new district is more costly than creating a new school attendance area within a district, this finding suggests that individuals dislike racial and income heterogeneity much more than religious or ethnic diversity.

To conclude, this section has documented that natives can respond to immigration not only by casting their vote at the ballot box, but also by "voting with their feet". This reaction – also known as white flight – can have important consequences on racial (or, ethnic) residential segregation, and potentially impose severe negative fiscal externalities in areas that receive large immigrant inflows. In some circumstances, natives can also respond to immigration by creating new, more homogeneous (in terms of income and race) jurisdictions.

It is interesting to note that most of the literature on white flight is concentrated in the United States, while very little evidence exists for Europe. One possible explanation for this pattern is that European countries have remained, at least until recently, significantly more homogeneous than the United States. Another possibility is that European cities are much more densely populated, whereas land is not a scarce resource in the US, where suburbanization can thus take place more easily. Finally, it is possible that the higher level of centralization of public goods provision in Europe, relative to the United States, can explain at least part of this puzzle. Exploring these issues, especially now that racial diversity is on the rise in several European countries, can be a fruitful avenue for future research.

6 Conclusions

We started the paper by noting that immigration – one of the most salient social phenomena of our times – can produce two different effects in receiving countries. The first one, extensively studied in the labor economics literature, is related to the economic consequences that immigrants have on native workers. The second one falls in the broader category, which we defined as "culture". We noted how both forces can, in principle, contribute to determine the political effects of immigration, such as rising support for anti-immigrant parties, changes in demand for welfare policies, and shifts in voters' perceptions.

In response to the unprecedented migration flows, the literature on the political effects of immigration has exploded in the last decade. The "standard" finding is that immigration, by

increasing diversity, triggers natives' backlash, and typically favors right-wing, conservative parties. However, we noted that a number of recent papers provide a more nuanced picture of the effects of immigration, which, in some cases, may move natives' preferences to the left, increasing their openness to diversity. This is more likely to happen when natives and immigrants interact for a prolonged period of time, and may be accompanied by a process of mutual cultural transmission between groups.

Turning to the causes of natives' backlash, there is broad agreement in the literature that cultural, non-economic forces are at least as important as economic ones. First, backlash is more likely to emerge when immigrants are "different" (ethnically, racially, culturally) from natives. Second, natives' opposition to immigration is largely influenced by stereotypes and misperceptions. Natives greatly over-estimate the size of the immigrant population, and believe that immigrants are poorer, less educated, and culturally more distant than they actually are. Such misperceptions are often fueled by the rhetoric of political entrepreneurs, who depict the foreign-born as a threat to the values and norms of receiving countries. Finally, political backlash has emerged even when immigration was economically beneficial, and boosted natives' employment.

One puzzling empirical regularity is that anti-immigration sentiments have been typically channeled towards higher support for right-wing parties. This may seem surprising especially because those natives who may be economically harmed by immigration are unlikely to benefit from the policies advocated by right-wing parties, such as more limited redistribution and lower social welfare. We argued that at least two, non-mutually exclusive, factors can explain this pattern. First, immigration can transform the political conflict within societies from economic to cultural. If native voters identify with the nation (or, their in-group), they may attach lower weight to economic issues, valuing more cultural ones. Second, the political effects of immigration are linked to preferences for redistribution. Since immigrants are perceived – often incorrectly – as poor and culturally far, natives likely demand lower redistribution in response. This may happen either because natives respond to economic incentives (e.g. they do not want to subsidize poorer immigrants' consumption) or because they dislike sharing public goods with strangers.

Regardless of the exact mechanism, if immigration reduces preferences for redistribution among natives, the latter will move towards the party that proposes a more limited role for the government in the economy – namely, the political right. Admittedly, the two forces just described are hard to isolate. In fact, they might interact with each other. The more natives identify with the nation, the more they view immigrants as part of the out-group. At the same time, higher immigration increases diversity in the society, leading natives to identify more with their own (national) group.

Future research should seek to isolate the interaction effect between the two forces just described. It would also be useful to leverage historical data to examine whether the current right-ward shift induced by immigration is a phenomenon specific to our times or is instead a broader empirical regularity. Relatedly, future research should study the relationship between immigration and moral values. We discussed above how the effects of diversity and immigration may vary depending on the set of moral values – universalistic vs communal – prevailing in a society. However, it is unclear if and how, in the long-run, migration can itself influence the prevalence of moral values across countries.

In the last part of our paper, we turned to the political effects of immigration expressed by voters with their "feet". Especially in the US context, the inflow of minorities has often triggered out-migration of majority members. We argued that, while plausible, standard economic mechanisms (e.g. higher house prices or labor market competition) are unlikely to explain these trends. Instead, the existing evidence points to the importance of racial and cultural diversity, as well as the reluctance of individuals to share public goods with non-coethnics. We noted how, perhaps surprisingly, white flight has been prevalent in the United States, but has remained much more limited in Europe. We discussed a few possible reasons for this difference – from lower racial diversity to higher population density to higher degree of centralization in the welfare state in Europe relative to the US. The recent increase in immigration and diversity within and across European countries offers unique laboratories to bring these ideas to the data.

We conclude with some short reflections on the impact that the COVID pandemic might have on migration flows. We expect an increase in the dichotomy between natives an foreigners, and a starker categorization of individuals into "insiders" and "outsiders". It is possible that a common experience such as the pandemic might increase social cohesion within homogeneous populations of natives, while at the same time raising animosity against outsiders. It seems natural to think that the "outsiders" in this context will be members of the minority group and immigrants. It is however possible that divisions will occur even within ethnically homogeneous societies, due to increasing inequality of opportunities.

We suspect that closure to prospective migrants or even repatriation, perhaps initially justified by the goal of preserving the safety of the country, may become more and more common. Cultural backlash against globalization and openness may grow because of a more or less rational fear among natives of being "infected" – not only culturally, but also physically. These fears may exacerbate natives' stereotypes and reinforce the (mis-)perception that immigrants are net fiscal burdens, attracted by the generosity of the welfare state in receiving countries. Journalistic reports about rising racist sentiments have become increasingly frequent, and we expect that in the months ahead many projects will address these

and related issues, perhaps also drawing from historical episodes from the recent or far past.

References

Abdelgadir, Aala and Vasiliki Fouka, "Political Secularism and Muslim Integration in the West: Assessing the Effects of the French Headscarf Ban," *American Political Science Review*, 2020, *114* (3), 707–723.

Abramitzky, Ran and Leah Boustan, "Immigration in American Economic History," *Journal of Economic Literature*, 2017, *55* (4), 1311–45.

_ , _ , and Katherine Eriksson, "Do Immigrants Assimilate More Slowly Today than in the Past?," *American Economic Review: Insights*, 2020, *2* (1), 125–41.

_ , Leah Platt Boustan, and Katherine Eriksson, "A Nation of Immigrants: Assimilation and Economic Outcomes in the Age of Mass Migration," *Journal of Political Economy*, 2014, *122* (3), 467–506.

_ , Philipp Ager, Leah Platt Boustan, Elior Cohen, and Casper W Hansen, "The Effects of Immigration on the Economy: Lessons from the 1920s Border Closure," NBER Working Paper 26536, 2019.

Adao, Rodrigo, Michal Kolesár, and Eduardo Morales, "Shift-share Designs: Theory and Inference," *The Quarterly Journal of Economics*, 2019, *134* (4), 1949–2010.

Ahler, Douglas J. and Gaurav Sood, "The Parties in Our Heads: Misperceptions about Party Composition and Their Consequences," *The Journal of Politics*, 2018, *80* (3), 964–981.

Akcigit, Ufuk, John Grigsby, and Tom Nicholas, "Immigration and the Rise of American Ingenuity," *American Economic Review*, 2017, *107* (5), 327–31.

_ , _ , and _ , "The Rise of American Ingenuity: Innovation and Inventors of the Golden Age," NBER Working Paper 23047, 2017.

Alba, Richard, Ruben G. Rumbaut, and Karen Marotz, "A Distorted Nation: Perceptions of Racial/Ethnic Group Sizes and Attitudes toward Immigrants and Other Minorities," *Social Forces*, 2005, *84* (2), 901–919.

Alesina, Alberto and Edward Ludwig Glaeser, *Fighting Poverty in the US and Europe: A World of Difference*, Oxford University Press, 2004.

_ and Eliana La Ferrara, "Ethnic Diversity and Economic Performance," *Journal of Economic Literature*, 2005, *43*, 721–61.

_ **and George-Marios Angeletos**, "Fairness and Redistribution," *American Economic Review*, September 2005, *95* (4), 960–980.

_ **and Paola Giuliano**, "Preferences for Redistribution," in "Handbook of Social Economics," Vol. 1, Elsevier, 2011, pp. 93–131.

_ **, Armando Miano, and Stefanie Stantcheva**, "Immigration and Redistribution," NBER Working Paper 24733, 2018.

_ **, Elie Murard, and Hillel Rapoport**, "Immigration and Preferences for Redistribution in Europe," NBER Working Paper 25562, 2019.

_ **, Johann Harnoss, and Hillel Rapoport**, "Birthplace Diversity and Economic Prosperity," *Journal of Economic Growth*, 2016, *21* (2), 101–138.

_ **, Reza Baqir, and Caroline Hoxby**, "Political Jurisdictions in Heterogeneous Communities," *Journal of Political Economy*, 2004, *112* (2), 348–396.

_ **,** _ **, and William Easterly**, "Public Goods and Ethnic Divisions," *The Quarterly Journal of Economics*, 1999, *114* (4), 1243–1284.

Allport, Gordon W., *The Nature of Prejudice*, Oxford, England: Addison-Wesley, 1954.

Alsan, Marcella, Katherine Eriksson, and Gregory T. Nimesh, "The Rise and Fall of the Know-Nothing Party," Working paper, 2020.

Altonji, Joseph G. and David Card, "The Effects of Immigration on the Labor Market Outcomes of Less-skilled Natives," in "Immigration, Trade, and the Labor Market," University of Chicago Press, 1991, pp. 201–234.

Angrist, Joshua D. and Adriana D Kugler, "Protective or Counter-Productive? Labour Market Institutions and the Effect of Immigration one EU Natives," *The Economic Journal*, 2003, *113* (488), F302–F331.

Autor, David, David Dorn, Gordon Hanson, and Kaveh Majlesi, "Importing Political Polarization? The Electoral Consequences of Rising Trade Exposure," *American Economic Review*, October 2020, *110* (10), 3139–83.

Aydemir, Abdurrahman and George J. Borjas, "Cross-country Variation in the Impact of International Migration: Canada, Mexico, and the United States," *Journal of the European Economic Association*, 2007, *5* (4), 663–708.

Bandiera, Oriana, Myra Mohnen, Imran Rasul, and Martina Viarengo, "Nation-building through Compulsory Schooling during the Age of Mass Migration," *The Economic Journal*, 2019, *129* (617), 62–109.

Bansak, Kirk, Jens Hainmueller, and Dominik Hangartner, "How Economic, Humanitarian, and Religious Concerns Shape European Attitudes Toward Asylum Seekers," *Science*, 2016, *354* (6309), 217–222.

Barone, Guglielmo, Alessio D'Ignazio, Guido de Blasio, and Paolo Naticchioni, "Mr. Rossi, Mr. Hu and Politics. The Role of Immigration in Shaping Natives' Voting Behavior," *Journal of Public Economics*, 2016, *136*, 1–13.

Barrera, Oscar, Sergei Guriev, Emeric Henry, and Ekaterina Zhuravskaya, "Facts, Alternative Facts, and Fact Checking in Times of Post-truth Politics," *Journal of Public Economics*, 2020, *182*, 104123.

Battisti, Michele, Gabriel Felbermayr, Giovanni Peri, and Panu Poutvaara, "Immigration, Search and Redistribution: A Quantitative Assessment of Native Welfare," *Journal of the European Economic Association*, 2018, *16* (4), 1137–1188.

Baum-Snow, Nathaniel and Byron F. Lutz, "School desegregation, School Choice, and Changes in Residential Location Patterns by Race," *American Economic Review*, 2011, *101* (7), 3019–46.

Bazzi, Samuel, Arya Gaduh, Alexander D. Rothenberg, and Maisy Wong, "Unity in Diversity? How Intergroup Contact Can Foster Nation Building," *American Economic Review*, November 2019, *109* (11), 3978–4025.

_ , Martin Fiszbein, and Mesay Gebresilasse, "Frontier Culture: The Roots and Persistence of" Rugged Individualism" in the United States," NBER Working Paper, 23997, 2017.

Benabou, Roland and Jean Tirole, "Belief in a Just World and Redistributive Politics," *The Quarterly Journal of Economics*, 2006, *121* (2), 699–746.

Blalock, Hubert M., *Toward a Theory of Minority-Group Relations*, Vol. 325, New York: Wiley, 1967.

Blumer, Herbert, "Race Prejudice as a Sense of Group Position," *Pacific Sociological Review*, 1958, *1* (1), 3–7.

Bonomi, Giampaolo, Nicola Gennaioli, and Guido Tabellini, "Identity, Beliefs, and Political Conflict," Working Paper, 2020.

Bordalo, Pedro, Katherine Coffman, Nicola Gennaioli, and Andrei Shleifer, "Stereotypes," *The Quarterly Journal of Economics*, 2016, *131* (4), 1753–1794.

_ **, Marco Tabellini, and David Y Yang**, "Stereotypes and Politics," NBER Working Paper 27194, 2020.

Borjas, George J., "Assimilation, Changes in Cohort Quality, and the Earnings of Immigrants," *Journal of Labor Economics*, 1985, *3* (4), 463–489.

_ , "The Labor Demand Curve Is Downward Sloping: Reexamining The Impact of Immigration on the Labor Market," *The Quarterly Journal of Economics*, 2003, *118* (4), 1335–1374.

_ , *Immigration Economics*, Harvard University Press, 2014.

_ , "Immigration and Globalization: A Review Essay," *Journal of Economic Literature*, 2015, *53* (4), 961–74.

_ **and Kirk B. Doran**, "The Collapse of the Soviet Union and the Productivity of American Mathematicians," *The Quarterly Journal of Economics*, 2012, *127* (3), 1143–1203.

Borusyak, Kirill, Peter Hull, and Xavier Jaravel, "Quasi-experimental Shift-share Research Designs," Working Paper, 2018.

Boustan, Leah Platt, "Was Postwar Suburbanization "White Flight"? Evidence from the Black Migration," *The Quarterly Journal of Economics*, 2010, *125* (1), 417–443.

_ , "Racial Residential Segregation in American Cities," in "Handbook of Urban Economics and Planning," Oxford University Press, 2011.

_ , "School Desegregation and Urban Change: Evidence from City Boundaries," *American Economic Journal: Applied Economics*, 2012, *4* (1), 85–108.

_ , "Local Public Goods and the Demand for High-Income Municipalities," *Journal of Urban Economics*, 2013, *76*, 71–82.

_ , *Competition in the Promised Land: Black Migrants in Northern Cities and Labor Markets*, Princeton University Press, 2016.

_ , **Price V. Fishback, and Shawn Kantor**, "The Effect of Internal Migration on Local Labor Markets: American Cities during the Great Depression," *Journal of Labor Economics*, 2010, *28* (4), 719–746.

Brell, Courtney, Christian Dustmann, and Ian Preston, "The Labor Market Integration of Refugee Migrants in High-Income Countries," *Journal of Economic Perspectives*, 2020, *34* (1), 94–121.

Burchardi, Konrad B and Tarek A Hassan, "The Economic Impact of Social Ties: Evidence from German Reunification," *The Quarterly Journal of Economics*, 2013, *128* (3), 1219–1271.

_ , **Thomas Chaney, and Tarek A Hassan**, "Migrants, Ancestors, and Foreign Investments," *The Review of Economic Studies*, 2019, *86* (4), 1448–1486.

Burchardi, Konrad B., Thomas Chaney, Tarek A. Hassan, Lisa Tarquinio, and Stephen J Terry, "Immigration, Innovation, and Growth," NBER Working Paper 27075, 2020.

Bursztyn, Leonardo, Georgy Egorov, Ruben Enikolopov, and Maria Petrova, "Social media and Xenophobia: Evidence from Russia," NBER Working Paper 26567, 2019.

Calderon, Alvaro, Vicky Fouka, and Marco Tabellini, "Racial Diversity, Electoral Preferences, and the Supply of Policy: the Great Migration and Civil Rights," *CEPR Working Paper 14318*, 2020.

Card, David, "Immigrant Inflows, Native Outflows, and the Local Labor Market Impacts of Higher Immigration," *Journal of Labor Economics*, 2001, *19* (1), 22–64.

_ , "Is the New Immigration Really So Bad?," *The Economic Journal*, 2005, *115* (507), F300–F323.

_ , "Immigration and Inequality," *American Economic Review*, 2009, *99* (2), 1–21.

_ , **Alexandre Mas, and Jesse Rothstein**, "Tipping and the Dynamics of Segregation," *The Quarterly Journal of Economics*, 2008, *123* (1), 177–218.

_ **and Ethan G. Lewis**, "The Diffusion of Mexican immigrants during the 1990s: Explanations and Impacts," in "Mexican Immigration to the United States" University of Chicago Press 2007, pp. 193–228.

_ **and Giovanni Peri**, "Immigration Economics by George J. Borjas: A Review Essay," *Journal of Economic Literature*, December 2016, *54* (4), 1333–49.

_ **, Christian Dustmann, and Ian Preston**, "Immigration, Wages, and Compositional Amenities," *Journal of the European Economic Association*, 2012, *10* (1), 78–119.

Cascio, Elizabeth U. and Ethan G. Lewis, "Cracks in the Melting Pot: Immigration, School Choice, and Segregation," *American Economic Journal: Economic Policy*, 2012, *4* (3), 91–117.

Clemens, Michael A., Ethan G. Lewis, and Hannah M. Postel, "Immigration Restrictions as Active Labor Market Policy: Evidence from the Mexican Bracero Exclusion," *American Economic Review*, 2018, *108* (6), 1468–87.

Collier, Paul, *Exodus: Immigration and Multiculturalism in the 21st Century*, Penguin UK, 2013.

Collins, William J., "The Great Migration of Black Americans from the US South: A Guide and Interpretation," NBER Working Paper 27268, 2020.

Cook, Lisa D., Trevon D. Logan, and John M. Parman, "Rural Segregation and Racial Violence: Historical Effects of Spatial Racism," *American Journal of Economics and Sociology*, 2018, *77* (3-4), 821–847.

Craig, Maureen A., Julian M. Rucker, and Jennifer A. Richeson, "Racial and Political Dynamics of an Approaching "Majority-Minority" United States," *The ANNALS of the American Academy of Political and Social Science*, 2018, *677* (1), 204–214.

Cutler, David M., Edward L. Glaeser, and Jacob L. Vigdor, "The Rise and Decline of the American Ghetto," *Journal of Political Economy*, 1999, *107* (3), 455–506.

Dahlberg, Matz, Karin Edmark, and Heléne Lundqvist, "Ethnic Diversity and Preferences for Redistribution," *Journal of Political Economy*, 2012, *120* (1), 41–76.

Derenoncourt, Ellora, "Can You Move To Opportunity? Evidence from the Great Migration," Working Paper, 2019.

Doran, Kirk B. and Chungeun Yoon, "Immigration and Invention: Evidence from the Quota Acts," Working Paper, 2019.

Dunlevy, James A. and William K. Hutchinson, "The Impact of Immigration on American Import Trade in the Late Nineteenth and Early Twentieth Centuries," *The Journal of Economic History*, 1999, *59* (4), 1043–1062.

Dustmann, Christian and Albrecht Glitz, "How Do Industries and Firms Rspond to Changes in Local Labor Supply?," *Journal of Labor Economics*, 2015, *33* (3), 711–750.

_ **and Ian Preston**, "Comment: Estimating the Effect of Immigration on Wages," *Journal of the European Economic Association*, 2012, *10* (1), 216–223.

_ **and** _ , "Free Movement, Open Borders, and the Global Gains from Labor Mobility," *Annual Review of Economics*, 2019, *11*, 783–808.

_ **and Joseph-Simon Görlach**, "The Economics of Temporary Migrations," *Journal of Economic Literature*, 2016, *54* (1), 98–136.

_ **, Kristine Vasiljeva, and Anna Piil Damm**, "Refugee Migration and Electoral Outcomes," *The Review of Economic Studies*, 2019, *86* (5), 2035–2091.

_ **, Tommaso Frattini, and Ian Preston**, "The Effect of Immigration along the Distribution of Wages," *Review of Economic Studies*, 2013, *80* (1), 145–173.

_ **, Uta Schönberg, and Jan Stuhler**, "The Impact of Immigration: Why Do Studies Reach Such Different Results?," *Journal of Economic Perspectives*, 2016, *30* (4), 31–56.

_ **,** _ **, and** _ , "Labor Supply Shocks, Native Wages, and the Adjustment of Local Employment," *The Quarterly Journal of Economics*, 2017, *132* (1), 435–483.

D'Amuri, Francesco and Giovanni Peri, "Immigration, Jobs, and Employment Protection: Evidence from Europe Before and during the Great Recession," *Journal of the European Economic Association*, 2014, *12* (2), 432–464.

Edo, Anthony, Yvonne Giesing, Jonathan Öztunc, and Panu Poutvaara, "Immigration and Electoral Support for the Far-left and the Far-right," *European Economic Review*, 2019, *115*, 99–143.

Eger, Maureen A., "Even in Sweden: the Effect of Immigration on Support for Welfare State Spending," *European Sociological Review*, 2010, *26* (2), 203–217.

Enke, Benjamin, "Kinship, Cooperation, and the Evolution of Moral Systems," *The Quarterly Journal of Economics*, 2019, *134* (2), 953–1019.

_ , "Moral Values and Voting," *Journal of Political Economy*, 2020, *Forthcoming.*

_ **, Ricardo Rodríguez-Padilla, and Florian Zimmermann**, "Moral Universalism and the Structure of Ideology," *CESifo Working Paper*, 2020.

Flores, René D. and Ariela Schachter, "Who are the "Illegals"? The Social Construction of Illegality in the United States," *American Sociological Review*, 2018, *83* (5), 839–868.

Foged, Mette and Giovanni Peri, "Immigrants' Effect on Native Workers: New Analysis on Longitudinal Data," *American Economic Journal: Applied Economics*, April 2016, *8* (2), 1–34.

Fouka, Vasiliki, "How Do Immigrants Respond to Discrimination? The Case of Germans in the US during World War I," *American Political Science Review*, 2019, *113* (2), 405–422.

_ , "Backlash: The Unintended Effects of Language Prohibition in US Schools after World War I," *The Review of Economic Studies*, 2020, *87* (1), 204–239.

_ , "What Works for Immigrant Integration? Lessons from the Americanization Movement," Working Paper, 2020.

_ **, Shom Mazumder, and Marco Tabellini**, "Changing In-group Boundaries: The Role of New Immigrant Waves in the US," *CEPR Discussion Paper no. DP14590*, 2020.

_ **, Soumyajit Mazumder, and Marco Tabellini**, "From Immigrants to Americans: Race and Assimilation during the Great Migration," *CEPR Discussion Paper no. DP14396*, 2020.

Gallagher, Charles A., "Miscounting Race: Explaining Whites' Misperceptions of Racial Group Size," *Sociological Perspectives*, 2003, *46* (3), 381–396.

Giuliano, Paola and Marco Tabellini, "The Seeds of Ideology: Historical Immigration and Political Preferences in the United States," NBER Working Paper 27238, 2020.

Glitz, Albrecht, "The Labor Market Impact of Immigration: A Quasi-Experiment Exploiting Immigrant Location Rules in Germany," *Journal of Labor Economics*, 2012, *30* (1), 175–213.

Goldin, Claudia, "The Political Economy of Immigration Restriction in the United States, 1890 to 1921," in "The Regulated Economy: A Historical Approach to Political Economy," University of Chicago Press, 1994, pp. 223–258.

Goldsmith-Pinkham, Paul, Isaac Sorkin, and Henry Swift, "Bartik Instruments: What, When, Why, and How," *American Economic Review*, 2020, *110* (8), 2586–2624.

Grigorieff, Alexis, Christopher Roth, and Diego Ubfal, "Does Information Change Attitudes Towards Immigrants? Representative Evidence from Survey Experiments," *Representative Evidence from Survey Experiments*, 2018.

Grossman, Gene M. and Elhanan Helpman, "Identity Politics and Trade Policy," *Review of Economic Studies*, 2020, *Forthcoming.*

Guriev, Sergei and Elias Papaioannou, "The Political Economy of Populism," CEPR Discussion Paper No. DP14433, 2020.

Haaland, Ingar and Christopher Roth, "Labor Market Concerns and Support for Immigration," *Journal of Public Economics*, 2020, *191* (104256).

Hacker, Andrew, *Two Nations: Black and White, Separate, Hostile, Unequal*, Simon and Schuster, 2010.

Hainmueller, Jens and Daniel J. Hopkins, "Public Attitudes toward Immigration," *Annual Review of Political Science*, 2014, *17*, 225–249.

Halla, Martin, Alexander F. Wagner, and Josef Zweimüller, "Immigration and Voting for the Far Right," *Journal of the European Economic Association*, 2017, *15* (6), 1341–1385.

Hanson, Gordon and Craig McIntosh, "Is the Mediterranean the New Rio Grande? US and EU Immigration Pressures in the Long Run," *Journal of Economic Perspectives*, 2016, *30* (4), 57–82.

Hanson, Gordon H., "The Economic Consequences of the International Migration of Labor," *Annual Review of Economics*, 2009, *1* (1), 179–208.

Herda, Daniel, "How Many Immigrants? Foreign-born Population Innumeracy in Europe," *Public Opinion Quarterly*, 2010, *74* (4), 674–695.

Higham, John, *Strangers in the Land: Patterns of American Nativism, 1860-1925*, Rutgers University Press, 1955.

Hirschman, Albert O., *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States*, Vol. 25, Harvard University Press, 1970.

Hopkins, Daniel J., John Sides, and Jack Citrin, "The Muted Consequences of Correct Information about Immigration," *The Journal of Politics*, 2019, *81* (1), 315–320.

Hornbeck, Richard and Suresh Naidu, "When the Levee Breaks: Black Migration and Economic Development in American South," *American Economic Review*, 2014, *104* (3), 963–90.

Hunt, Jennifer, "Which Immigrants are Most Innovative and Entrepreneurial? Distinctions by Entry Visa," *Journal of Labor Economics*, 2011, *29* (3), 417–457.

Jackson, Kenneth T., *Crabgrass Frontier: The Suburbanization of the United States*, Oxford University Press, 1987.

Jaeger, David A., Joakim Ruist, and Jan Stuhler, "Shift-share Instruments and the Impact of Immigration," NBER Working Paper 24285, 2018.

Kahneman, Daniel and Amos Tversky, "Subjective Probability: A Judgment of Representativeness," *Cognitive Psychology*, 1972, *3* (3), 430–454.

Karadja, Mounir and Erik Prawitz, "Exit, Voice, and Political Change: Evidence from Swedish Mass Migration to the United States," *Journal of Political Economy*, 2019, *127* (4), 1864–1925.

Kerr, Sari Pekkala and William R. Kerr, "Economic Impacts of Immigration: A Survey," NBER Working Paper 16736, 2011.

_ and _ , "Immigration Policy Levers for U.S. Innovation and Startups," Harvard Business School Working Paper, No. 20-105, 2020.

_ , _ , Çağlar Özden, and Christopher Parsons, "High-Skilled Migration and Agglomeration," *Annual Review of Economics*, 2017, *9*, 201—-234.

Kerr, William R., *The Gift of Global Talent: How Migration Shapes Business, Economy Society*, Stanford, CA: Stanford Business Books, 2018.

_ and William F Lincoln, "The Supply Side of Innovation: H-1B Visa Reforms and US Ethnic Invention," *Journal of Labor Economics*, 2010, *28* (3), 473–508.

Kitayama, Shinobu, Keiko Ishii, Toshie Imada, Kosuke Takemura, and Jenny Ramaswamy, "Voluntary Settlement and the Spirit of Independence: Evidence from Japan's" Northern Frontier."," *Journal of Personality and Social Psychology*, 2006, *91* (3), 369.

Knudsen, Anne Sofie Beck, "Those Who Stayed: Selection and Cultural Change during the Age of Mass Migration," Working Paper, 2019.

Kohfeld, Carol Weitzel, *Race and the Decline of Class in American Politics*, University of Illinois Press, 1989.

Kunovich, Robert M., "Perceptions of Racial Group Size in a Minority-Majority Area," *Sociological Perspectives*, 2017, *60* (3), 479–496.

Lafortune, Jeanne, Ethan Lewis, and José Tessada, "People and Machines: A Look at the Evolving Relationship between Capital And Skill in Manufacturing, 1860–1930, Using Immigration Shocks," *Review of Economics and Statistics*, 2019, *101* (1), 30–43.

Laméris, Joran, Gerbert Kraaykamp, Stijn Ruiter, and Jochem Tolsma, "Size is in The Eye of the Beholder: How Differences between Neighbourhoods and Individuals Explain Variation in Estimations of the Ethnic Out-Group Size in the Neighbourhood," *International Journal of Intercultural Relations*, 2018, *63*, 80–94.

Lee, Jongkwan, Giovanni Peri, and Vasil Yasenov, "The Labor Market Effects of Mexican Repatriations: Longitudinal Evidence from the 1930s," Working Paper, 2020.

Lewis, Ethan, "Immigration, Skill Mix, and Capital Skill Complementarity," *The Quarterly Journal of Economics*, 2011, *126* (2), 1029–1069.

_ , "Immigration and Production Technology," *Annual Review of Economics*, 2013, *5* (1), 165–191.

_ **and Giovanni Peri**, "Immigration and the Economy of Cities and Regions," in "Handbook of Regional and Urban Economics," Vol. 5, Elsevier, 2015, pp. 625–685.

Lewis, Jeffrey B., Keith Poole, Howard Rosenthal, Adam Boche, Aaron Rudkin, and Luke Sonnet, "Voteview: Congressional Roll-Call Votes Database," 2020.

Lipset, Seymour Martin and Gary Marks, *It Didn't Happen Here: Why Socialism Failed in the United States*, WW Norton & Company, 2000.

Lleras-Muney, Adriana and Allison Shertzer, "Did the Americanization Movement Succeed? An Evaluation of the Effect of English-Only and Compulsory Schooling Laws on Immigrants," *American Economic Journal: Economic Policy*, 2015, *7* (3), 258–90.

Logan, Trevon D. and John M. Parman, "The National Rise in Residential Segregation," *The Journal of Economic History*, 2017, *77* (1), 127–170.

Logan, Trevon D and John M Parman, "Segregation and Homeownership in the Early Twentieth Century," *American Economic Review*, 2017, *107* (5), 410–14.

Lowe, Matt, "Types of Contact: A field Experiment on Collaborative and Adversarial Caste Integration," 2020.

Manacorda, Marco, Alan Manning, and Jonathan Wadsworth, "The Impact of Immigration on the Structure of Wages: Theory and Evidence from Britain," *Journal of the European economic association*, 2012, *10* (1), 120–151.

Margalit, Yotam, "Economic Insecurity and the Causes of Populism, Reconsidered," *Journal of Economic Perspectives*, November 2019, *33* (4), 152–70.

Mayda, Anna Maria, Giovanni Peri, and Walter Steingress, "The Political Impact of Immigration: Evidence from the United States," *American Economic Journal: Applied Economics*, 2020, *Forthcoming*.

McCarty, Nolan, Keith T. Poole, and Howard Rosenthal, *Polarized America: The Dance of Ideology and Unequal Riches*, mit Press, 2016.

McGarty, Craig, *Categorization in Social Psychology*, Sage, 1999.

Mendez, Ildefonso and Isabel M. Cutillas, "Has Immigration Affected Spanish Presidential Elections Results?," *Journal of Population Economics*, 2014, *27* (1), 135–171.

Monras, Joan, "Immigration and Wage Dynamics: Evidence from the Mexican Peso Crisis," *Journal of Political Economy*, 2020, *128* (8), 3017–3089.

Moon, Henry Leo, *Balance of Power: The Negro Vote*, Greenwood Publishing Group, 1948.

Moriconi, Simone, Giovanni Peri, and Riccardo Turati, "Immigration and Voting for Redistribution: Evidence from European Elections," *Labour Economics*, 2019, *61*, 101765.

Moser, Petra, Alessandra Voena, and Fabian Waldinger, "German Jewish Émigrés and US Invention," *American Economic Review*, 2014, *104* (10), 3222–55.

_ **and Shmuel San**, "Immigration, Science, and Invention. Lessons from the Quota Acts," Working Paper 2020.

Müller, Karsten and Carlo Schwarz, "From Hashtag to Hate Crime: Twitter and Anti-minority Sentiment," Working Paper, 2019.

_ **and** _ , "Fanning the Flames of Hate: Social Media and Hate Crime," *Journal of the European Economic Association*, 2020, *Forthcoming.*

Myrdal, Gunnar, *An American Dilemma; the Negro Problem and Modern Democracy (2 vols.)*, Harper, 1944.

Ottaviano, Gianmarco and Giovanni Peri, "Rethinking the Effect of Immigration on Wages," *Journal of the European Economic Association*, 2012, *10* (1), 152–197.

_ , _ , and Greg C. Wright, "Immigration, Trade and pPoductivity in Services: Evidence from UK Firms," *Journal of International Economics*, 2018, *112*, 88–108.

Otto, Alkis Henri and Max Friedrich Steinhardt, "Immigration and Election Outcomes — Evidence from City Districts in Hamburg," *Regional Science and Urban Economics*, 2014, *45*, 67–79.

Parsons, Christopher and Pierre-Louis Vézina, "Migrant Networks and Trade: The Vietnamese Boat People as a Natural Experiment," *The Economic Journal*, 2018, *128* (612), F210–F234.

Peri, Giovanni, "The Effect of Immigration on Productivity: Evidence from US States," *Review of Economics and Statistics*, 2012, *94* (1), 348–358.

_ , "Immigrants, Productivity, and Labor Markets," *Journal of Economic Perspectives*, November 2016, *30* (4), 3–30.

_ **and Chad Sparber**, "Task Specialization, Immigration, and Wages," *American Economic Journal: Applied Economics*, July 2009, *1* (3), 135–69.

Peters, Michael, "Market Size and Spatial Growth–Evidence from Germany's Post-War Population Expulsions," Working Paper, 2019.

Pettigrew, Thomas and Linda Tropp, "A Meta-Analytic Test of Intergroup Contact Theory," *Journal of personality and social psychology*, 2006, *90*, 751–83.

Pettigrew, Thomas F., "Intergroup Contact Theory," *Annual Review of Psychology*, 1998, *49* (1), 65–85.

Pettigrew, Thomas, Linda Tropp, Ulrich Wagner, and Oliver Christ, "Recent Advances in Intergroup Contact Theory.," *International Journal of Intercultural Relations*, 2011, *35*, 271–280.

Piketty, Thomas, "Social Mobility and Redistributive Politics," *The Quarterly Journal of Economics*, 1995, *110* (3), 551–584.

_ , "Brahmin Left vs Merchant Right: Rising Inequality and the Changing Structure of Political Conflict," *WID.World Working Paper*, 2018, *7*.

Poole, Keith T. and Howard Rosenthal, "A spatial Model for Legislative Roll Call Analysis," *American Journal of Political Science*, 1985, pp. 357–384.

Rao, Gautam, "Familiarity Does Not Breed Contempt: Generosity, Discrimination, and Diversity in Delhi Schools," *American Economic Review*, March 2019, *109* (3), 774–809.

Reber, Sarah J., "Court-ordered Desegregation Successes and Failures Integrating American Schools since Brown Versus Board of Education," *Journal of Human resources*, 2005, *40* (3), 559–590.

Ruggles, Steven, Sarah Flood, Ronald Goeken, Josiah Grover, Erin Meyer, Jose Pacas, and Matthew Sobek, "Integrated Public Use Microdata Series: Version 9.0 [dataset]," 2019.

Saiz, Albert and Susan Wachter, "Immigration and the Neighborhood," *American Economic Journal: Economic Policy*, 2011, *3* (2), 169–88.

Schickler, Eric, *Racial Realignment: The Transformation of American Liberalism, 1932–1965*, Princeton University Press, 2016.

Schindler, David and Mark Westcott, "Shocking Racial Attitudes: Black GIs in Europe," *Review of Economic Studies*, 2020, *Forthcoming*.

Senik, Claudia, Holger Stichnoth, and Karine Van der Straeten, "Immigration and Natives' Attitudes towards the Welfare State: Evidence from the European Social Survey," *Social indicators research*, 2009, *91* (3), 345–370.

Sequeira, Sandra, Nathan Nunn, and Nancy Qian, "Immigrants and the Making of America," *The Review of Economic Studies*, 2020, *87* (1), 382–419.

Shayo, Moses, "A Model of Social Identity with an Application to Political Economy: Nation, Class, and Redistribution," *American Political Science Review*, 2009, *103* (2), 147–174.

_ , "Social Identity and Economic Policy," *Annual Reviews of Economics*, 2020, *12*, 355–389.

Shertzer, Allison and Randall P. Walsh, "Racial Sorting and the Emergence of Segregation in American Cities," *Review of Economics and Statistics*, 2019, *101* (3), 415–427.

Sides, John and Jack Citrin, "How Large the Huddled Masses? The Causes And Consequences of Public Misperceptions About Immigrant Populations," in "Annual Meeting of the Midwest Political Science Association," Chicago, IL, 2007.

Smith, Christopher L., "The Impact of Low-skilled Immigration on the Youth Labor Market," *Journal of Labor Economics*, 2012, *30* (1), 55–89.

Steinmayr, Andreas, ""Contact versus Exposure: Refugee Presence and Voting for the Far-Right"," *The Review of Economics and Statistics*, 2020, *Forthcoming.*

Sunstein, Cass R., *Republic.com 2.0*, Princeton University Press, 2009.

_ , *#Republic: Divided democracy in the Age of Social Media*, Princeton University Press, 2018.

Tabellini, Guido, "The Scope of Cooperation: Values and Incentives," *The Quarterly Journal of Economics*, 2008, *123* (3), 905–950.

Tabellini, Marco, "Racial Heterogeneity and Local Government Finances: Evidence from the Great Migration," CEPR Discussion Paper No. DP14319, 2018.

_ , "Gifts of the Immigrants, Woes of the Natives: Lessons from the Age of Mass Migration," *The Review of Economic Studies*, 2020, *87* (1), 454–486.

Tajfel, Henri, John C. Turner, William G. Austin, and Stephen Worchel, "An Integrative Theory of Intergroup Conflict," *Organizational Identity: A Reader*, 1979, *56*, 65.

Tiebout, Charles M., "A Pure Theory of Local Expenditures," *Journal of Political Economy*, 1956, *64* (5), 416–424.

Turner, John C., Michael A. Hogg, Penelope J. Oakes, Stephen D. Reicher, and Margaret S. Wetherell, *Rediscovering the Social Group: A Self-Categorization Theory*, Basil Blackwell, 1987.

Vertier, Paul and Max Viskanic, "Dismantling the 'Jungle': Migrant Relocation and Extreme Voting in France," CESisfo Working Paper No. 6927, 2019.

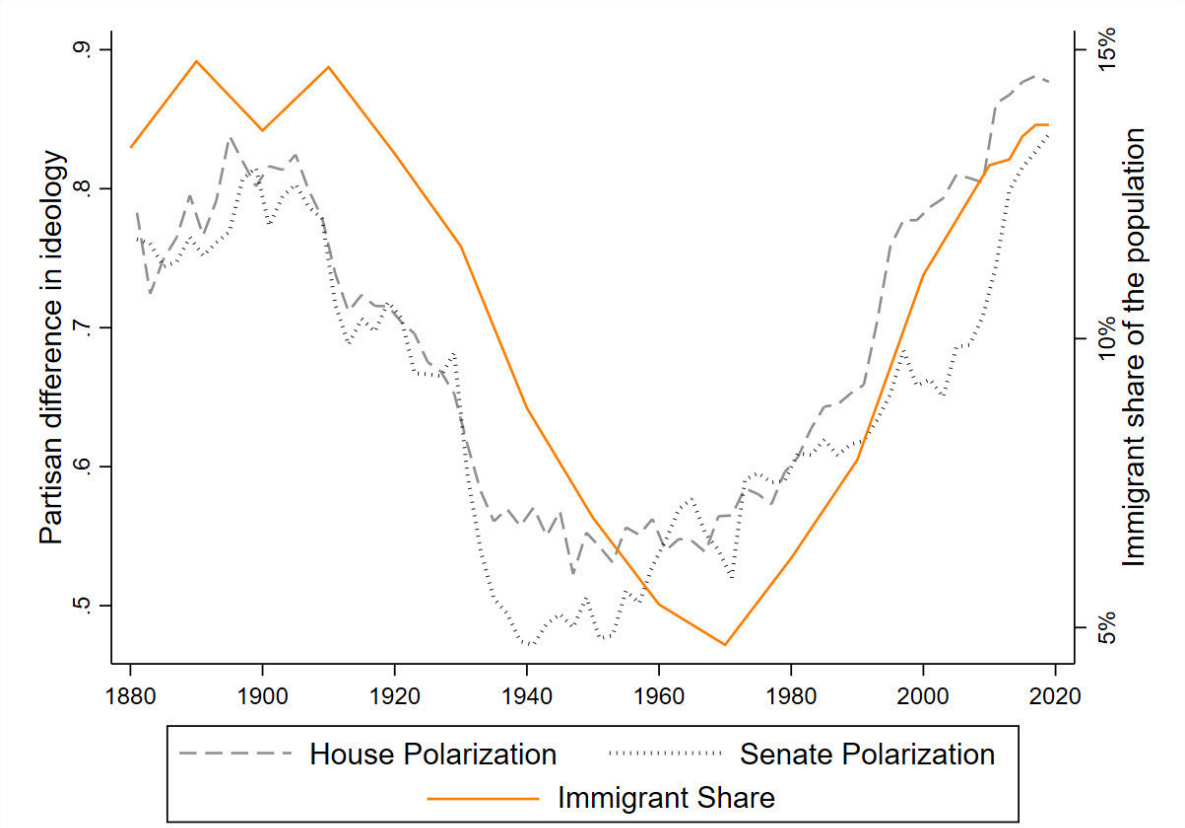
Westfall, Jacob, Leaf Van Boven, John R. Chambers, and Charles M. Judd, "Perceiving Political Polarization in the United States: Party Identity Strength and Attitude Extremity Exacerbate the Perceived Partisan Divide," *Perspectives on Psychological Science*, 2015, *10* (2), 145–158.

Wilson, William Julius, *When Work Disappears: The World of the New Urban Poor*, Vintage, 2011.

Zhuravskaya, Ekaterina, Maria Petrova, and Ruben Enikolopov, "Political Effects of the Internet and Social Media," *Annual Review of Economics*, 2020, *12* (1), 415–438.

Figures

Figure 1: Immigration and Political Polarization in US History



Notes: The figure plots the immigrant share of the US population (solid line; right y-axis) and the ideological distance between Democrats and Republicans in both Chambers (dotted and dashed lines; left y-axis) between 1880 and 2019. The ideology of party representatives is based on the first dimension of the DW-Nominate scores, which measures legislators' liberal-conservative positions using their roll call voting records (Poole and Rosenthal, 1985). Data on immigration and political ideology come, respectively, from Migration Policy Institute (adapted from Ruggles et al., 2019) and Lewis et al. (2020).