

The redistributive effects of enfranchising non-citizens: Evidence from Sweden

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EEA 2023

Introduction

- Immigrants constitute the largest disenfranchised group in democracies
- Granting them the right to vote may
 - Enhance diversity and legitimacy of policies, have inclusive effects
 - Significantly alter electoral and policy outcomes
- In this paper we ask: What are the redistributive effects of granting voting rights to non-citizens?

Introduction

- When non-citizens get the right to vote:
 1. Standard MVT: If immigrants are poorer than natives, the new MV is poorer, and redistribution is higher
 2. Different demography: non-citizens may demand more spending in different public programs than natives, e.g., schools
 3. Spatial segregation: immigrants may demand more spending in the areas where they reside

Introduction

- When non-citizens get the right to vote, local politicians may want to attract this group of potential voters if significant enough
- Politicians can promise increased spending on those programs that interest non-citizens the most (Ferwerda, 2021)

Our Mechanism

- We combine two ideas from the literature
 1. New voters may have preferences for public services that differ from those of natives
 2. The effect of extending voting rights will depend on the **effective** political power of the new voters

Our Mechanism

- By effective power we mean the possibility of altering the status quo prior to the franchise extension
- This depends on the number of new voters, but not only
- It also depends on the closeness of the election
- If non-citizens are few relative to the expected margin of victory, the franchise extension shall not have much of an effect

The 1975 Swedish Reform

- In 1975, the Swedish parliament unanimously granted voting rights in municipal elections to non-citizens with +3 years of residency
- More than 210,000 foreigners (3.5% of the electorate) had the right to vote for the first time in the 1976 local elections
- The reform produced an exogenous change in the composition of the electorate in Swedish municipalities (0.17%-14.69%)

Why the 1975 Swedish Reform?

- Not many similar reforms and not of this size
- Data availability
- Non-citizens were very comparable to citizens in income and labour market outcomes
- Not the first ones: Vernby (2013) studied the spending effects of this reform

Preview of Results

- There was a spike in local income taxes after the 1976 election that did not repeat in subsequent elections (from 14.6 to 15.7%)
- Taxes increased more in those municipalities with a higher proportion of non-citizens
- This effect was concentrated in municipalities in which the last election before the reform was so close that non-citizens could upturn the outcome

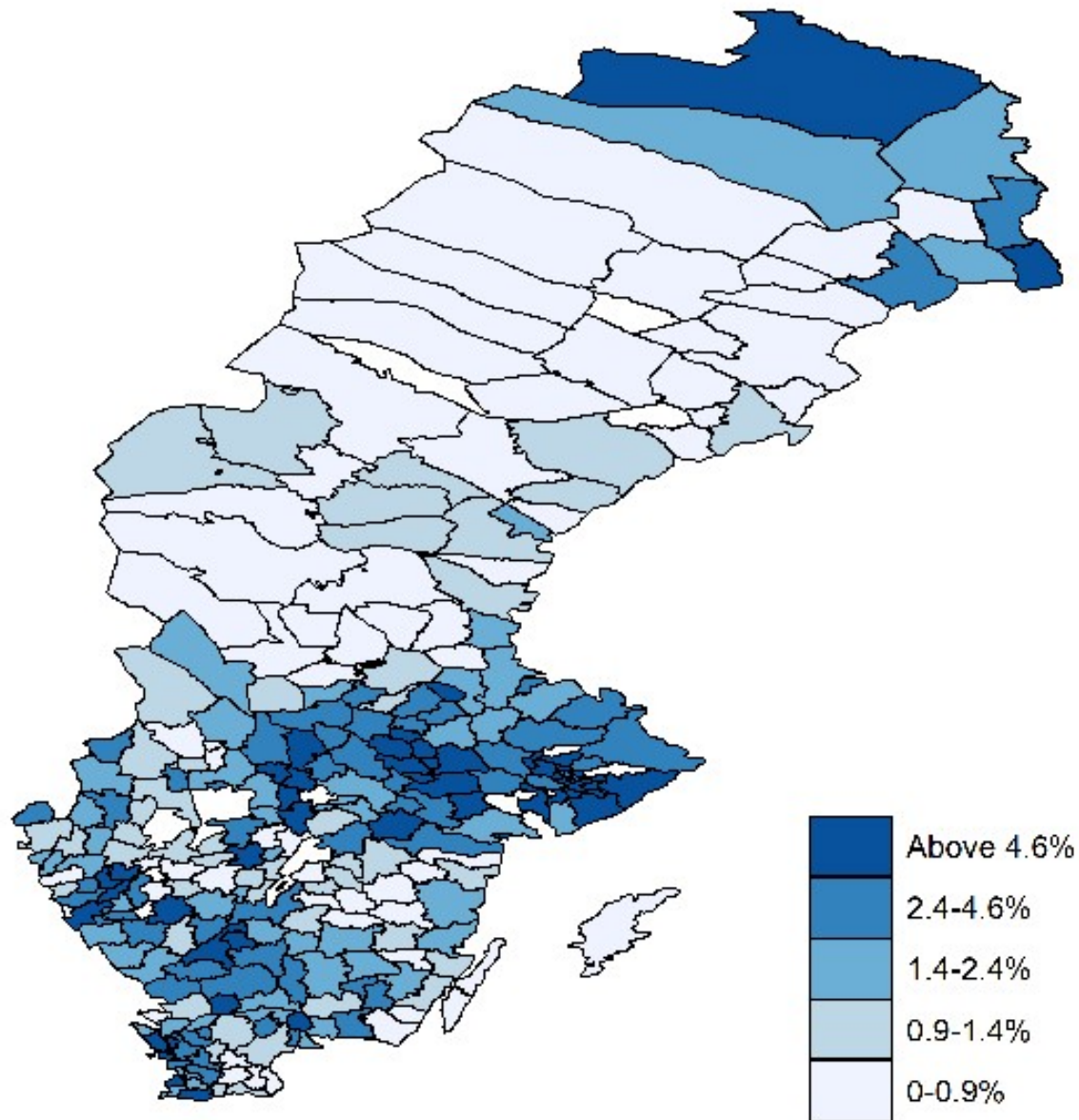
Immigrants in 1970s Sweden

- In 1976, they represented 5,1% of the total population
- Composition: Finnish (44.86%), Yugoslavs (9.69%), Danish (8.76%), Norwegians (6.63%), Greeks (4.33%), and Germans (4.02%)
- The largest age groups among foreigners were children and adults under 40
- Same employment rates; their median pre-tax labour income was 93.3% of that of natives

Data

- Data on local elections in **1973**, **1976**, 1979, 1982, 1985
- Municipal level data on:
 - Number of voters
 - Number of votes each party gets
 - **Local tax rates (since 1974)**
 - Fraction of foreign citizens (since 1976)
 - Other characteristics

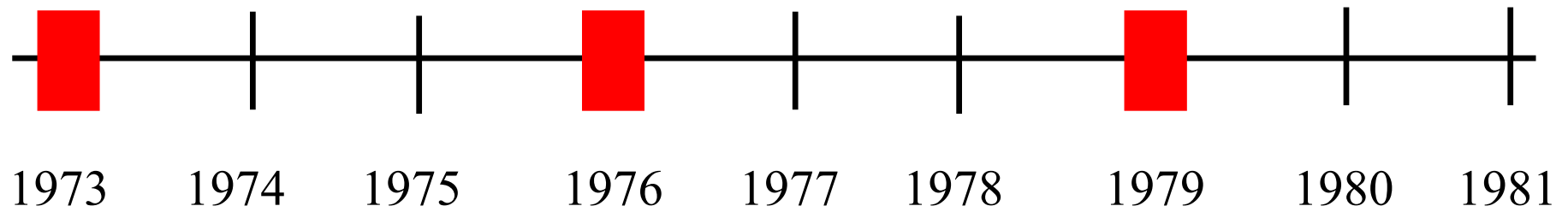
Foreign Voters in 1976



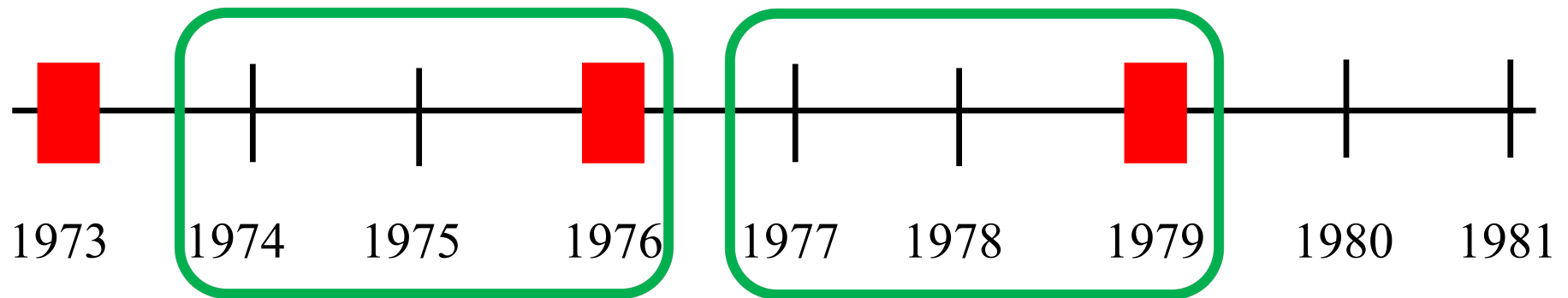
Political Parties

- Six main parties; got 98.3% (in 1973) and 97.6% (in 1976) of votes
- Divided into two blocs:
 - Centre-Right Bloc: Moderate, Centre, Liberal, Christian Dem.
 - Left Bloc: Social Democratic, Left Party
- In 1973, left parties held office in 116 of the 278 municipalities

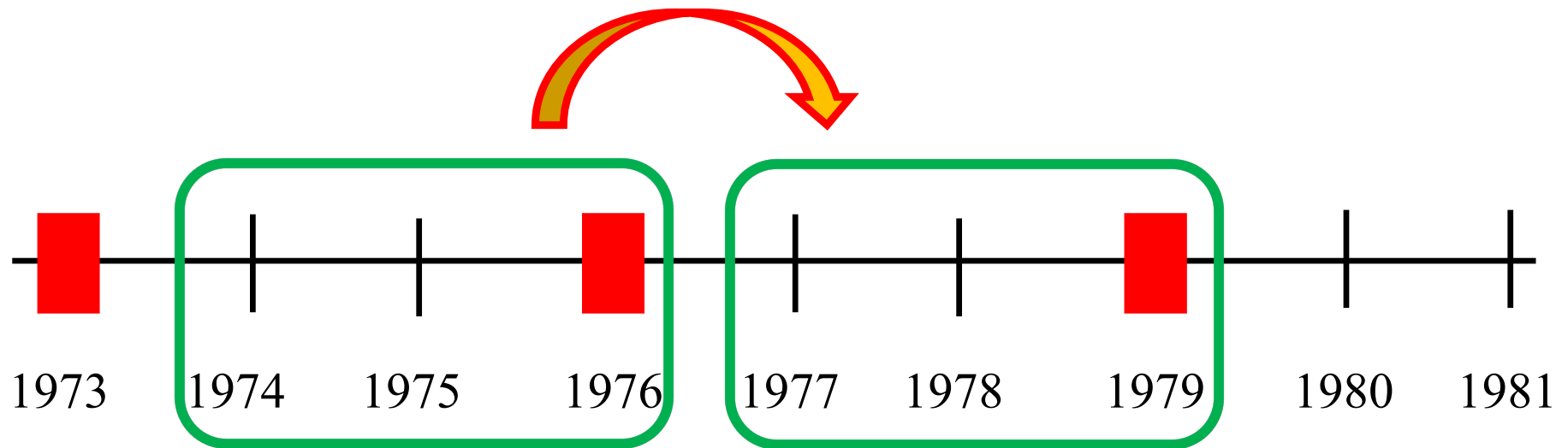
Tax changes



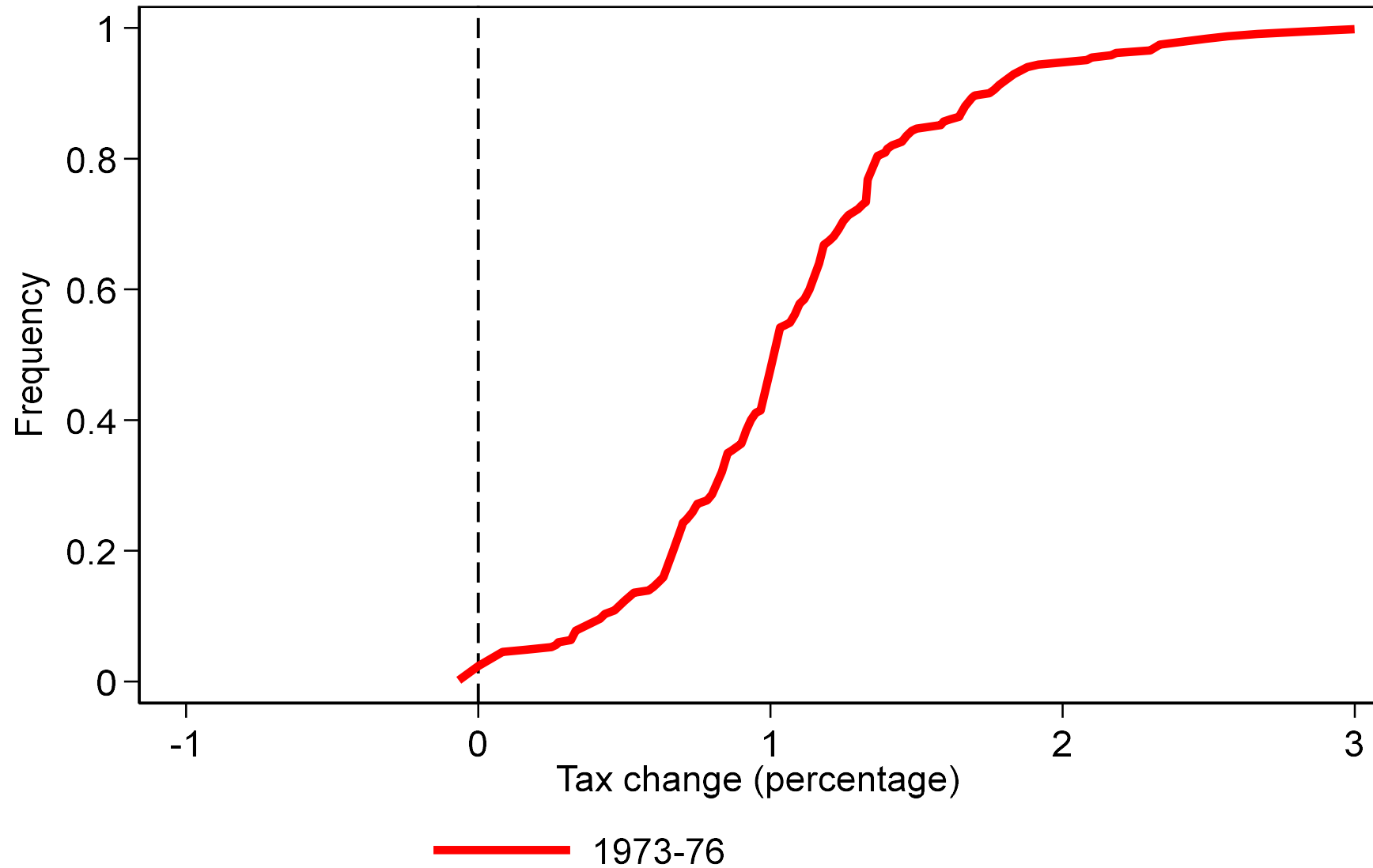
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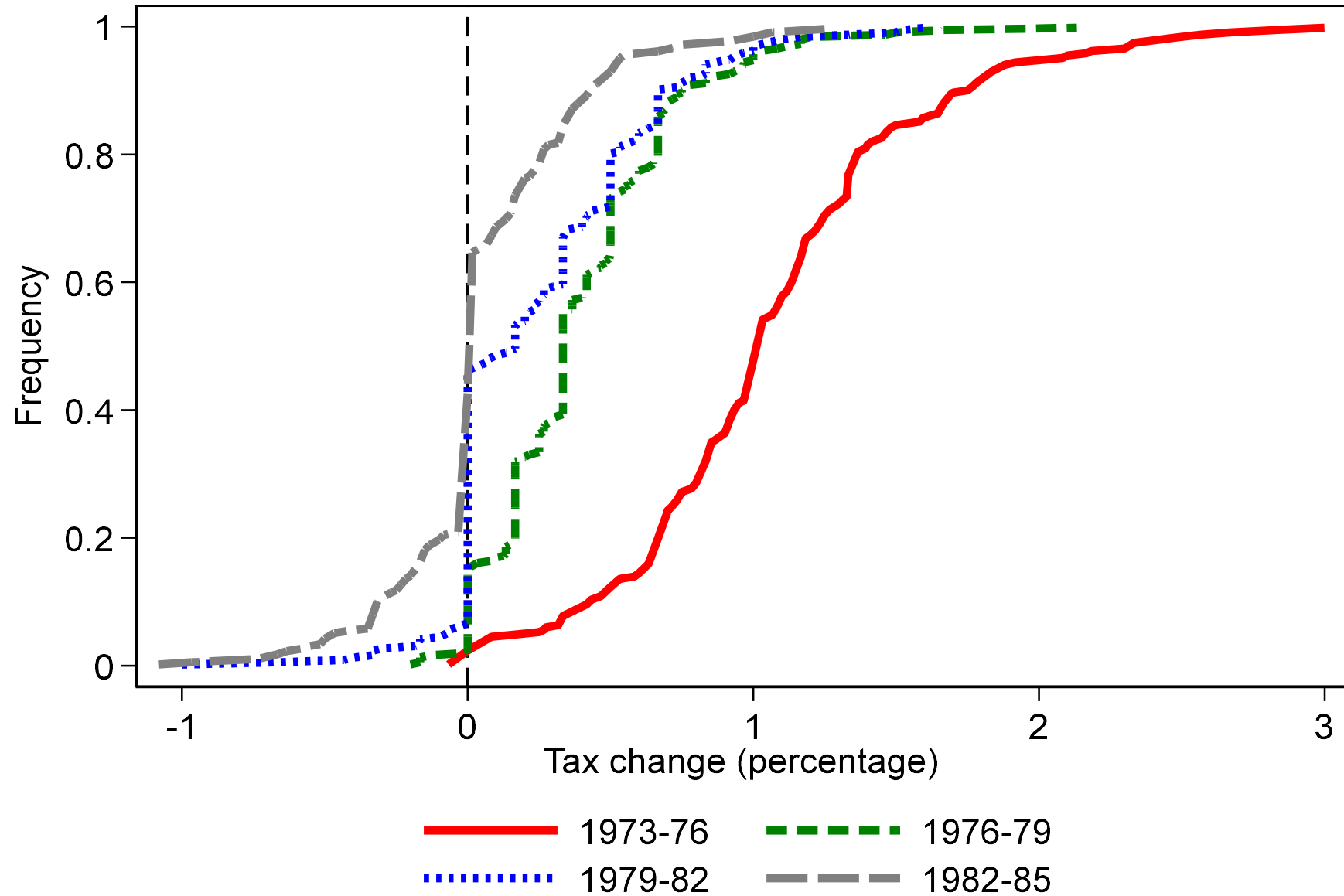
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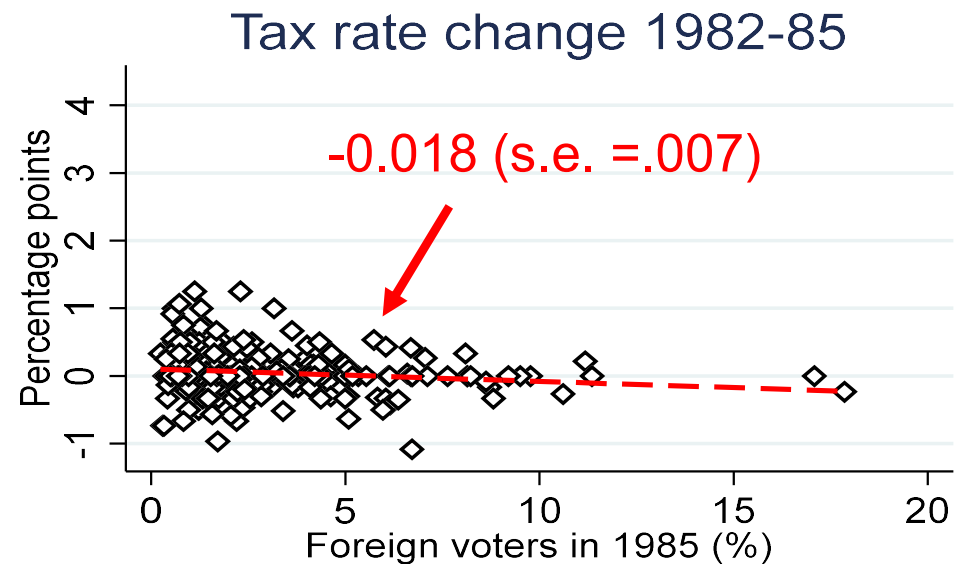
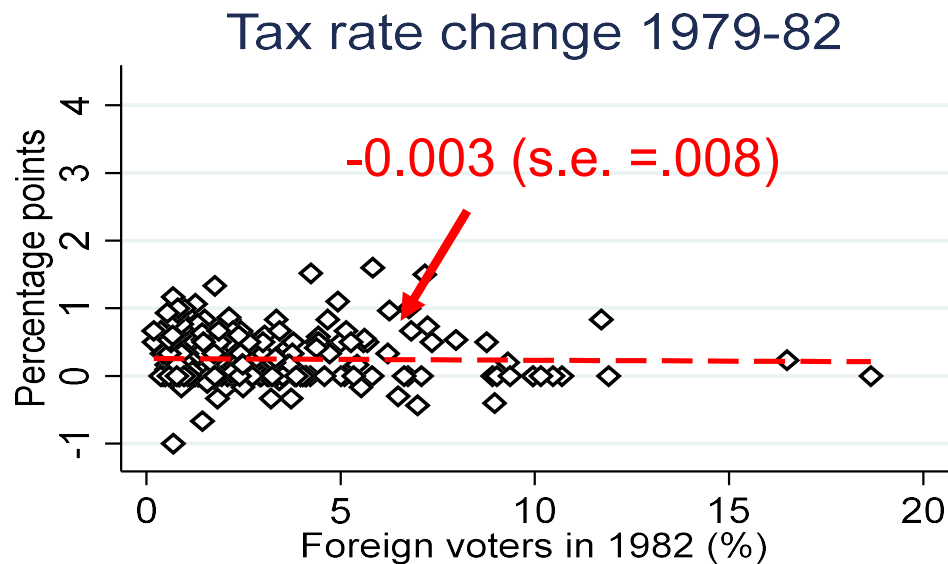
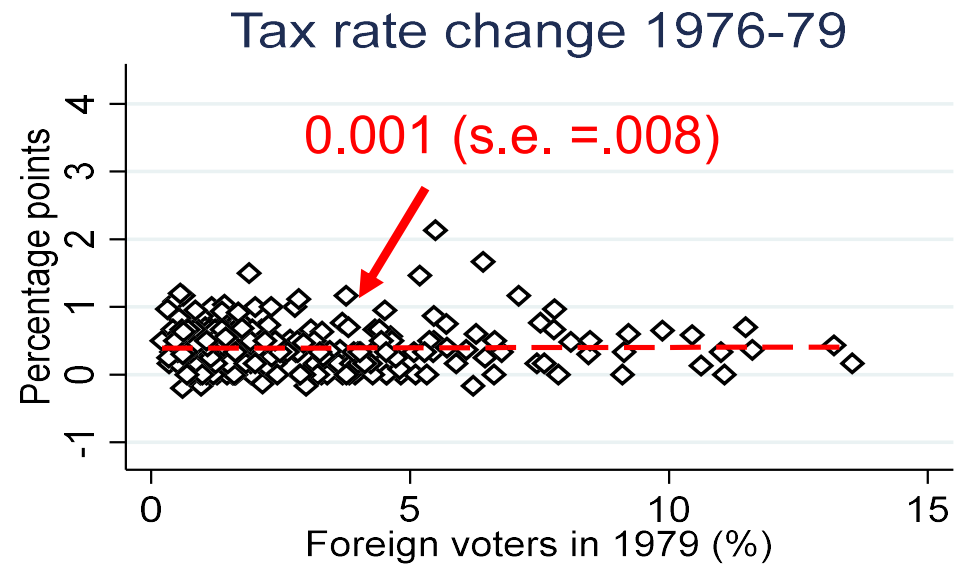
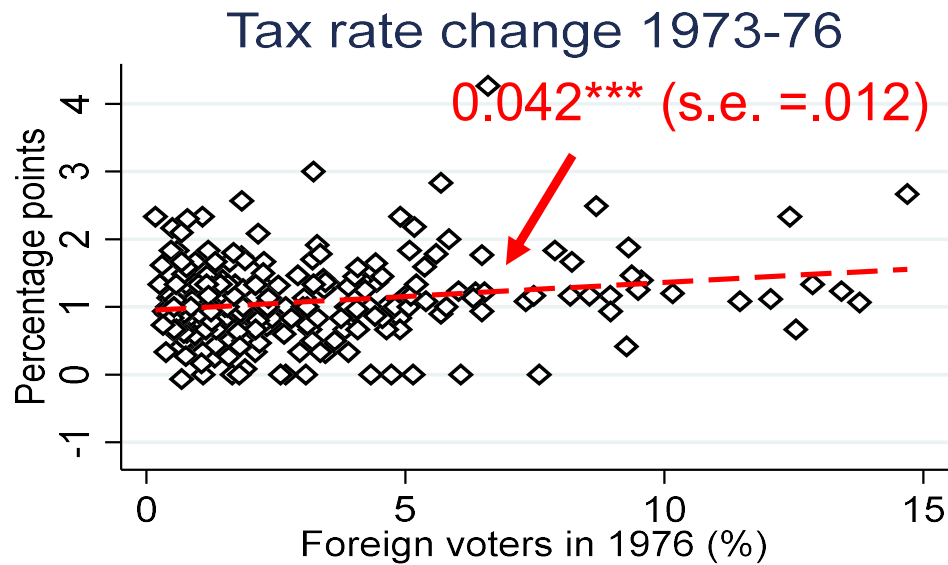
Tax changes



Tax changes



Foreign Voters and Tax Changes



Control and Treatment

- This positive association can be due to unobservable characteristics of municipalities
- Or to changes in the public services mix
- The ideal experiment would have been randomization rather than universal and simultaneous policy adoption
- Still, we can approximate that experiment

Control and Treatment

- We divide municipalities according to whether the franchise extension could upturn the previous electoral outcome
 1. TREATED GROUP (56): Municipalities where the margin of victory in the 1973 election was narrower than the share of non-citizens in 1976
 2. CONTROL (220): The rest

Two examples

1. **Arvidsjaur** is in the control group because:

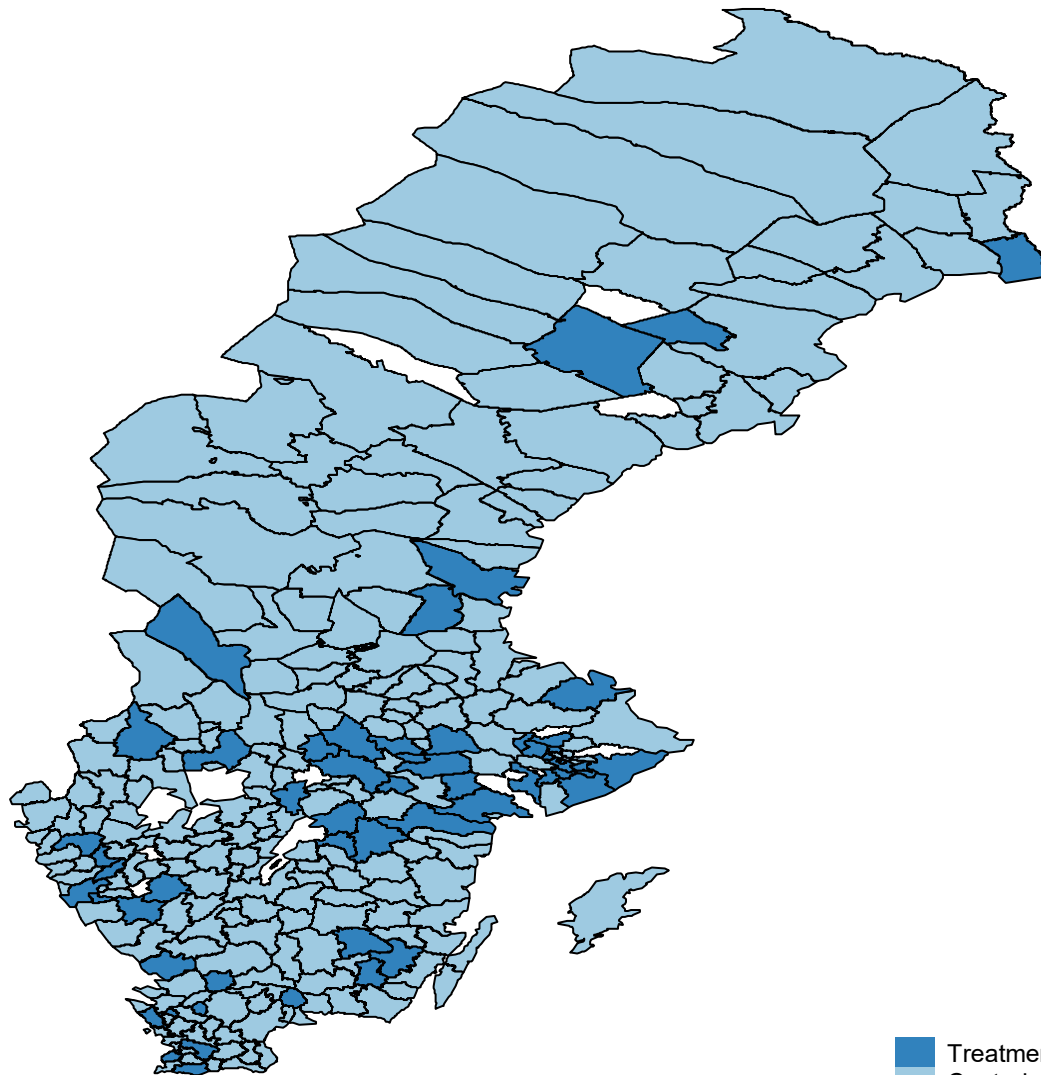
- In 1973, the left won with a 35.8pp margin (67.8% to 32%)
- In 1976, the share of foreign voters was 0.32%

2. **Ale** is in the treated group because:

- In 1973, the left won with a 2.2pp margin (51.1% to 48.9%)
- In 1976, the share of foreign voters was 6.47%

Control and Treatment

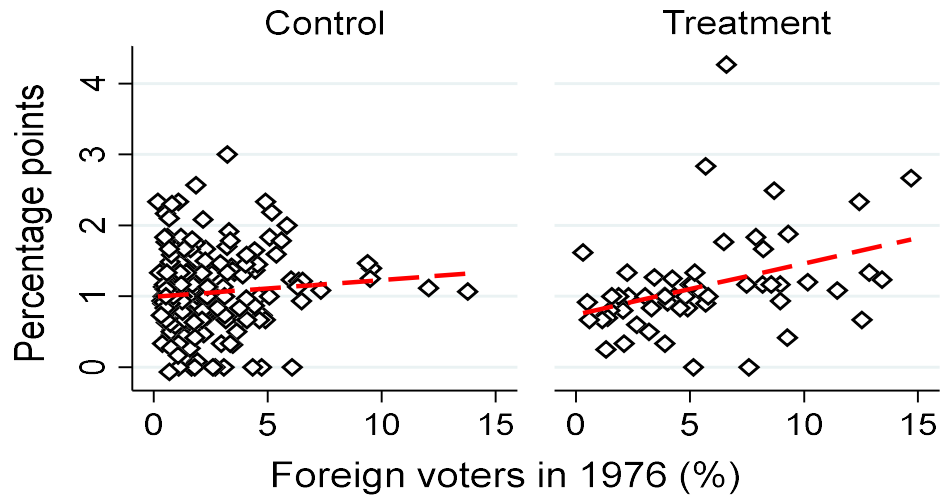
Treated municipalities



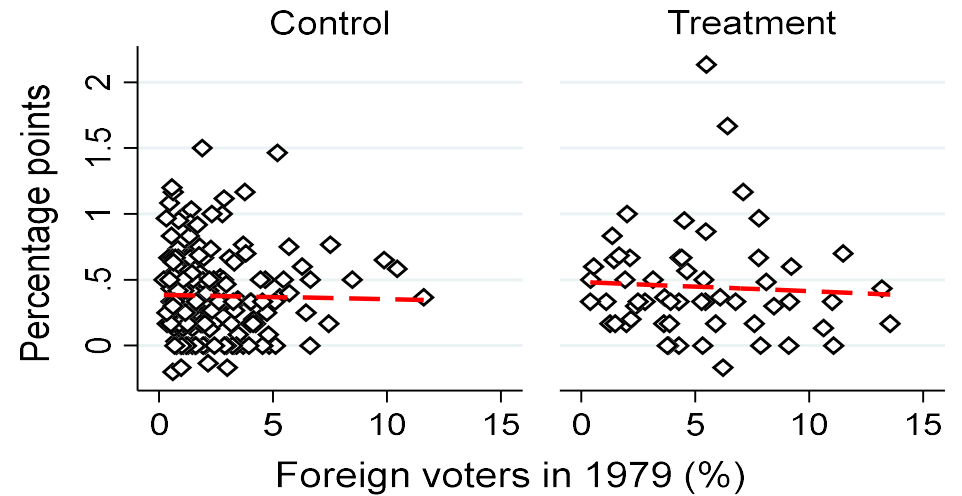
■ Treatment
■ Control

Tax changes (C vs. T)

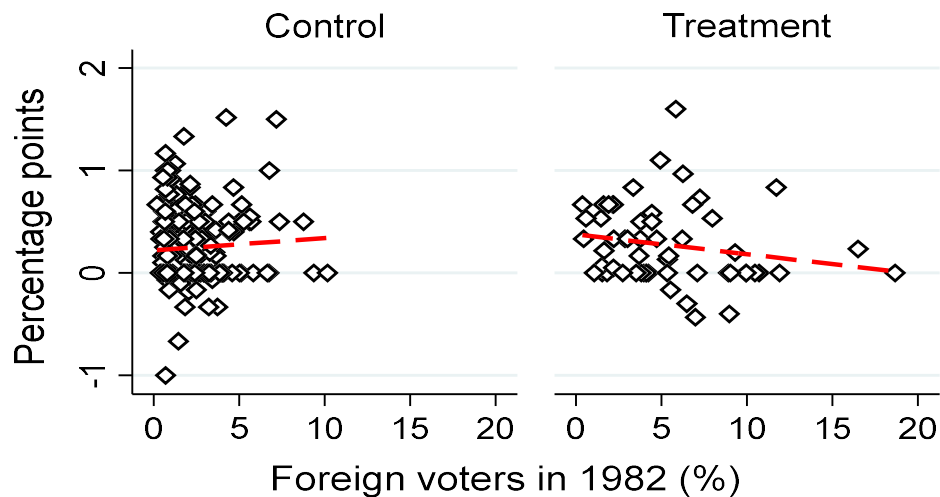
Tax rate change 1973-76



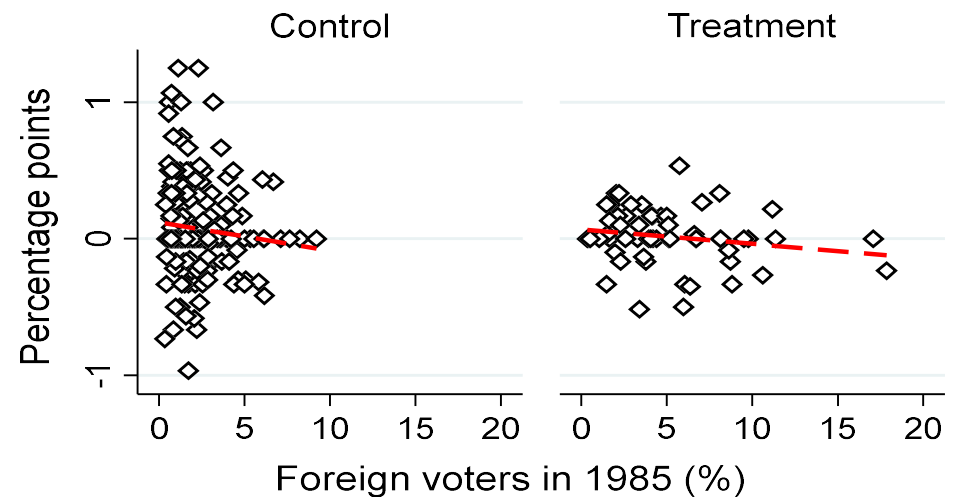
Tax rate change 1976-79



Tax rate change 1979-82

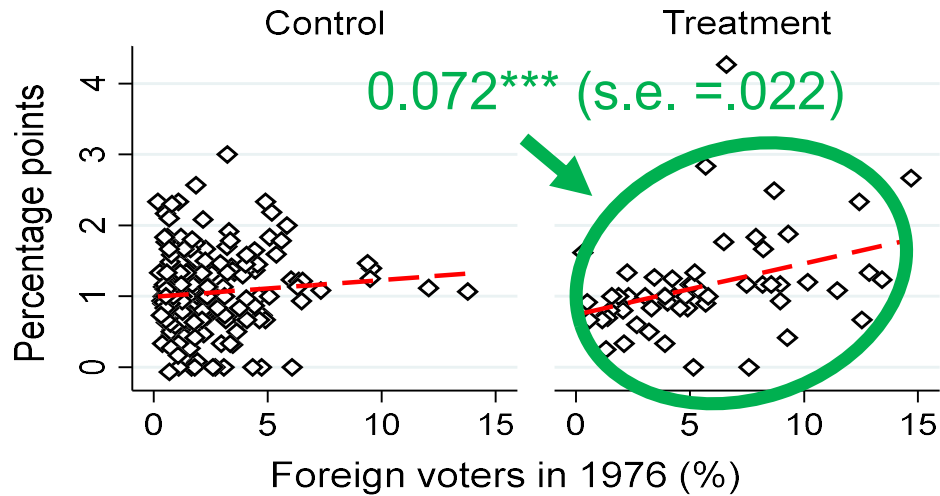


Tax rate change 1982-85

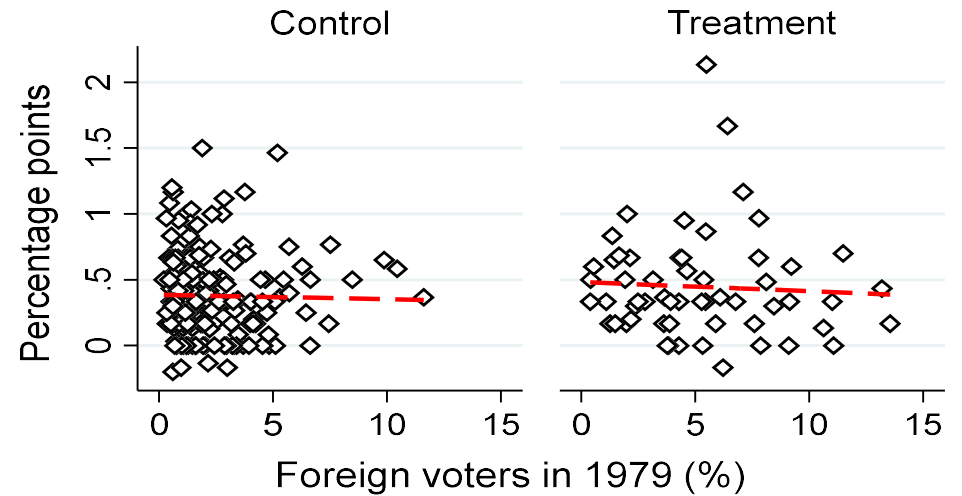


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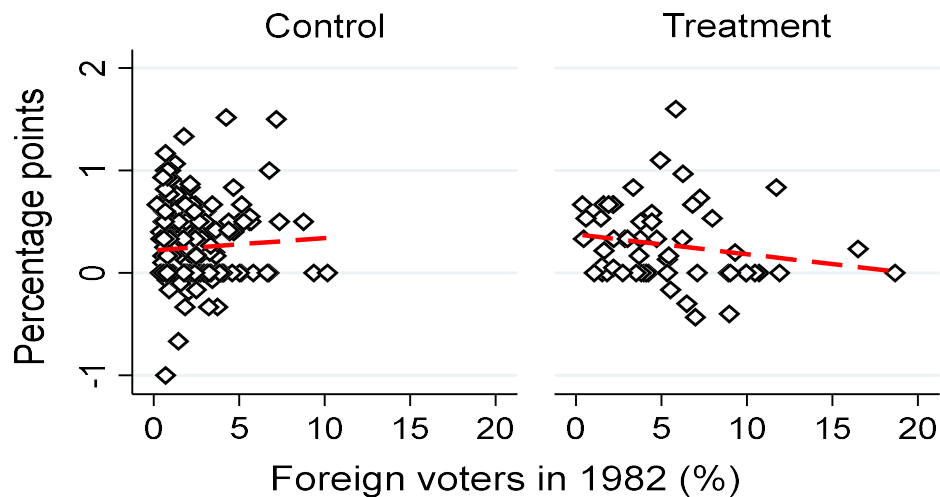
Tax rate change 1973-76



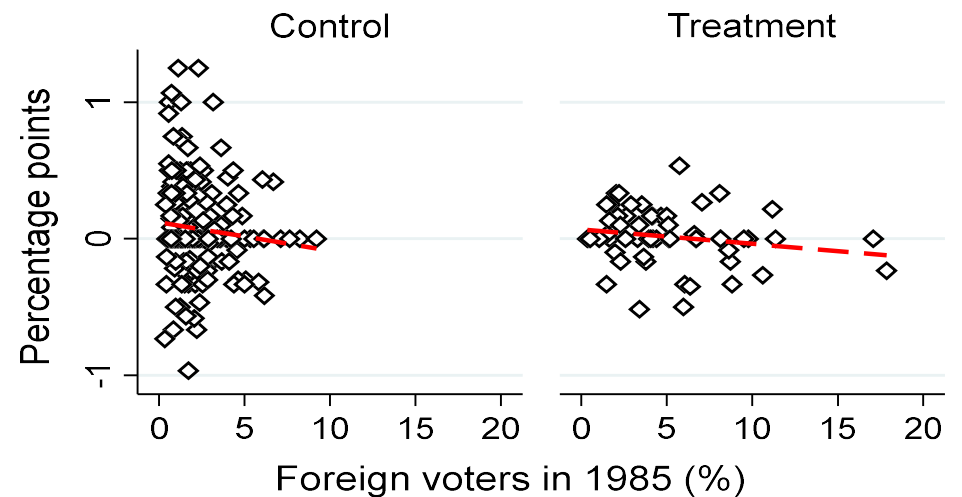
Tax rate change 1976-79



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Tax rate change 1982-85



Marginal Effects of % Foreign Voters on tax changes

	I	II	III	IV
Overall effect	0.014 (0.015)	0.002 (0.017)	0.015 (0.015)	0.001 (0.017)
Decomposition by control and treatment				
Control	-0.000 (0.017)	-0.019 (0.020)	0.004 (0.017)	-0.017 (0.021)
Treatment	0.068*** (0.022)	0.079*** (0.021)	0.063*** (0.022)	0.077*** (0.022)
R-squared	0.09	0.13	0.08	0.13
Observations	276	186	265	180

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If the % of foreign voters increases in one s.d., the endogenous variable increases by 0.19 p.p., 18% of the mean of the end. variable

Identification and robustness checks

Pre-Reform Trends

Tax Changes from 1974 to 1975

Overall effect	0.006 (0.016)	-0.001 (0.018)	0.006 (0.016)	-0.001 (0.018)
Decomposition by control and treatment				
Control	-0.001 (0.019)	-0.011 (0.022)	-0.001 (0.019)	-0.014 (0.022)
Treatment	0.036* (0.019)	0.033 (0.021)	0.037* (0.021)	0.029 (0.021)
R-squared	0.07	0.06	0.06	0.06
Observations	276	186	265	180

Pre-Reform Trends

Tax Changes from 1974 to 1975

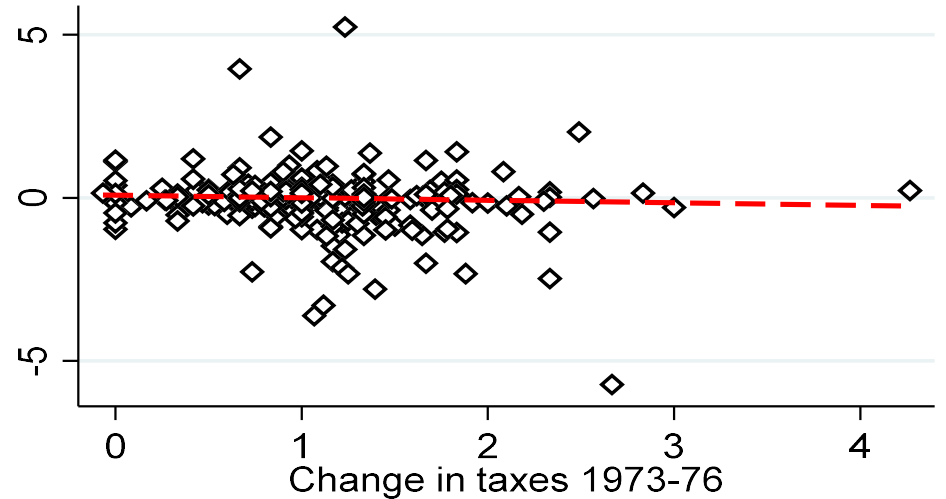
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Did immigrants select to municipalities with higher taxes?

Change in foreign population 1976-79



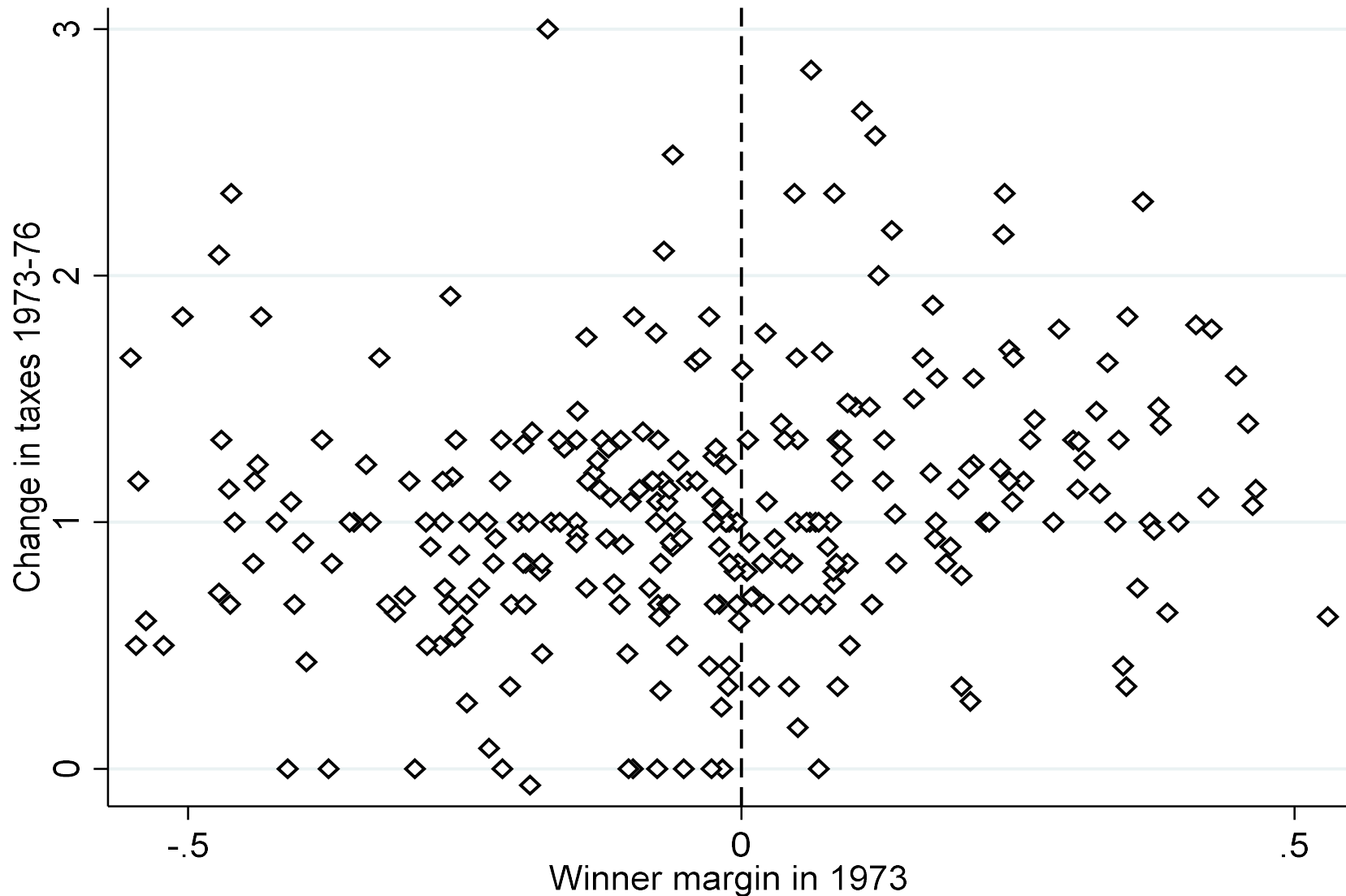
Change in foreign population 1976-82



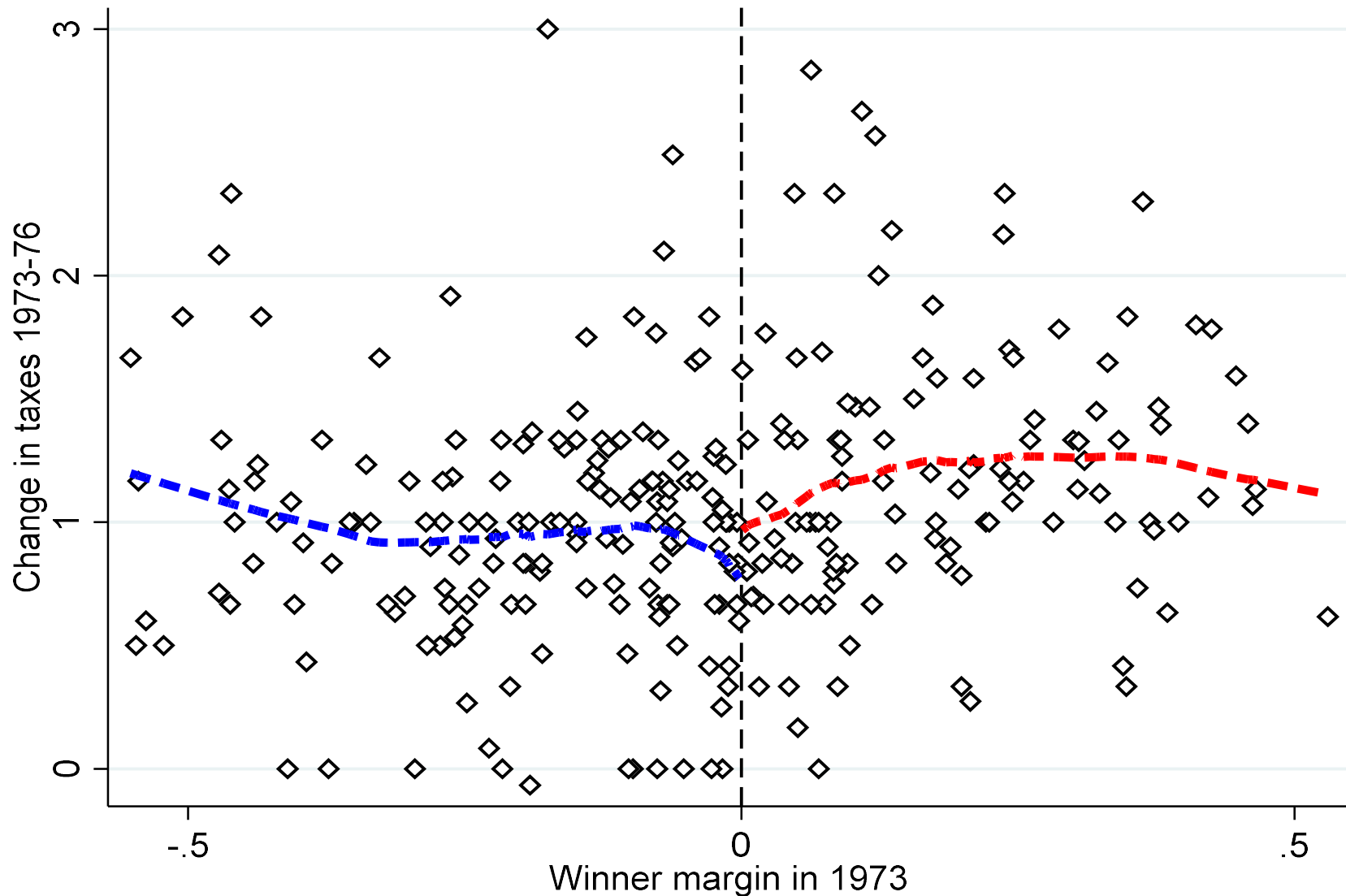
Change in foreign population 1976-85



Did municipalities with close elections have higher taxes?



Did municipalities with close elections have higher taxes?

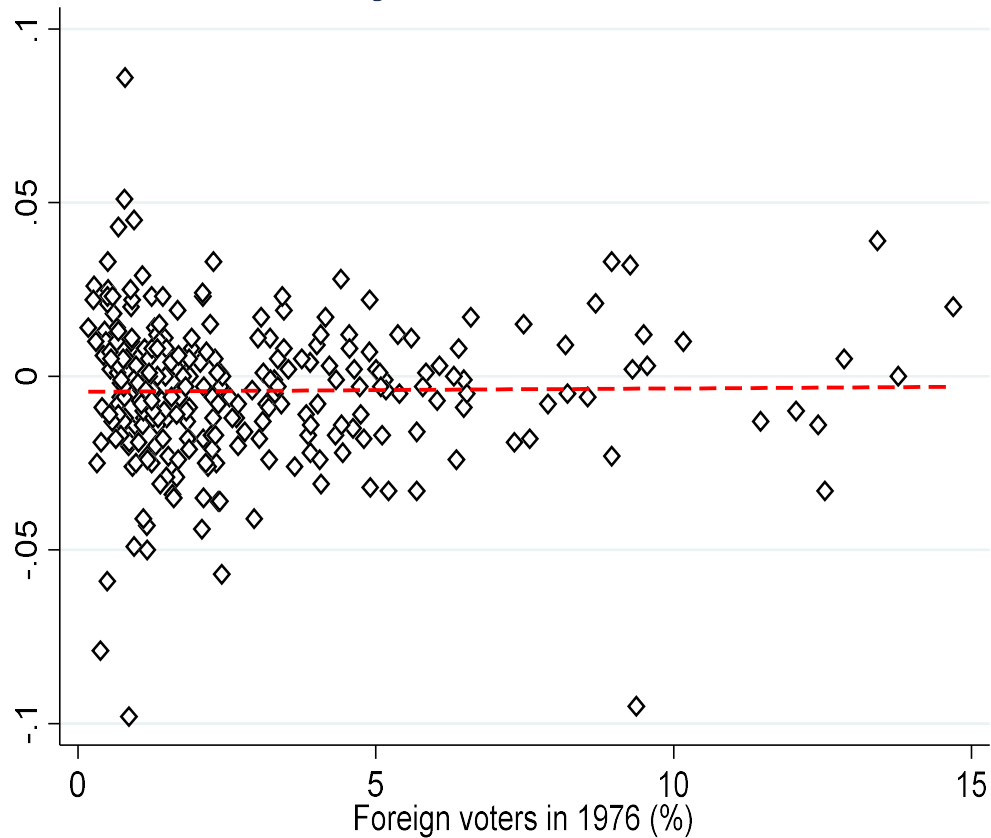


Leftist non-citizens?

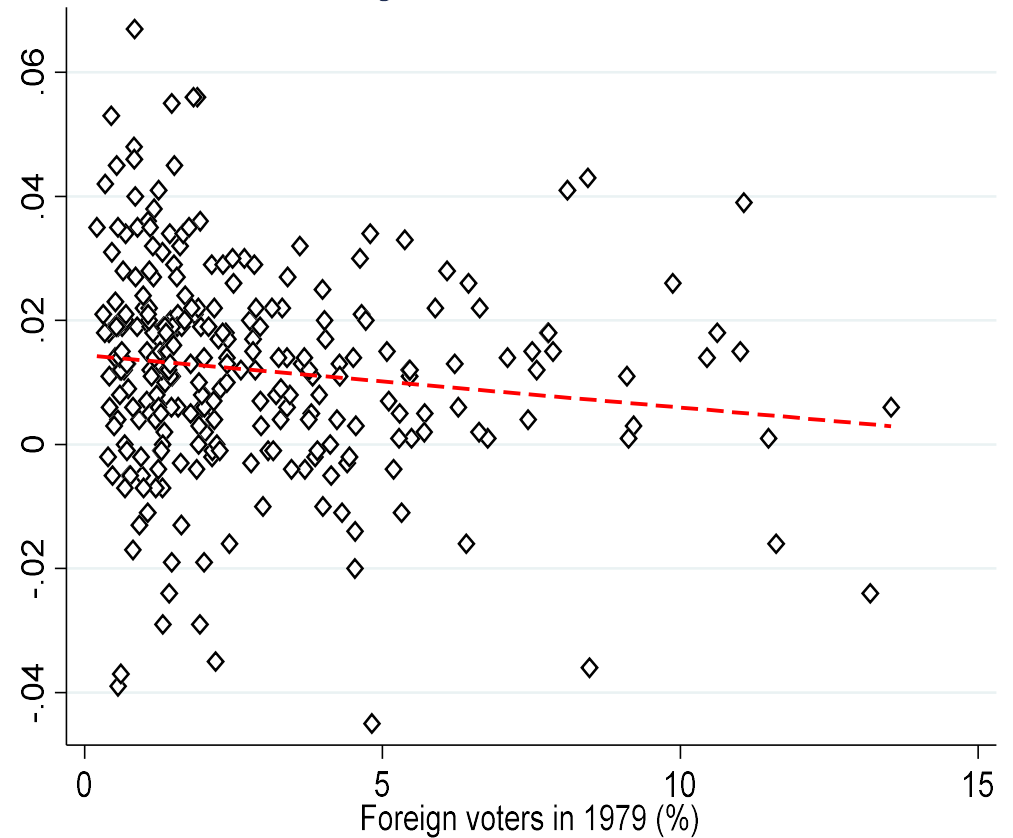
- It does not seem so:
 1. The total vote share of left-wing parties decreased slightly from 47.3% in 1973 to 46.9% in 1976
 2. In 156 municipalities the left received fewer votes in 1976, it received more in 112 and the same in eight

Leftist non-citizens?

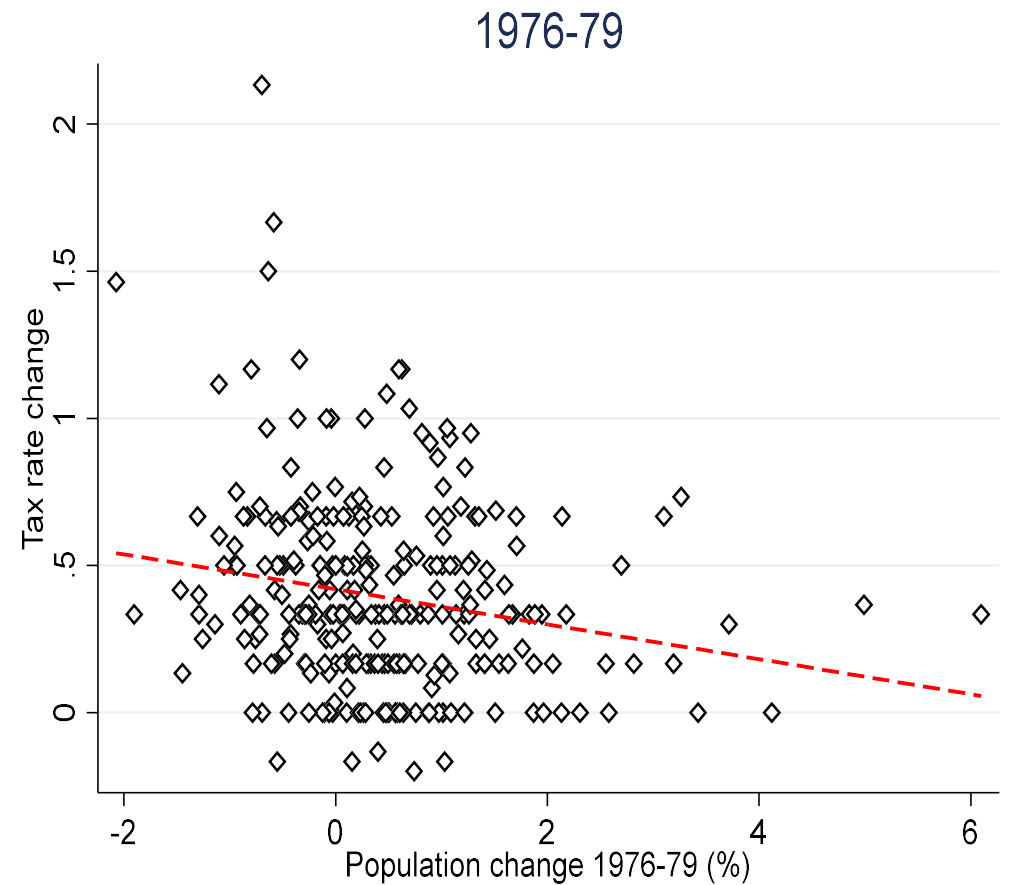
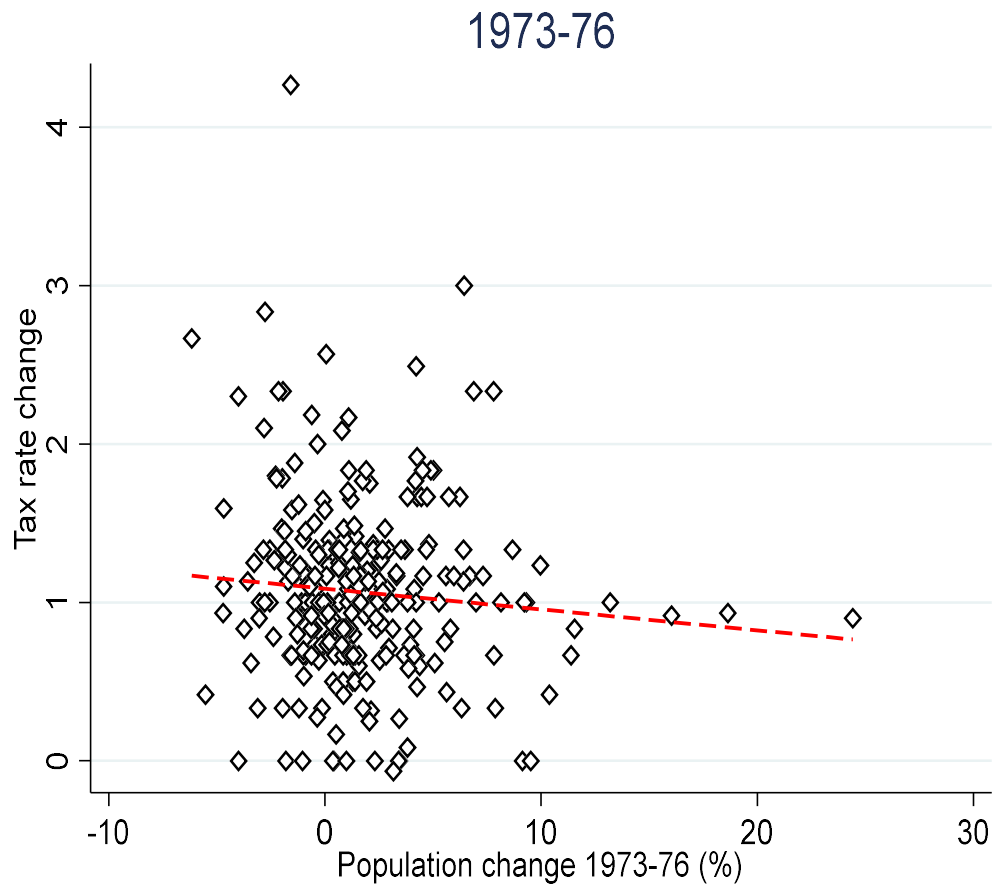
Change in left vote, 1973-76



Change in left vote, 1976-79

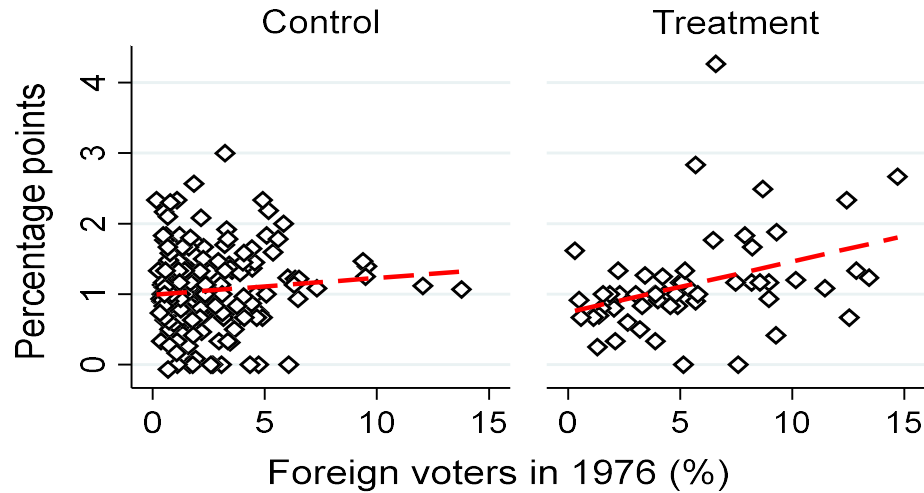


Enlarged electorate?

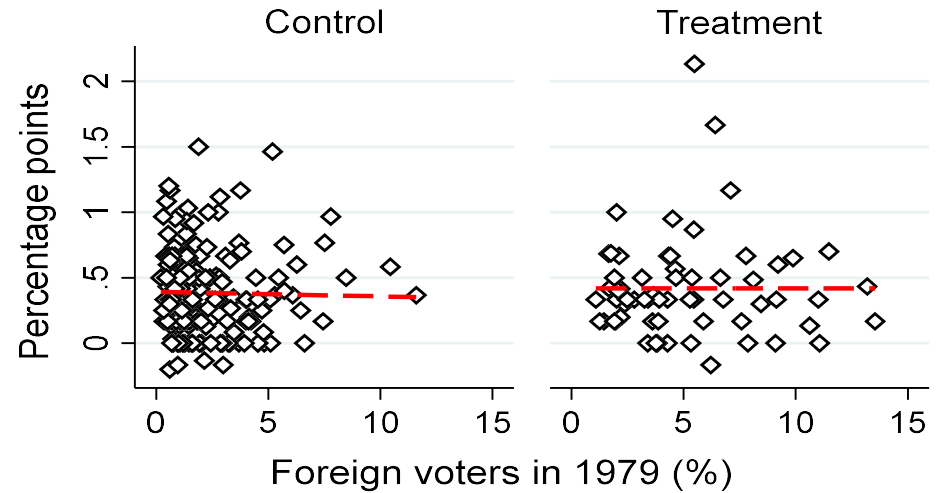


Redefining the groups

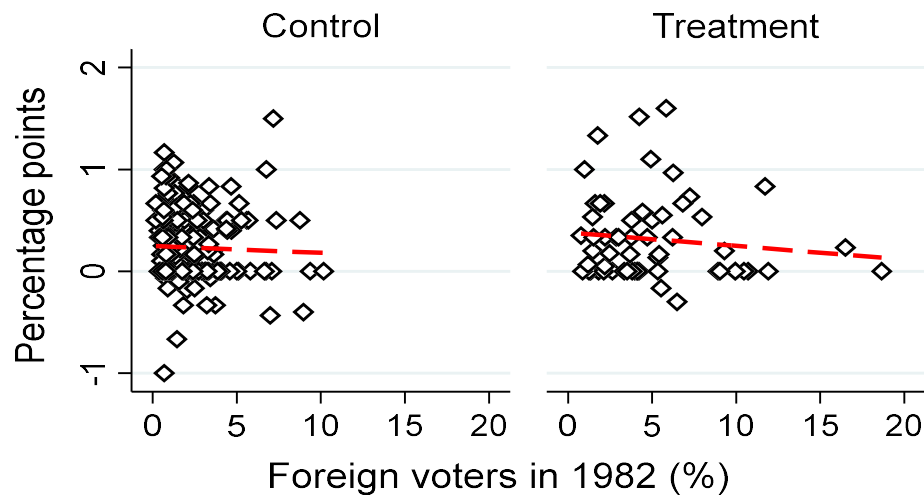
Tax rate change 1973-76



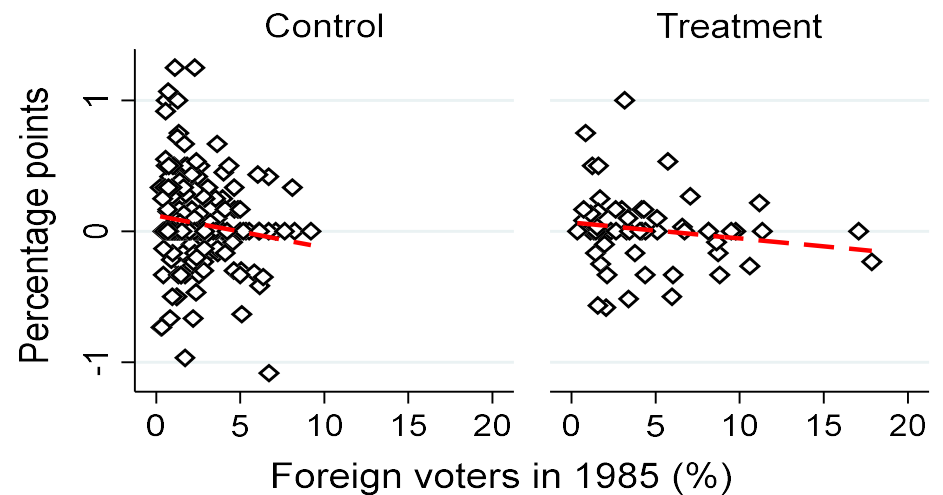
Tax rate change 1976-79



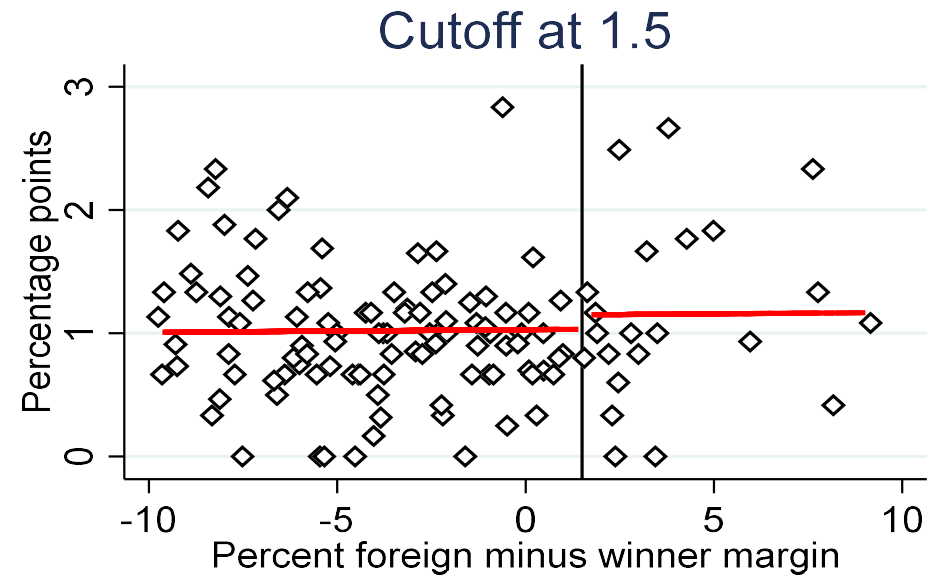
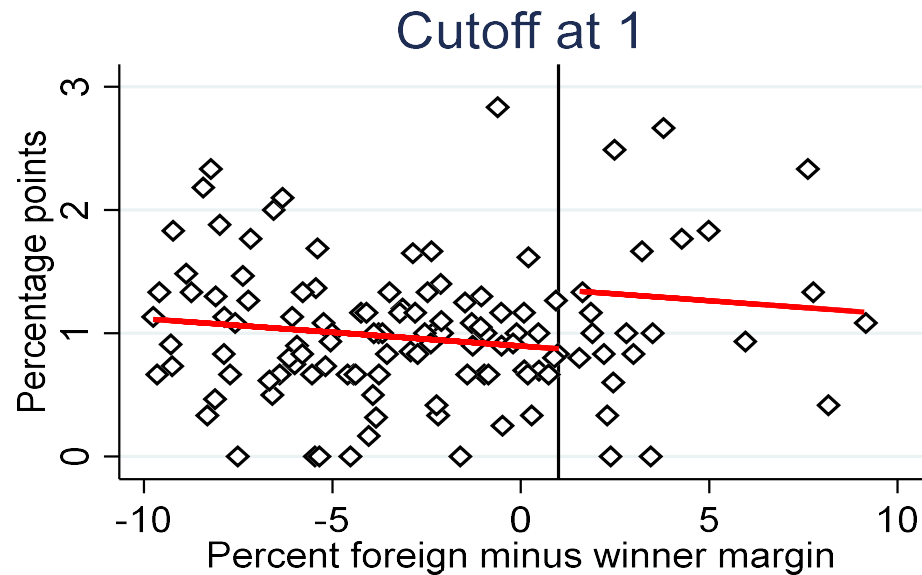
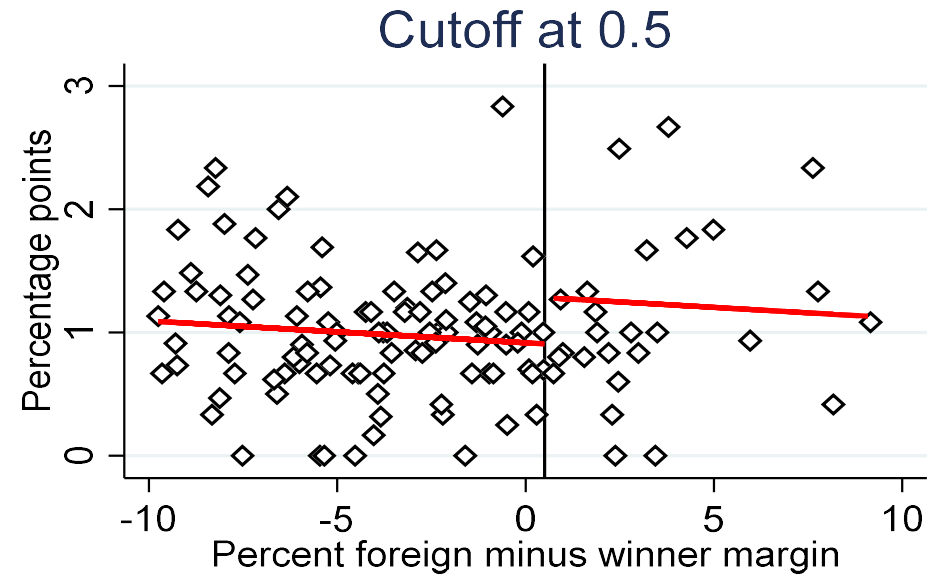
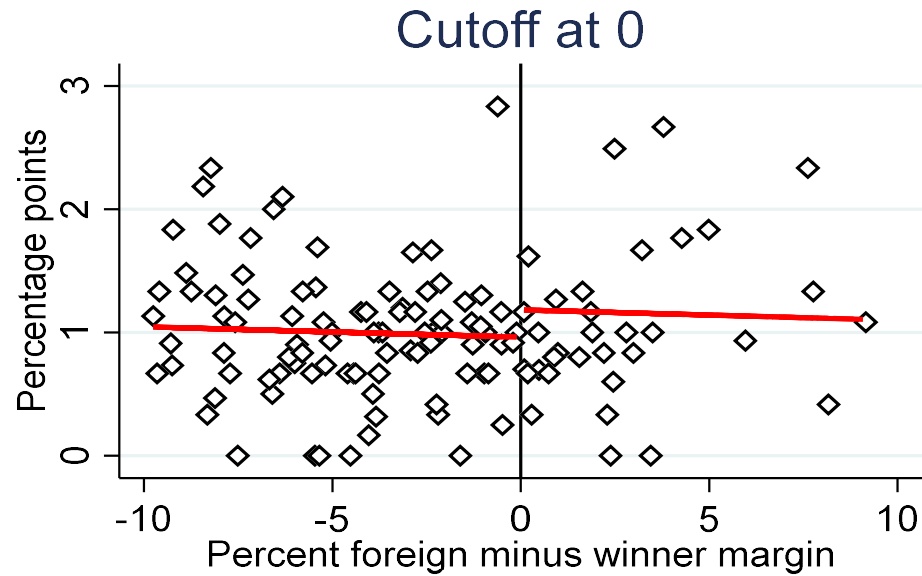
Tax rate change 1979-82



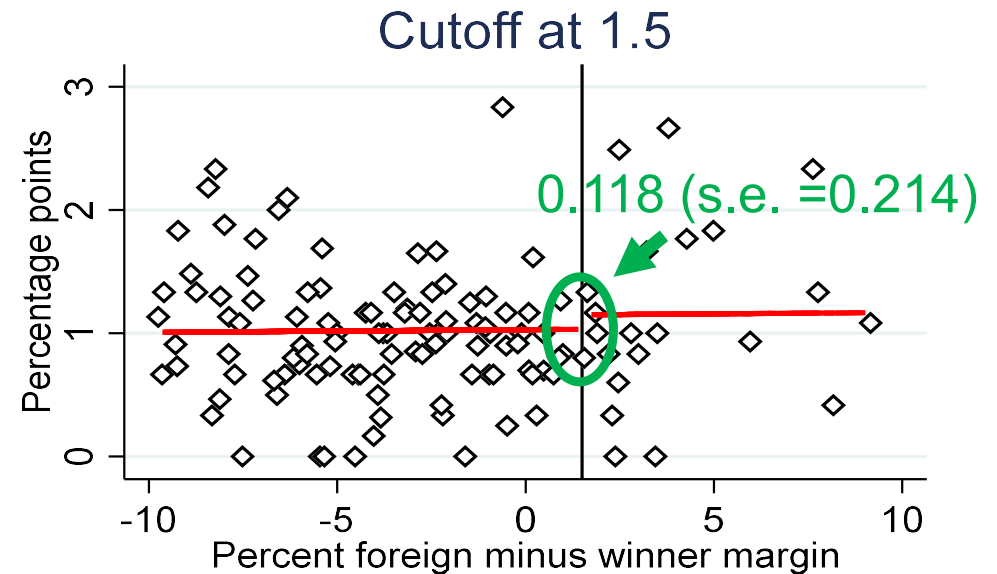
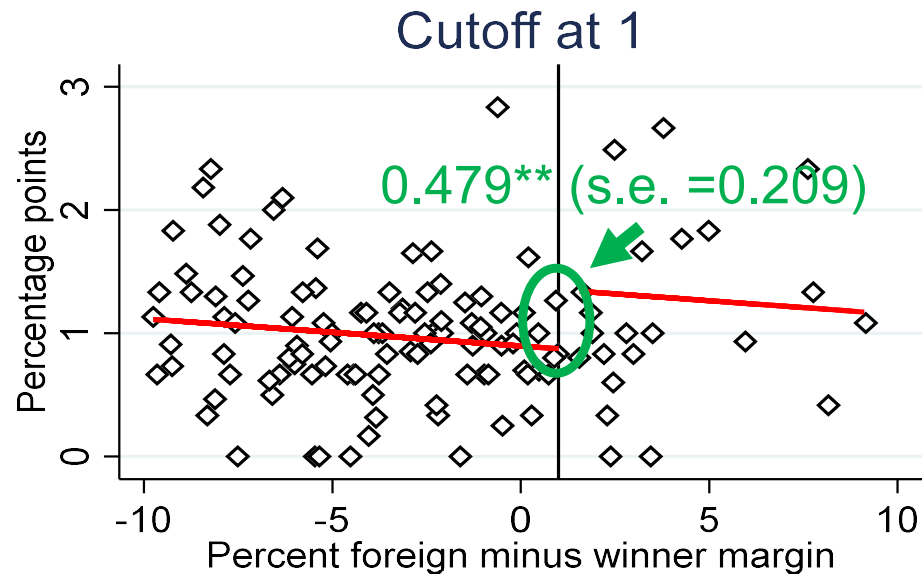
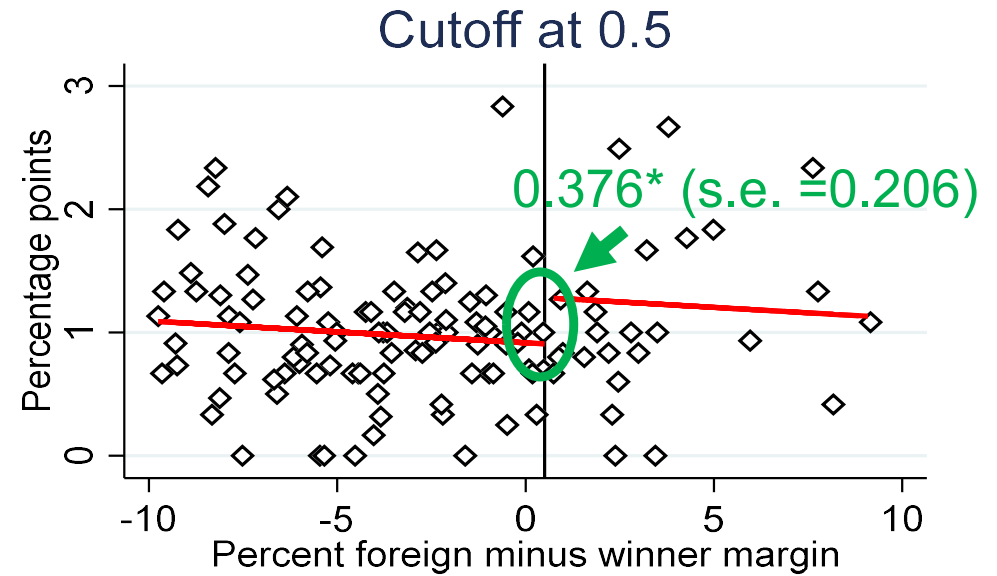
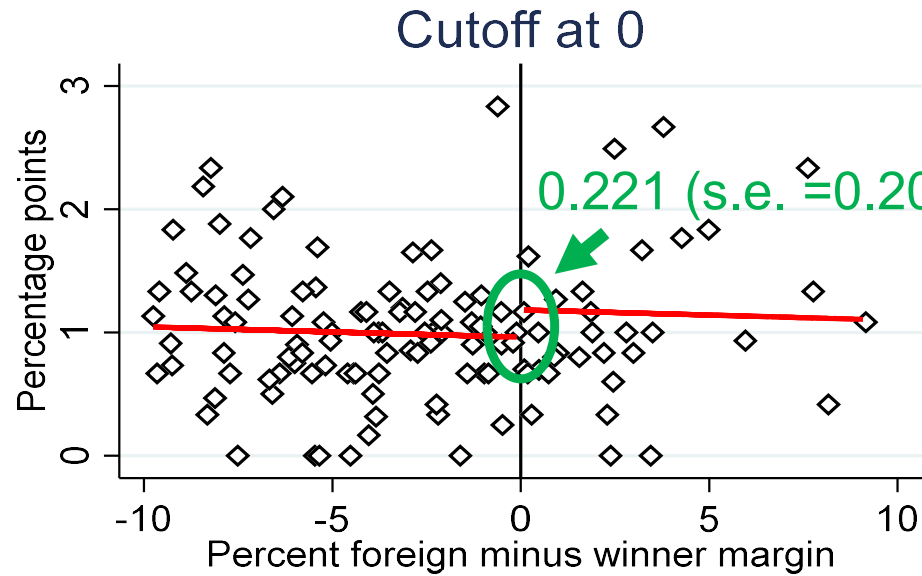
Tax rate change 1982-85



Regression Discontinuity Approach



Regression Discontinuity Approach



Conclusions

- The 1975 electoral reform in Sweden produced a one-time increase in local taxes
- This effect was greater in municipalities with larger non-citizen populations
- It concentrated on those municipalities where the elections had been close enough for non-citizens to make a difference
- There, a one s.d. increase in the percentage of foreign voters raised taxes by 0.19pp (17.7% of the mean)
- The presence of foreign voters had no effect on taxes in the rest of municipalities

Thank you!