

Immigration and Political Realignment

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Motivation

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- **Puzzle:** anti-immigration rhetoric is primarily adopted by right-wing parties, rather than their left-wing counterparts.
- **This paper:** uses a **novel research design** to examine the simultaneous **economic and political** impacts of immigration in the UK on both **voters** and **politicians**.

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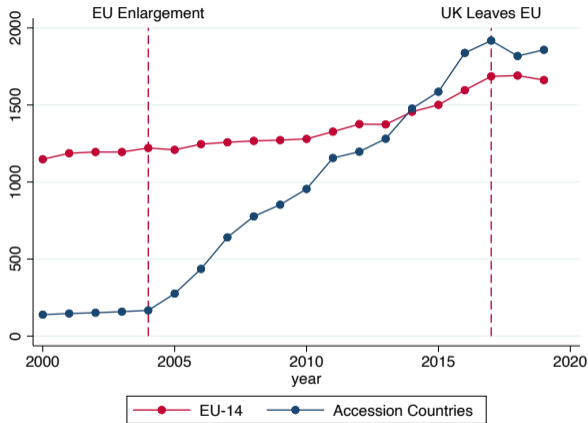
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- European migration surged in the past 20 years.
 - The 2004 and 2007 enlargements of the European Union.
 - The UK opened its labour market to the accession countries, and only two other member states did so as freely.

EU-born Migrants by Region, 2000-2018



Notes: Data from ONS, Population by Nationality and Country of Birth. Figures for 2000-2003 are for years beginning in March. Excludes people living in communal accommodations such as hostels or care homes.

This Paper

- Contribute to literature in several ways:
 - Causal identification using a novel **shift-share design**.
 - Study immigration at the **location** and **individual levels**.
 - Distinguish between **economic** and **non-economic** channels.
 - Differentiate between the **demand** and **supply** sides of politics.
- Causal effect from a shift-share research design exploiting the 2004 EU expansion:
 1. changes in the number of EU migrants from accession countries ("**shifters**") across industries, along with
 2. pre-determined employment composition ("**shares**")
 - Instrument this using a **similarly constructed measure** for other pre-2004 EU countries.

This Paper: Findings

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- **Mechanism:** No negative effect on wages, employment, or the welfare system, but increased anti-immigration attitudes.
- **Politicians:** MPs increasingly focused on immigration, often negatively. Conservative speeches became less universalistic, while Labour speeches adopted a more inclusive rhetoric.
- **Political Realignment:** Evidence suggests these results can be explained by a shift from class-based to identity and culture-based politics. politics.

Previous work and contributions

1. **Electoral Repercussions of Immigration:** [M. Tabellini (2020), Dustmann, Vasiljeva, and Piil Damm (2019), Halla, Wagner, and Zweimüller (2017)]
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- 4. Computational Linguistics in Political Economy:** [Wilkerson and Casas (2017), Gentzkow, Kelly, and Taddy (2019), Nguyen et al. (2015), Card et al. (2022), Bhatiya (2023)]
→ Political responsiveness to immigration shocks at constituency level.

Data

Shift-Share IV

Voters

Mechanisms

Politicians

Political Realignment

Conclusion

Data Sources (I)

- **Business Register and Employment Survey (BRES):**
 - Annual survey by ONS providing employment estimates by geography and industry.
- **UK and European Union Labour Force Survey (EU-LFS, and UK LFS):**
 - National-level data on migrants from NMS, conducted quarterly by ONS.
 - Data on bilateral migration flows in Europe, covering 2004-2016.
- **British Election Study (BES):**
 - Individual-level data on anti-immigration sentiments and voting intentions.
- **Annual Population Survey (APS) and Annual Survey of Hours and Earnings (ASHE):**
 - Regional unemployment, economic activity rates, and detailed wage data.
- **Understanding Society Panel Survey:**
 - Longitudinal on demographics, employment, and attitudes from around 80,000 individuals.

Data Sources (II)

- **Chapel Hill Expert Survey (CHES):**

- Expert assessments on ideological positions and policy stances of European political parties.

- **UK Parliamentary Debates (Hansard):**

- Analyzes MPs' positions on immigration and social values using web-scraped records.

Data

Shift-Share IV

Instrument Design

Validity Assumptions

First-stage Relationship

Voters

Mechanisms

Politicians

Shift-Share IV

- The ideal setting would be to assign different levels of migrants to different locations
- Approximate this with a **shift-share research design**, utilising two components:
 1. Variation in **the number of migrants** from accession countries over time and **across different industries** ("Shocks")
 2. Variation in the **pre-existing employment shares** across different locations ("Shares")
- The idea is that different regions, **due to their employment structure**, are exposed differentially to shock across industries driven by **immigrants' comparative advantages**
- To isolate a **supply-driven component**, I leverage the flow of migrants to other (non-UK) parts of the EU as an instrument

Shocks and Shares

- “Shocks” across different regions and over time:
 - $\Delta IS_{k,t}$ is the national-level change in the number of migrants from accession countries from 2004 to year t in each 2-digit industry (from LFS)
 - e.g., change in the share of migrants from accession countries 2004-2016 in the “Manufacture of furniture” industry
- “Instrument” for Shocks:
 - $\Delta IS_{k,t}^O$ is the change in the number of migrants from accession countries in each 2-digit industry in the pre-2004 EU countries from 2004 to year t (from EU-LFS)
- “Exposure Shares” of locations:
 - $\frac{L_{ik}}{L_i}$ is the employment share of 2-digit industry k in the location i (from BRES)
 - Use start-of-the-period shares

Shift-Share IV: Immigration Shock

- Measure of immigration shock at the regional level:

$$\Delta IM_{it} = \sum_k \frac{L_{ik}}{L_i} \frac{\Delta IS_{k,t}}{L_k}$$

- Use non-UK exposure variable as an instrument:

$$\Delta IM_{it}^O = \sum_k \frac{L_{ik}}{L_i} \frac{\Delta IS_{k,t}^O}{L_k}$$

- i indexes regions, k indexes industries.
- $\Delta IS_{k,t}$: change in immigrants from 2004 to t in industry k (national level).
- $\Delta IS_{k,t}^O$: change in immigrants in other pre-2004 EU countries.

Identification Assumptions

- Exclusion restriction: Locations exposed to high immigration should not be unobservably different.
- Identification from exogeneity of shocks (Borusyak et al., 2022):
 - Exclusion restriction at the level of shocks:

$$\left(\frac{1}{I} \sum_i \Delta IM_i^O \epsilon_i \xrightarrow{p} 0\right) \iff \left(\frac{1}{K} \sum_k \hat{s}_k \frac{\Delta IS_k^O}{L_k} \bar{\epsilon}_k \xrightarrow{p} 0\right)$$

→ Condition one: Many independent shocks with small average exposure.

- Many shocks with small average exposure
- Distribution of shocks across regions
- Histogram of regional shocks

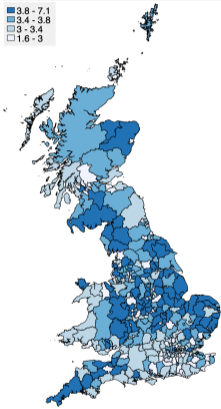
→ Condition two: Shocks as-good-as-randomly assigned.

- Run falsification tests with lagged outcome variables.

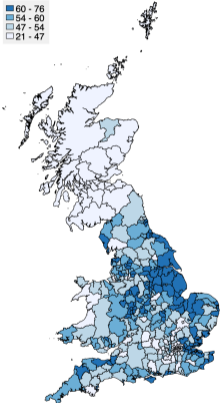
Many Shocks with Small Exposure

	Over years	In 2016
Mean	.02	.047
Standard deviation	.038	.067
Interquartile range	.026	.048
Effective sample size (1/HHI)	389	24
Largest average exposure	.0068	.11
Number of shocks	1344	84

Distribution of immigration shock across local authorities

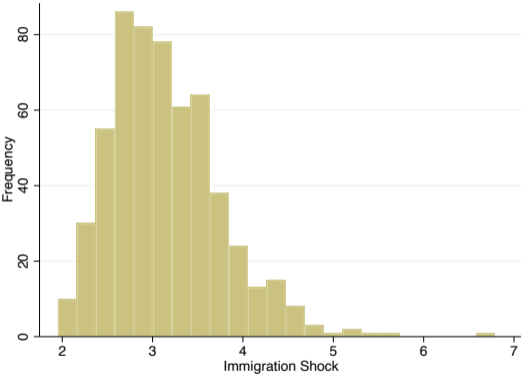


(a) Immigration Shock in 2016

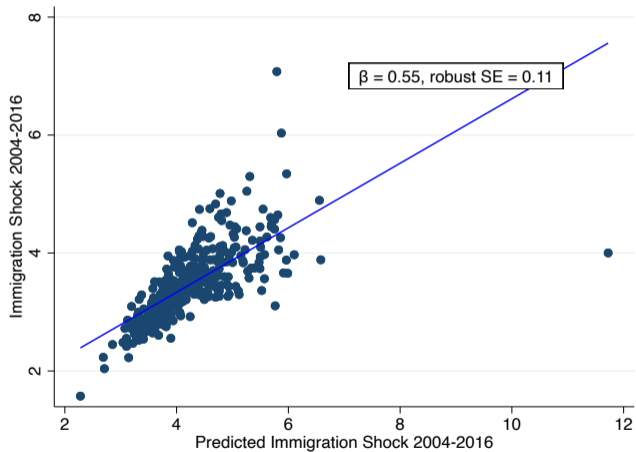


(b) Leave Vote Share

Histogram of Shock to Local Authorities



First-stage Relationship



Data

Shift-Share IV

Voters

Aggregate-level Analysis

Individual-level Analysis

Mechanisms

Politicians

Political Realignment

Empirical Specification

- I focus on the electoral performance of the UK Independence Party (UKIP)
 - Tight correlation between UKIP vote shares and an area's support for Leave (Becker, Fetzer, and Novy 2017)
- I leverage the European, Local, and General Elections.
- The main specification is as follows:

$$y_{i,r,t} = \alpha_i + \eta_{r,t} + \beta \Delta IM_{it} + \epsilon_{i,r,t}$$

where

$$\Delta IM_{it} = \begin{cases} 0 & t < 2005 \\ \sum_k \frac{L_{ik}}{L_i} \frac{\Delta IS_{k,t}}{L_k} & t \geq 2005 \end{cases}$$

Results: UKIP vote share (I)

	(1)	(2)	(3)
	European elections	Local Elections	General Elections
Panel A. OLS Estimates			
Immigration Shock	1.636	1.279	2.181
	(0.464)	(0.520)	(0.297)
Avg effect in the last election	5.238	4.097	6.874
Standard deviation	.9922	.7760	1.349
Mean of dependent variable	22.3	4.49	6.03
Panel B. 2SLS Estimates			
Immigration Shock	1.407	0.992	2.293
	(0.555)	(0.779)	(0.291)
F-stat	196	254	406
Avg effect in the last election	4.505	3.178	7.226
Standard deviation	.8532	.6020	1.418
Mean of dependent variable	22.3	4.49	6.03
LA/Constituency FE	Yes	Yes	Yes
Region-Year FE	Yes	Yes	Yes
Spatial units	347	346	566
Observations	1041	3263	2047

Alternative Specification

- Alternatively, I estimate the model in first differences, separately for each period:

$$\Delta y_{i,t} = \alpha_{j(i)} + \beta \Delta IM_{i,t} + \epsilon_{it}$$

- Local elections take place at least every 4 years, but, not all local government elections take place at the same time.
- Some local governments elect all the local councillors every 4 years, some elect half the local councillors every 2 years, and some elect one third of the local councillors every year.
- I consider three different periods, 2004-2007, 2008-2011, and 2012-2015.
 - Each local authority in each of these periods had at least one election. When there is more than one election, I take the average.

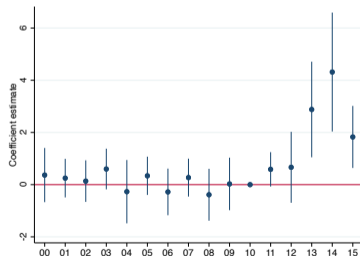
Results: UKIP vote share (II)

	Main analysis			Pre-trend analysis		
	(1) European 2014-2004	(2) General 2015-2005	(3) Local (2012-15)-(2000-3)	(4) European 2004-1999	(5) General 2005-2001	(6) Local (2004-7)-(2000-3)
Panel A. OLS						
Current Imm. Shock	1.729 (0.442)	1.983 (0.345)	2.735 (0.635)			
Future Imm. Shock				-0.019 (0.325)	-0.149 (0.093)	-0.006 (0.170)
Panel B. 2SLS						
Current Imm. Shock	2.045 (0.612)	2.919 (0.394)	3.032 (0.941)			
Future Imm. Shock				-0.274 (0.495)	-0.237 (0.117)	0.088 (0.212)
F-stat	77.9	261	75.3	77.9	292	75.3
R-Squared	347	573	346	347	570	346

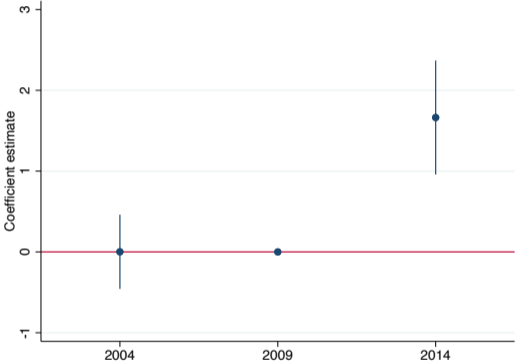
Pre-trend: Local Elections

- As a placebo test, I check if the immigration shock explains voting patterns in the previous periods:

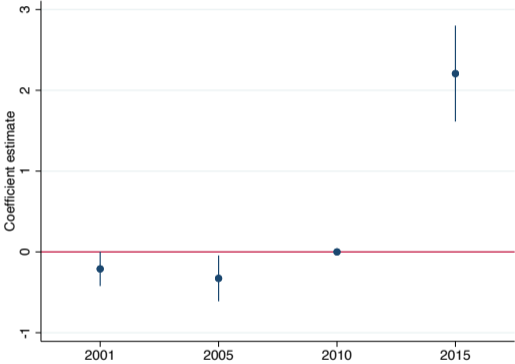
$$y_{i,r,t} = \alpha_i + \eta_{r,t} + \sum_{t \in \{2000, \dots, 2015\} \setminus \{2010\}} \beta_t \times Year_t \times \Delta IM_{i,2016} + \epsilon_{i,r,t}$$



Pre-trend: European and General Elections



(a) European election



(b) General election

Impact on Other Parties

	European Elections		Local Elections		General Elections	
	(1)	(2)	(3)	(4)	(5)	(6)
Panel A. Labour Party						
Immigration Shock	-3.210 (0.638)	-2.009 (0.487)	-2.982 (0.920)	-2.353 (0.709)	-2.817 (0.554)	-2.694 (0.442)
Panel B. Conservatives Party						
Immigration Shock	0.060 (0.382)	0.006 (0.328)	1.594 (0.937)	0.354 (0.676)	0.561 (0.453)	0.285 (0.351)
Method	2SLS	OLS	2SLS	OLS	2SLS	OLS
LA/Constituency FE	Yes	Yes	Yes	Yes	Yes	Yes
Region-Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1041	1041	3263	3263	2283	2283

Brexit Referendum Results

$$y_i = \alpha_{j(i)} + \beta \Delta IM_{i,2016} + \epsilon_i$$

	Leave vote			Turnout	
Panel A. OLS					
Immigration Shock	7.074 (1.969)	5.126 (1.217)	2.645 (0.908)	1.881 (0.805)	0.447 (0.250)
Panel B. 2SLS					
Immigration Shock	7.401 (2.393)	4.780 (1.201)	2.959 (0.721)	2.134 (0.618)	0.691 (0.279)
R-Squared	.216	.428	.745	.783	.853
Observations	348	348	348	345	345
Region Fixed Effects	No	Yes	Yes	Yes	Yes
Demographics	No	No	Yes	Yes	Yes
Initial composition of immigrants	No	No	No	Yes	Yes
Routine Jobs	No	No	No	Yes	Yes
Import Competition Exposure	No	No	No	Yes	Yes

Counterfactual Leave Vote Share

$$Leave\hat{Share} = \sum_i E_i T_i (L_i - \beta \widetilde{IS}_{i,2016})$$

- β : 2SLS estimate of the effect of immigration on the leave vote share.
- E_i : Electorate size in local authority i .
- T_i : Turnout in local authority i .
- L_i : Observed leave share in local authority i .
- $\widetilde{IS}_{i,2016}$: Estimated immigration shock attributed to the supply-driven component.

Assumption: All other factors remain unaffected by the removal of the supply-driven migration component.

Result: $\rightarrow Leave\hat{Share} = 48.1\%$

Individual Level Analysis

Support for UKIP

$$y_{i,j,t} = \alpha_i + \eta_{j,t} + \beta \Delta IM_{j,t} + \epsilon_{i,j,t}$$

	(1)	(2)	(3)	(4)	(5)
	Support for UKIP				
<i>OLS Estimates:</i>					
Immigration Shock	0.026 (0.006)	0.025 (0.006)	0.016 (0.005)	0.015 (0.005)	0.023 (0.007)
<i>2SLS Estimates:</i>					
Immigration Shock	0.089 (0.024)	0.089 (0.024)	0.020 (0.009)	0.019 (0.009)	0.073 (0.028)
Observations	236,312	236,310	220,202	220,196	220,196
Local Authority FE	Yes	Yes	No	No	Yes
region x wave x time FE	Yes	Yes	No	Yes	Yes
individual FE	No	No	Yes	Yes	Yes
region x year FE	No	No	Yes	No	No
Demographics	No	Yes	No	No	No

Individual Level Analysis

Support for the Leave Campaign/Other Parties

	<u>Support for Leave Campaign</u>			Turnout
<i>OLS Estimates:</i>				
Immigration Shock	0.074 (0.011)	0.057 (0.009)	0.053 (0.009)	-0.009 (0.011)
<i>2SLS Estimates:</i>				
Immigration Shock	0.095 (0.014)	0.069 (0.013)	0.065 (0.012)	0.001 (0.014)
Observations	33,140	33,138	33,134	26,487
region x wave x time FE	Yes	Yes	Yes	Yes
qualification and age FE	No	Yes	Yes	No
economic activity status FE	No	Yes	Yes	No
income decile FE	No	No	Yes	No
employment sector FE	No	No	Yes	No
individual FE	No	No	No	Yes

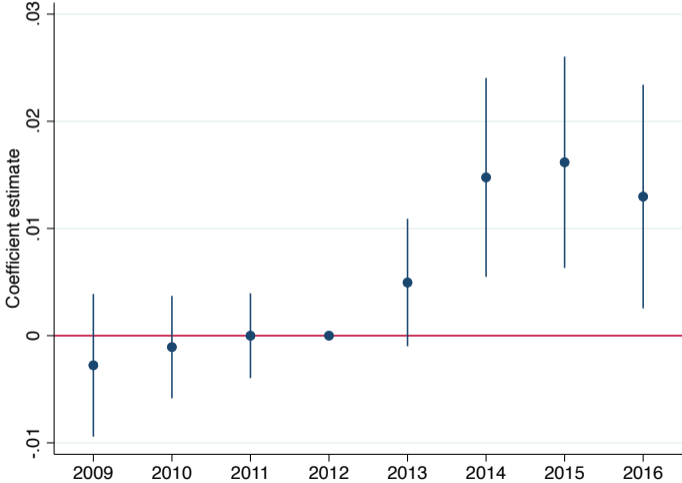
Placebo Test

Support for Leave before 2004

	UK membership of EU a bad thing	UK benefited from being in EU	UK longterm policy wr. EU	EURO currency
<i>OLS Estimates:</i>				
2016 Imm. Shock	0.004 (0.008)	0.027 (0.009)	0.004 (0.007)	0.009 (0.015)
<i>2SLS Estimates:</i>				
2016 Imm. Shock	0.013 (0.010)	0.042 (0.011)	0.007 (0.009)	0.011 (0.016)
Observations	19,113	21,585	17,796	13,990

Individual-level Analysis

Pre-trend



Data

Shift-Share IV

Voters

Mechanisms

Labour Market Impact

Pressure on the Welfare System

Politicians

Political Realignment

Labour Market: Employment

	Economic Activity			Unemployment Rate			
	(1) All	(2) Male	(3) Female	(4) All	(5) Male	(6) Female	(7) 50 and Older
Panel A. OLS							
Immigration Shock	0.363 (0.248)	0.324 (0.312)	0.175 (0.272)	-0.106 (0.125)	0.058 (0.186)	0.163 (0.223)	0.343 (0.210)
Average effect	.443	.396	.213	-.12	.070	.199	.419
Panel B. 2SLS							
Immigration Shock	0.699 (0.387)	1.009 (0.479)	-0.005 (0.400)	-0.770 (0.223)	-0.691 (0.307)	-0.454 (0.290)	-0.185 (0.325)
F-stat	219	216	215	204	241	274	212
Average effect	.854	1.23	-.00	-.94	-.84	-.55	-.22
Mean of DV	78.3	83.9	72.9	5.51	6.47	5.91	4.54
LA FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Region-Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Spatial units	346	345	346	316	347	347	347
Observations	6592	6587	6582	5891	4888	4628	3272

Labour Market: Wage Distribution

log(Hourly Pay):	(1) Avg	(2) 90th Pct	(3) 75th Pct	(4) Med	(5) 25th Pct	(7) 10th Pct
Panel A. OLS						
Immigration Shock	-0.006 (0.003)	0.008 (0.009)	-0.010 (0.003)	-0.007 (0.003)	-0.008 (0.003)	-0.003 (0.002)
Average effect	-.62%	.847%	-1.0%	-.78%	-.89%	-.28%
Standard deviation	.710	.957	1.19	.886	1.00	.326
Panel B. 2SLS						
Immigration Shock	-0.000 (0.005)	0.017 (0.015)	-0.007 (0.005)	-0.007 (0.005)	-0.008 (0.004)	0.001 (0.002)
F-stat	220	101	205	216	216	213
Average effect	-.03%	1.85%	-.74%	-.74%	-.89%	.152%
Standard deviation	.041	2.09	.844	.839	1.01	.172
Pre-log mean of DV	15.0	22.8	17.6	11.8	8.46	6.99
LA FE	Yes	Yes	Yes	Yes	Yes	Yes
Region-Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Spatial units	348	327	344	348	347	346
Observations	7427	1615	7216	7428	7427	7411

Pressure on the Welfare System

log(Benefit Type):	(1) All	(2) Carers Allow.	(3) Disab. Living	(4) Incap. Benefit	(5) Income Support	(6) Job Seeker
Panel A. OLS						
Imm. Shock	0.002 (0.009)	-0.002 (0.013)	-0.024 (0.013)	-0.083 (0.024)	0.045 (0.011)	-0.008 (0.022)
Average effect	.330%	-.23%	-3.2%	-11.%	6.11%	-1.0%
Standard deviation	.294	.206	2.93	10.1	5.45	.938
Panel B. 2SLS						
Imm. Shock	-0.033 (0.028)	-0.031 (0.017)	-0.034 (0.017)	-0.215 (0.044)	0.061 (0.018)	-0.078 (0.033)
F-stat	38.4	221	61.2	38.4	221	56
Average effect	-4.5%	-4.1%	-4.6%	-29.%	8.34%	-10.%
Standard deviation	4.04	3.74	4.17	26.1	7.45	9.51
Pre-log mean of DV	1389	819.	939.	2600	1911	2467
LA FE	Yes	Yes	Yes	Yes	Yes	Yes
Region-Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Spatial units	348	348	348	348	348	348
Observations	5916	5905	5213	5916	5901	5914

Public Attitudes

	Immigration Preference				RedistPref	AuthScale
	Econ	Cultural	Change	Policy		
	(1)	(2)	(3)	(4)	(5)	(6)
Panel A. OLS						
Immigration Shock	-0.114	-0.142	0.036	-0.167	-0.033	0.171
	(0.030)	(0.034)	(0.013)	(0.054)	(0.035)	(0.047)
Panel B. 2SLS						
Immigration Shock	-0.120	-0.156	0.045	-0.181	-0.126	0.179
	(0.039)	(0.044)	(0.018)	(0.068)	(0.042)	(0.060)
Observations	17,284	17,443	17,572	16,996	16,817	16,541
Demographics	Yes	Yes	Yes	Yes	Yes	Yes

Effect on Perceptions of Disenfranchisement

	Your vote makes difference (1)	Public officials care (2)	Have a say in government (3)	Interested in politics (4)
Panel A. OLS				
Immigration Shock	-0.205 (0.064)	-0.013 (0.015)	-0.016 (0.014)	-0.048 (0.014)
Panel B. 2SLS				
Immigration Shock	-0.042 (0.017)	-0.000 (0.017)	-0.004 (0.019)	-0.042 (0.017)
Observations	256,313	68,077	68,384	256,313
region x wave x time FE	Yes	Yes	Yes	Yes
qualification and age FE	Yes	Yes	Yes	Yes
economic activity status FE	Yes	Yes	Yes	Yes
income decile FE	Yes	Yes	Yes	Yes
employment sector FE	Yes	Yes	Yes	Yes

Data

Shift-Share IV

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NLP-Based Metrics for Immigration Discourse

1. Frequency Measure:

- Calculates the density of keywords related to migration and minority issues in MPs' speeches.
- Normalized by the total word count to give a relative frequency.

2. Sentiment Measure:

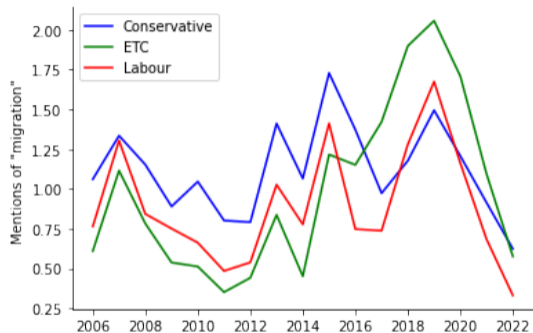
- Captures the emotional tone of discussions on immigration.
- Uses sentiment analysis to assign scores ranging from -1 (negative) to +1 (positive).

3. Universalism Measure:

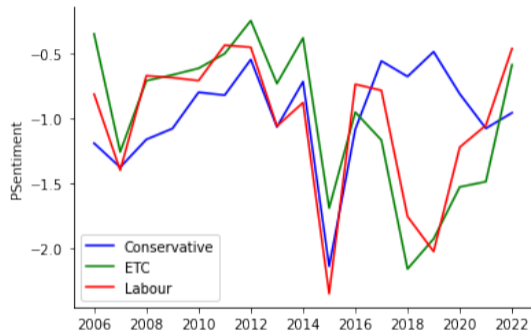
- Based on keywords from the Moral Foundations Dictionary.
- Index calculated as:

$$Universalism_{i,t} = \frac{Care_{it} + Fairness_{it} - Ingroup_{it} - Authority_{it}}{N_{it}}$$

Discussion around Immigration over time



(a) $MigrationTalk_{i,t}$



(b) $MigrationSentiment_{i,t}$

Specification: Supply Side

- To investigate the potential for the supply side of politics to respond to the level of immigration exposure at the location level, I estimate the following specification:

$$y_{i,r,t} = \alpha_i + \eta_{r,t} + \beta \Delta IM_{it} + \epsilon_{i,r,t}$$

Results: Supply Side of Politics

	<i>MigrationTalk_{i,t}</i>				<i>MigrantSentiment_{i,t}</i>				<i>RelativeUniversalism_{i,t}</i>			
Panel A. OLS												
Immigration Shock	0.13	0.12	0.31	0.01	-0.29	-0.15	-0.57	-0.21	0.10	0.08	0.18	-0.55
	(0.09)	(0.15)	(0.14)	(0.17)	(0.10)	(0.14)	(0.19)	(0.26)	(0.08)	(0.14)	(0.12)	(0.23)
Panel B. 2SLS												
Immigration Shock	0.26	-0.17	0.89	0.53	-0.11	0.10	-0.85	0.86	0.01	0.21	0.07	-2.07
	(0.21)	(0.29)	(0.42)	(0.42)	(0.25)	(0.45)	(0.39)	(0.92)	(0.18)	(0.27)	(0.26)	(0.84)
Constituencies	All	Labour	Con.	Others	All	Labour	Con.	Others	All	Labour	Con.	Others
Observations	6171	2479	2709	979	4249	1566	1947	704	6171	2479	2709	979

Data

Shift-Share IV

Voters

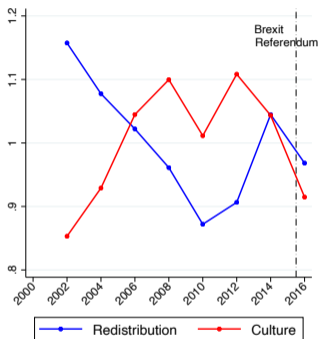
Mechanisms

Politicians

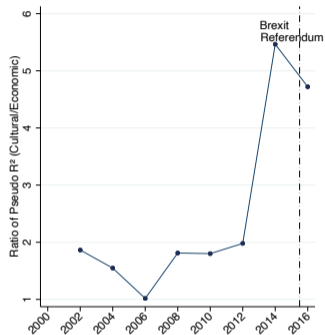
Political Realignment

Conclusion

Cultural vs. Economic Attitudes



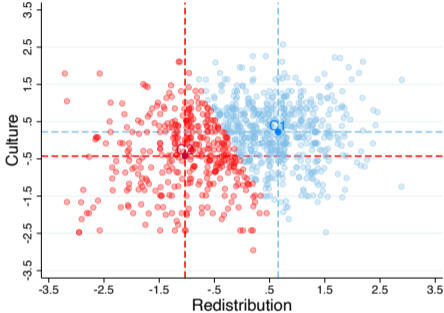
(a) Variance in Attitudes



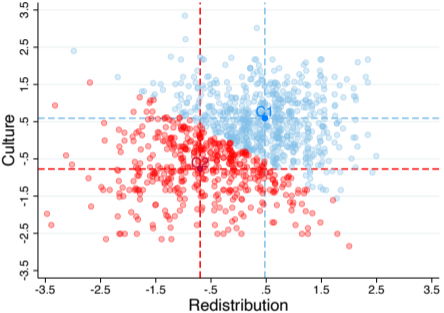
(b) Culture/Redist. in Voting Predictions

Figure: Notes: Panel A shows variances in attitudes towards redistribution and cultural issues from 2002 to 2016. Panel B compares the predictive power of cultural vs. economic factors for voting behavior.

Voter Attitudes Clustering



(a) 2002-2003



(b) 2014-2015

Figure: Notes: UK respondents' attitudes toward cultural policies and redistribution. Vertical axis: cultural policy attitudes (higher values = more open attitudes). Horizontal axis: attitudes on redistribution (higher values = stronger preference for redistribution). Data Source: European Social Survey (ESS).

Immigration Impact on Cultural and Redistribution Divides

$$CRR_i = \frac{C1_{i,culture} - C2_{i,culture}}{C1_{i,redist} - C2_{i,redist}} \quad (1)$$

Culture-Redistribution Centroid Ratio

Panel A. OLS

Immigration Shock	0.551 (0.548)	0.461 (0.574)	0.828 (0.994)	0.944 (1.080)
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Panel B. 2SLS

Immigration Shock	0.579 (0.370)	0.493 (0.397)	0.940 (1.218)	1.020 (1.288)
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R-Squared	.00493	.00279	.0201	.0268
Observations	314	314	314	312
Region Fixed Effects	No	Yes	Yes	Yes
Demographics	No	No	Yes	Yes
Initial composition of immigrants	No	No	No	Yes
Routine Jobs	No	No	No	Yes

Data

Shift-Share IV

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Takeaways

- **Impact of Immigration:** Local exposure to immigration shifts political support from left-wing to right-wing, anti-immigrant parties.
- **Mechanisms:** Regions with high immigration see reduced unemployment and economic growth without significant wage suppression, yet these do not fully explain anti-immigrant sentiments.
- **Cultural Dynamics:** Voters are increasingly clustering along cultural dimensions, shifting the political landscape away from economic considerations.
- **Implications:**
 - Crucial for interpreting electoral outcomes accurately.
 - Lack of recognition of the realignment can hinder our ability to address rising inequality.

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Conducting analysis at the Industry-level

		Support for UKIP		
	(1)	(2)	(3)	(4)
Panel A. OLS				
Immigration Shock	0.235 (0.114)	0.233 (0.113)	0.139 (0.081)	0.483 (0.121)
Panel B. 2SLS				
Immigration Shock	0.365 (0.153)	0.365 (0.154)	0.152 (0.119)	0.291 (0.223)
Observations	156,735	156,726	156,723	132,337
district FE	Yes	Yes	Yes	No
time FE	Yes	No	No	No
region x wave x time FE	No	Yes	Yes	No
qualification and age FE	No	No	Yes	No
economic activity status FE	No	No	Yes	No
income decile FE	No	No	Yes	No
Individual FE	No	No	No	Yes

Theoretical Model: Demand Side

- Voting decision process:

$$v_{it} = V(\psi_{it}, \theta_{it}, g_{it}, S_{l(i)t})$$

where θ_{it} is a vector of background characteristics,

g_{it} represents individual-level shocks,

$S_{l(i)t}$ is a vector representing the supply side of politics,

and ψ_{it} reflects the voter's fundamental beliefs and values.

$$\psi_{it} = \Psi(\theta_{it}, g_{it})$$

- Derive the reduced-form relationship for voting as follows:

Theoretical Model: Supply and Demand

- The supply side of politics:

$$S_{lt} = W(\bar{\psi}_{i \in l, t}, \bar{\theta}_{i \in l, t}, g_{lt}, \eta_{lt}) = \hat{W}(\bar{\theta}_{i \in l, t}, g_{lt}, \eta_{lt})$$

- Assuming the supply is constant,

$$v_{ict} = \hat{V}(\theta_{it}, g_{it}, \tilde{S}_{l(i)t})$$

- Investigate whether the supply-side variable $S_{l(i)t}$ is influenced by trends specific to each location.
- Country-level shifts in parties' position in response to immigration do not pose a threat to the analysis as these responses can be kept constant by the use of year fixed effects

Using NLP Techniques to Proxy the Supply Side

- As a proxy for the supply side, I look at the discussion around immigration in Parliament by the MP of each region.
- Borrowing from NLP, I define the following two measures:

$$MigrationTalk_{i,t} = \frac{1}{B_{i,t}} \sum_{b=1}^{B_{i,t}} 1[b = Migration]$$

$$MigrationSentiment_{i,t} = \frac{1}{B_{i,t}} \sum_{b=1}^{B_{i,t}} \left(1[b = Migration] \times \sum_{c=b-10}^{b+10} S(c) \right)$$

Public Opinion, Media, Parliament Coverage of Immigration

