Looking retrospectively at the 2018 Italian general election: the state of the economy and the presence of foreigners

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Scholars agree that two major issues oriented voting behaviours during the Italian general election of 2018. The first was the state of the economy, which had not yet recovered from the lowest points reached during the Great Recession, but had nevertheless exhibited some marginal improvement. The second issue originated from another crisis, the refugee and asylum emergency, which contributed to increasing the presence of foreigners in Italy and the salience of the migration issue. The article investigates the impact of these two types of problem on the 2018 election results by using aggregated objective data at the municipal level. It finds confirmation of the two issues' impact on retrospective punishment of the incumbent Democratic Party also when using spatial regression models distinguishing the direct influence and the spill-over effects of the poor state of the economy and an increase in the size of the foreign population.

Keywords: Italy; election; retrospective vote; economic vote; migration; spatial regression

Introduction

The 2018 Italian general election was an electoral earthquake. However, it was not the first one. Whether it was extraordinary, or yet another manifestation of turbulence among many, is a matter that falls outside the scope of this article and has already catalysed extensive scholarly debate (Bressanelli and Natali 2019; Ceccarini and Newell 2019; Chiaramonte *et al.* 2018; Hainmueller and Hopkins 2014; Istituto Carlo Cattaneo 2018; Itanes 2018; Schadee *et al.* 2019). Particularly interesting, especially for their comparative potential, are the analyses conducted to identify the reasons for the retreat of 'mainstream' parties and the success of 'populist' ones, to use simplistic but familiar labels (Caiani 2019; Chiaramonte *et al.* 2018; D'Alimonte 2019).

We contribute to that literature by investigating the factors that favoured the retrospective electoral punishment of incumbents. We do so by focusing on two issues: the state of the economy, and migration. In our analysis, we adopt a within-country research design using objective aggregated information, instead of the more typical individual survey data employed in much of that literature, and compare electoral behaviours at the subnational level. We also consider the potential spill-over of harsh economic conditions and of the presence of foreign populations from one municipality or province to another, thus accounting for the spatial influence of contiguous or proximate geographical units.

We find confirmation of the essence of the theory of retrospective voting, i.e. that incumbents are punished more where the problems that are considered most important by citizens – in that period, unemployment and immigration – are in the worst state. We further indirectly acknowledge the sociotropic – or better communo-tropic (Rogers 2014) – evaluation of those problems, registering the indirect influence of their state in neighbouring geographical units.

The article proceeds as follows. In the next section we briefly outline the political and economic background of the general election that took place in March 2018. We then discuss the theoretical assumptions that guide our empirical test, detailing the choice of the sub-national level of investigation, and putting forward the main rival hypotheses that might explain the observed pattern of voting behaviour. We then operationalize the main variable, discuss the data used, and thereafter report the empirical results of our econometric models. The last section concludes with some general remarks and a discussion of prospective issues.

A retrospective look at the 2018 Italian election

The 2018 election confirmed the most important result of the previous ballot: the end of bipolar competition and the advent of much less predictable party-system dynamics (Newell 2019). On looking retrospectively at the five years of the 2013-18 legislature, a series of critical junctures becomes apparent.

The legislature was born under the unlucky star of the absence of any clear majority, and a series of conflicting vetoes that prevented the formation of a new executive. The stalemate was aggravated by the 'white semester' of the President, Giorgio Napolitano, who, lacking the power to dissolve Parliament during the last six months of his mandate, was unable to offer an electoral solution to the deadlock amongst the main political actors. Napolitano was then exceptionally re-elected for a second term, and he nominated Enrico Letta to head an oversized cabinet with cross-party support. The bipartisan agreement lasted only a few months until, in November 2013, the Popolo della Libertà (People of Freedom, PdL) split, with Silvio Berlusconi re-establishing Forza Italia (FI) and joining the opposition, and Angelino Alfano creating the Nuovo Centro Destra (New Centre Right, NCD, subsequently Alternativa Popolare (Popular Alternative AP)) and continuing to support the Government.

Letta's replacement in February 2014 was the direct consequence of the change in the leadership of the Partito Democratico (Democratic Party, PD). Matteo Renzi started to overhaul the PD establishment and enjoyed unprecedented success at the 2014 European Parliament elections, but ended up himself losing the premiership as a result of his defeat in the 2016 referendum on his proposed constitutional reform. Paolo Gentiloni then led a substantially similar majority until the 2018 elections, in spite of doubts regarding the internal stability of his oversized coalition. Interestingly, none of the parliamentary groups sustaining the PD-led cabinets during the 17th legislature

managed to compete during the subsequent general election as lists with the same names. The frequent disagreements, fissions, fusions and re-foundations in the galaxy of centre-left and centre-right parties on the one hand, and the electoral threshold of the new electoral system on the other, prevented them from being present on the ballot paper as autonomous political forces (De Lucia and Paparo 2019).

Another critical juncture was institutional rather than political. The middle period of the legislature was dominated by the constitutional reform designed during Renzi's tenure, which provoked strong resistance and polarization both in the approval phase and during the subsequent referendum campaign (Blokker 2017). The reform included a substantial reduction in the powers of the Senate, together with abolition of its direct popular election. For this reason, when the PD pressed for a new electoral law in response to the Constitutional Court's ruling that abrogated part of the system, it decided to concentrate on the rules for the lower chamber – the so called *Italicum*. Yet the Court also declared some of the new rules unconstitutional, and this, together with the referendum defeat of Renzi's constitutional reform, made it necessary to adopt yet another electoral system for both chambers. All in all, five electoral systems in five years (Chiaramonte *et al.* 2019) were more than enough severely to test any strategic coordination on the part of parties and voters.

A third factor was the economic uncertainty. The Great Recession was already over, but its aftermath continued to afflict the population in absolute terms, and in comparison to the swifter recovery of most of the other countries of the European Union. GDP per capita had been slowly growing since 2014, and yet in 2018 it was still far below its pre-crisis level. The same was true of employment, with the percentage of job-seekers being five percentage points higher than in 2007, and less than two points lower than the peak reached by unemployment in 2014. In that situation, according to

Istat and Eurostat, the proportions of families in absolute poverty and at risk of social exclusion had been constantly growing, while the long-term commitment to reducing the public debt prevented an increase in public expenditure and social protection (Capriati 2019).

It is therefore not surprising that citizens perceived the economic situation in general, and unemployment in particular as the most pressing issue. However, perceptions of it as the most important national problem were almost ten percentage points lower than on the eve of the previous election, as shown by the solid line in Figure 1 where the vertical segments signal the last three ballots. That drop corresponded to an increase of 15 percentage points in what in 2018 was perceived as the second most important problem: immigration.
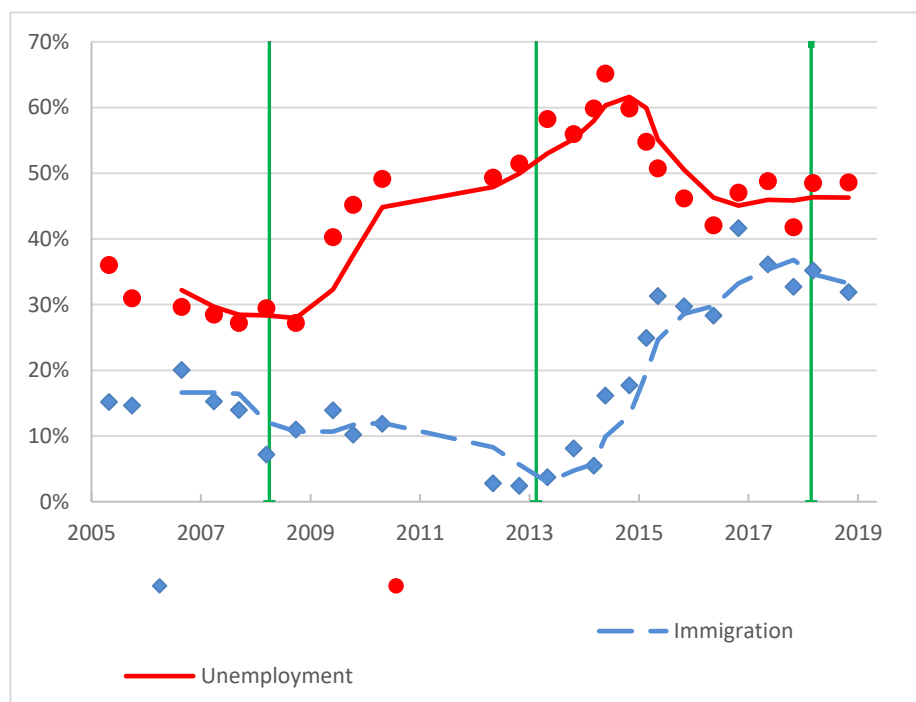

Figure 1. Percentage of people who think that unemployment or migration are amongst the two most important issues in Italy (single waves, and three-point moving average). (source: Eurobarometer different waves)

The trend is similar to, but more accentuated than, the corresponding trend for the European Union. The fears expressed by respondents to the Eurobarometer survey can be seen as the consequence of the refugee crisis of the middle of the decade, on the one hand, and of its political exploitation by populist parties in Europe, on the other. Since Italy has one of the most exposed external borders of the Union, awareness of the problem escalated more than in other countries, and also contributed to fostering Eurosceptical attitudes because of the ineffectiveness of the EU's action (Amadio Viceré 2019; Castelli Gattinara 2017).

The interplay between the two crises, highlighting the supposed economic costs of migration, polarized the positions of the political élites in that period (Di Mauro and Verzichelli 2019). The permanent electoral campaign, which started after Renzi's defeat in the referendum, reflected those anxieties and further contributed to amplifying them. '*Prima gli italiani*' – Salvini's mantra echoing Donald Trump's 'America first' – reflected both the economic concerns and the fears connected with the growing presence of foreigners, while at the same time dignifying the nationalist side of the identity cleavage.

The electoral consequence of this troubled period was the lack of any clear winner (De Sio and Cataldi 2019). The centre-right coalition, with almost 37% of the votes, was certainly entitled to claim victory, and yet the new leadership of the Lega Nord (Northern League, LN) marked the beginning of the coalition's break-up. The Movimento Cinque Stelle (Five-star Movement, M5s) increased its support by another 7% compared to the already positive result of the 2013 ballot, becoming by far the largest party in Parliament. However, it then had to relinquish many of its core positions and policies in order to claim the spoils of the election outcome. Beppe Grillo's and

Matteo Salvini's voters had grudgingly to accept the presence of strange bedfellows in government.

There was nevertheless a clear loser: the centre-left and, above all, the PD, which lost almost 2.5 million votes compared to the previous election and halved its supporters compared to 2008. There is no single explanation for this electoral debacle (Rombi and Venturino 2019), and we will shortly turn to empirical investigation of the defeat. However, we need first to present the theoretical assumptions that will guide our analysis.

Retrospective voters

Voters may choose a party for ideological reasons, or because they feel close to its policy proposals and confident about the future behaviour of its leaders. Alternatively, they may look at what the incumbent party has achieved in the preceding legislature, and evaluate its accomplishments and demonstrated capacities.

Both activities require a certain amount of information. According to some authors, the political investment needed for these kinds of prospective and retrospective judgements exceeds the capacities of voters, who actually make much more myopic choices (Achen and Bartels 2016). Yet voters may adopt a wide range of shortcuts to orient their electoral behaviour, and scholars recognize that some variables are good predictors of their choices.

According to the economic voting theory, the state of the economy is the most reliable of those predictors (Lewis-Beck and Stegmaier 2007; Stegmaier *et al.* 2017). When the economy is performing – or is perceived to be performing – badly, incumbents are punished in the ballot, while they are rewarded if things are going well. The theory has been successfully applied in many contexts and contrasting

circumstances, including the extraordinary times of the Great Recession (Giuliani and Massari 2018; Lewis-Beck and Lobo 2017).

The state of the economy can be assessed in two main ways. It can be measured directly in aggregate units by means of objective macroeconomic indicators such as growth, unemployment or inflation, usually computed at the national level and for comparative purposes. Alternatively, it can be assessed through the individual evaluations of survey respondents, whose subjective appraisals typically have one-year retrospective and prospective horizons, and are particularly useful for judging the salience and magnitude of the economic vote at specific elections. There are advantages and shortcomings to each of the two strategies. The first strategy concentrates on the origin of economically-driven behaviours, but calls into question the actual economic competences and information of the electorate, as well as its capacity to discern domestic and global trends in the economy. The second strategy convincingly focuses on the agent, the only one that actually judges and votes, but risks being biased by respondents' ex-post rationalizations of their behaviour, besides the methodological risk of the limited-variation in the independent variable that occurs when matters become really difficult.

Italian electoral studies have a long tradition of survey-based analyses, which is consistently represented within the scholarly debate cited at the beginning of the article. Typical questions regarding the improvement or deterioration of the economy in the preceding twelve months, or measuring respondents' economic sentiments, have been used to analyse significant aspects of the recent evolution of the Italian political system (Bellucci 2014; Leininger 2019; Malet and Kriesi 2019; Segatti and Vegetti 2019). The use of aggregated objective data to scrutinize specific Italian elections is less frequent. However, it has been adopted to check the economic conditions that benefitted the two

major parties in the so-called 'First Republic' (Bellucci 1984), their influence on the confirmation of incumbents in the 2013 general election (Giuliani 2017), the success of new parties in the 2014 European Parliament election (Riera and Russo 2016), and the results of the 2016 constitutional referendum (Truglia and Zeli 2019).

Clearly, the state of the economy is supposed to condition voting behaviours well beyond the simple reward/punishment of incumbents for their managerial capacities, and during national elections. As a cognitive shortcut, that judgment has spill-overs that affect vote choices in contiguous subnational or supranational electoral arenas. Even constitutional choices can be subject to retrospective evaluations, as happened to Renzi with the referendum on his institutional reforms, which became a plebiscite for or against him personally and his accomplishments, and in which judgements were also determined by economic evaluations (Di Mauro and Memoli 2018; Leininger 2019).

The reason why the state of the economy can have such wide-ranging effects is its constant salience for the electorate, especially in long periods of economic distress or low growth (Singer 2010). We have seen that in the 2018 ballot the immigration issue eroded some of that salience, especially considering the extent to which it was thematized in the electoral campaign. This phenomenon is not exclusive to Italy, although it is uncertain whether or not the new issue has actually displaced the economic dimension (Dancygier and Margalit 2020).

The survey literature confirms the importance of these two dimensions for the Italian case, although the two issues are typically evaluated separately in bivariate analysis (Bellucci and Tronconi 2018; Segatti and Vegetti 2019; Vezzoni 2018; 2019). In fact, the economy and migration are problems of a different nature. Although the issue should be adjudicated at the empirical level, there is no doubt that all voters prefer

a better managed economy – with higher wealth and lower unemployment – to a poorly managed one, although they may have different ideas regarding the policies necessary to produce that outcome. Regarding migration levels and trends, voters clearly have different opinions, so that they are positional rather than valence issues. According to some authors, immigration is part of a new European political divide that differentiates both individual opinions and party perceptions (Jackson and Jolly 2021).

For this reason, whilst it is 'natural' to conceive the economy as a component of any retrospective evaluation of the incumbent's performance, the same usually does not apply to immigration. However, we can identify three main reasons why this second issue too may have affected judgements of the incumbent at this particular election.

First, the generalized increase of the salience of the immigration issue may have signalled a lack of management capacity on the part of the political élites, and it may have been evaluated as such in any retrospective assessment of the government's capacity. Second, although the refugee crisis has not produced an actual deterioration in public attitudes towards immigrants (van der Brug and Harteveld 2021; Vezzoni 2019), it appears to have politically activated those judgements, a phenomenon that could be proportional to the actual increase of immigrants and that certainly favoured the local breakthrough of opposition parties (Albertazzi and Zulianello 2021). Third, if we consider that the incumbent government had a centre-left profile, we should not forget that immigration levels and flows have been found to increase support for right-wing parties in France (Edo *et al.* 2019) and Germany (Otto and Steinhardt 2017), for the Freiheitliche Partei Österreichs (Freedom Party, FPÖ) in Austria (Halla *et al.* 2017) and the United Kingdom Independence Party (UKIP) in Great Britain (Kaufmann 2017), and that they have further impacted on electoral outcomes in Spain (Mendez and Cutillas 2013) and Greece (Vasilakis 2018). Objective immigration data have been used

also in the Italian case, being reported to be systematically connected to support for the LN and for the centre-right coalition (Abbondanza and Bailo 2017; Barone *et al.* 2016).

In order to apply the retrospective framework to a single election, in what follows we perform a within-country analysis using subnational units, as detailed in the next section. This research design is particularly demanding and robust. It is demanding because it requires that dissatisfaction with the state of affairs – affected by the economy or by the trend in migration – is not just a general issue common to all Italian citizens. Rather, it is modulated locally, triggering a diverse and proportional political reaction. It is robust because it approximates an experimental research design as far as possible, in spite of using observational data. Compared to cross-country analysis it has the indubitable advantage of keeping most of the traditionally confounding variables constant, i.e. those ranging from institutional and political factors – electoral system, timing of the ballot, political offer, electoral campaign, etc. – to socio-cultural ones – political traditions, language, religion, etc.

Building on the theoretical literature summarized above, our hypotheses regarding the two dimensions are the following. First, the worse the state of the local economy, the more the incumbents are punished in the ballot. Second, the larger the increase in the presence of foreigners, the lower the support for the incumbents. These two hypotheses assume an additive interpretation of the two dimensions, each with its own independent effect. However, we cannot rule out the possibility of their interaction. There is no specific theoretical expectation regarding a conditional electoral effect of the two variables; hence, against the null hypothesis of their independence, we can only advance two rival suppositions. We can either suspect that immigration dynamics reinforce the negative impact of a distressed economy (and vice versa) or, on the

contrary, that the two dimensions are complementary, so that the impact of one of the two factors increases when the other decreases, and vice versa.

Data and operationalization

Our dependent variable is the share of votes for the PD, which, besides having been the party of the prime minister for the entire legislature, was *de facto* the only coalition party that competed with a recognizable list in 2018. The variable, using data supplied by the Ministry of the Interior, is computed at the sub-national level, in the almost 8,000 Italian municipalities.[1] A depiction of the party's electoral debacle is provided in Figure 2, where we compare support in 2018 to that in 2013.

Amongst our independent variables, we measure the state of the economy by using the rate of unemployment as reported by Istat at the provincial level, which is the lowest level of disaggregation available for the annual series of economic data. The share of job seekers is 'the index that most faithfully reproduces the social repercussions of the economic crisis' (Bellucci and Tronconi 2018, 140), and we prefer it to its corresponding measure of change. In situations of extreme economic distress, with two-digit unemployment rates, temporary economic rebounds cannot offer any tangible

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[1] We consider the list votes in the proportional part of the ballot, and exclude data from the Valle d'Aosta due to the distinctiveness of its electoral system and competition. Owing to the administrative changes made since the preceding election, and to the need to compare the results with those of 2013, we have had to reconstruct and match as closely as possible the territorial arrangement in that year. Robustness checks with provincial data and alternative specifications are included in the online appendix.

welfare improvement (Giuliani 2019), and in the online appendix we demonstrate that they do not trigger any electoral reaction.
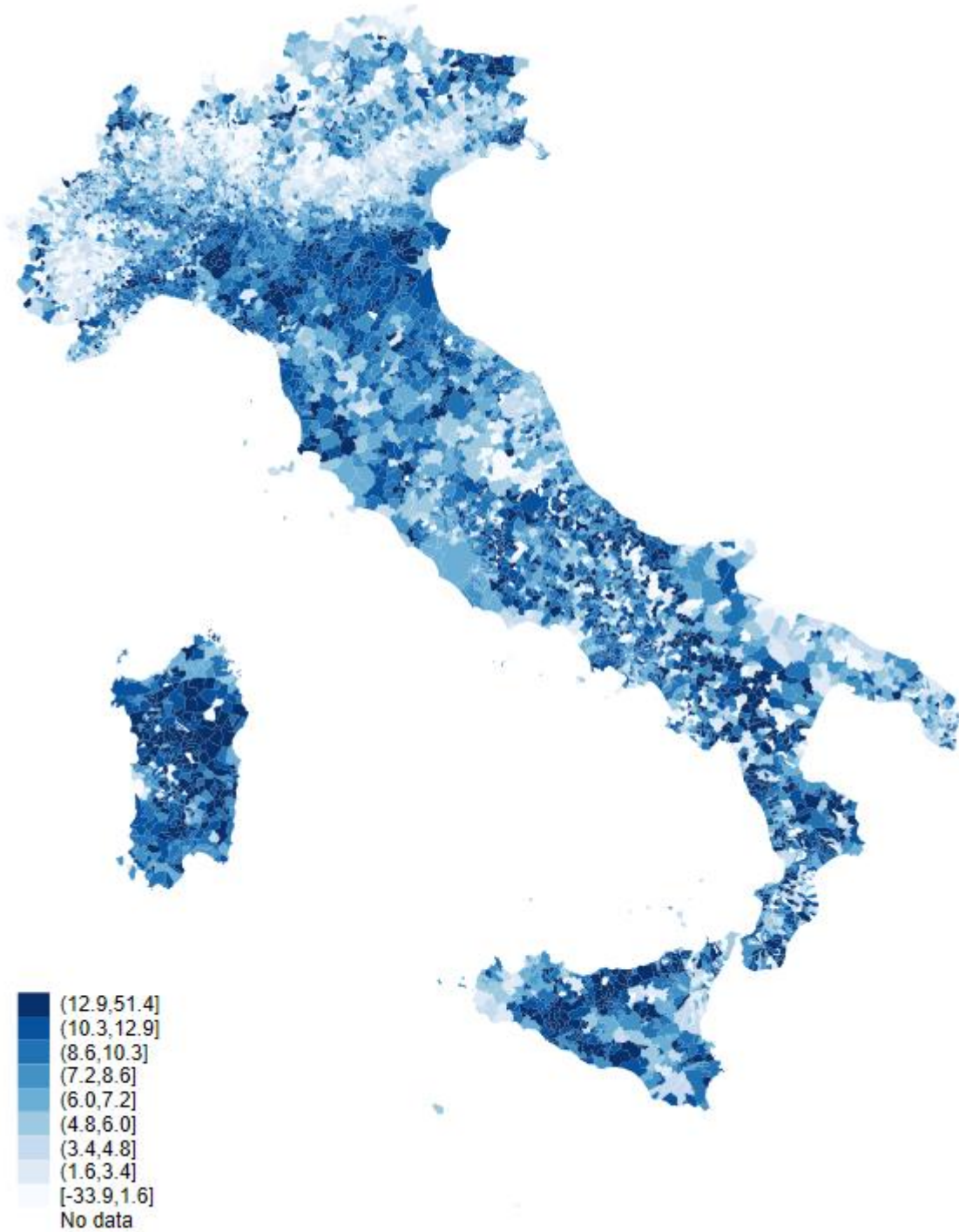

Figure 2. Votes lost by the Democratic party in 2018 compared to 2013 (percentages - darker shades correspond to larger defeats)

Growth, another short-term trend index, is likely to suffer from the same limitations. Moreover, this measure needs to be computed at the subnational level using data regarding the added value that is typically associated with the location of companies and firms, more than with that of their employees/voters. Nonetheless, since it is a standard proxy of most retrospective analyses, we also include growth as a further economic control in all our models.

The second variable of interest, migration, is measured by the increase in the foreign population, a figure that Istat regularly provides for each of the almost 8,000 Italian municipalities. More specifically, we include in our equations the proportion of immigrants on 1 January 2018, a few weeks before the election, against the corresponding proportion one year earlier. Other specifications and temporal horizons are reported in the online appendix without major differences in terms of results.

Many analyses employ the more direct level of the foreign population, but we decided in this case to opt for a trend variable for a series of methodological reasons. First, the presence of immigrants can be a proxy for other social and economic characteristics that are geographically associated with the vote for leftist parties. This characteristic is not specific to Italy (Otto and Steinhardt 2017), so that in within-country studies, scholars prefer to consider the flow of immigrants more than their long-term presence. Our initial analyses confirmed this finding, and further including the absolute share of the foreign population as a control variable did not modify our results. Second, Bracco *et al.* (2018) convincingly demonstrate that immigrants' location decisions also depend on the partisanship of the local administration, so that including a level variable like the share of foreign residents would introduce the risk of backward causation into our analyses. Finally, in this case the trend variable has an undeniable advantage: it is more directly connected with the perception of the threat that, according

to some, immigrants represent (Stockemer 2016). Increases are more directly perceived than magnitudes, and narratives about the massive influx of migrants can be considered plausible even in contexts with a small absolute number of foreigners.

Regarding the control variables, we include the lag vote for the PD in the right-hand side of the equation to capture any underlying geographical propensity to vote for that party, and to represent the baseline for the success or defeat of the incumbent. We also include the change in turnout levels between the last two elections, which is systematically associated with both our variables of interest. In the literature, there are contrasting expectations in this regard, with dissatisfaction with the state of affairs being a mobilizing or demobilizing factor. Our data highlight that a poor state of the economy and increasing inflows of migrants tend to reduce electoral participation, fostering political alienation and supporting the latter expectation.

Regarding the model employed, we start by using simple ordinary least squares (OLS) regression estimates, coping with the issue of different data granularity by clustering the standard errors at the provincial level. However, there is a second methodological concern, one regarding the independence of the observations. It is evident, especially at this level of detail, that voting behaviour in a given unit cannot be independent of the state of the economy or the presence of migrants in nearby units. This problem is specifically addressed by spatial regression models, in which it is possible to define the geographic dependencies between those close units (Neumayer and Plümper 2015; Plümper and Neumayer 2010).

We advance two different conjectures regarding those dependencies: a) that the impact is limited to contiguous units, sharing borders; b) that the influence is inversely related to the geographical distance amongst units. Both these assumptions are consistent with a sociotropic approach to retrospective voting, in which the state of

affairs is not evaluated exclusively from the perspective of the pocket or the backyard of the voter, but needs to consider some larger reference points and geographical areas. Eventually, our different specifications make it possible to distinguish the impact on our dependent variable of 'indigenous' factors from the influence that should be attributed to external units.

Empirical results

In Table 1 we present the results of our first three additive models, introducing in sequence the two indices capturing the state of the economy, and then the measure for the increase in the foreign population.

Table 1 The effect of unemployment, growth and migration on electoral support for the incumbent

	(1)	(2)	(3)
% PD 2013	0.60***	0.60***	0.60***
	(0.03)	(0.03)	(0.03)
Unemployment rate	-0.22***	-0.22***	-0.22***
	(0.03)	(0.03)	(0.03)
Growth		-0.07	-0.07
		(0.17)	(0.17)
Ratio % foreigners 2018/2017			-0.64***
			(0.19)
Change in turnout	0.07	0.06	0.06
	(0.06)	(0.06)	(0.06)
Constant	5.27***	5.48***	6.09***
	(0.76)	(0.71)	(0.72)
Observations	7883	7883	7883
R-squared	0.59	0.59	0.59

Clustered standard errors in parentheses: *** $p<0.01$, ** $p<0.05$, * $p<0.1$

To start with model 1, the effect of our main economic variable is systematic and with the expected negative sign. For each percentage point of unemployment, and all other things being equal, the governing party received approximately one quarter of a point fewer votes against the baseline 2013 result. Considering that the average unemployment rate for the Italian municipalities was above 11%, and that those in the highest decile had more than 21% of their active populations unemployed, it is easy to understand the substantial importance of those coefficients for the defeat of the PD. In this model, controlling for the change in turnout levels does not affect the relationship: hence neither the conjecture regarding the alienation produced by a poor state of the economy, nor the one regarding the supposed increased mobilization of the dissatisfied receives any confirmation from our subnational test.

Model 2 adds our proxy for growth at the subnational level, which proves to be insignificant and does not even affect the systematic character and magnitude of the impact of unemployment on electoral support for the incumbent party. The reason for this disappointing result is most probably the lack of accuracy of the proxy measured at a disaggregated subnational level; but the fact that unemployment exerts greater leverage is not unknown at the cross-country level either, at least in bad economic circumstances (Dassonneville and Lewis-Beck 2019; Brandon Beomseob Park 2019a; Ju Yeon Park 2019b).

Although the 2018 election has sometimes been characterised as extraordinary, Table 1 provides confirmation of an ordinary retrospective vote based on the evaluation of the objective condition of the economy (Lewis-Beck and Lobo 2017). Model 3 adds to that standard perspective the impact of the increased presence of foreigners, an issue considered by most commentators as central to the entire election campaign. The coefficient of this additional variable is statistically highly significant and with the

expected negative sign: the larger the increase in the foreign population, the lower the support for the incumbent party. The introduction of the new variable does not alter the effect of the economy, whose coefficients and significance remain perfectly stable. In terms of magnitude of the impact, migration cannot compete with our main economic variable, as demonstrated by the fact that its standardized coefficient is between seven and eight times smaller than the latter factor. Nevertheless, the new variable should not be dismissed.[2]

Overall, Table 1 seems to confirm an additive interpretation of the variables triggering the electoral punishment of the incumbent party, each with its independent effect following our first and second hypotheses. It is interesting to compare these results with those obtained by Riera and Russo (2016), who also used the municipal level for their analyses of the 2014 European Parliament election in Italy. In fact, they were looking for the factors triggering the success of the main opposition party, the M5s, and not those explaining the defeat of the pivotal incumbent party, the PD. Yet it is striking how, only four years earlier, while unemployment was significantly related with their dependent variable, the presence of foreigners showed no effect at all in their models.[3]

Is there any relationship between the effects of our two variables, so that their electoral impact should be attributed to their combination, or do they independently

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[2] These results are also confirmed by those presented in Table A.3 of the online appendix, which uses the provincial, instead of the municipal, level of analysis.

[3] A cursory replication of our model on the previous 2013 election also confirms the importance of the economic variable but not that of the increase of foreigners, further signalling the specificity of the retrospective profile of the 2018 ballot.

contribute to the overall explanatory potential of the model? Checking the idea of a conditional effect by interacting our proxy for migration with the unemployment rate, we obtain some interesting insights into the rival expectations presented at the end of the theoretical part of this article. The plots of the marginal effects of, respectively, the increase in the presence of foreigners and of unemployment at different levels of the other variable are presented in Figure 3, while the complete models are included in Table A.7 in the online appendix, together with some further robustness checks.

The graphs support only a weak interaction effect of our variables on support for the incumbent party, since the confidence intervals at the two extremes of the conditional variable partially overlap. Thus, in the first plot, we cannot entirely reject the hypothesis that there is the same impact of immigration in contexts with low and high levels of unemployment. However, what we can exclude is that below a certain level of economic distress – that is, whenever the number of job seekers is less than 19% of the active population – immigration dynamics trigger an additional electoral punishment of the incumbent party, while, in contrast, above that level, it is impossible to reject the null hypothesis of no impact. Symmetrically, in the second plot, the effect of an additional percentage point of unemployment is always negative for the prospects of the incumbent, but it is slightly more damaging with smaller rather than larger increases in the presence of foreigners.[4]

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[4] Because of the 'inherent symmetry of interactive models' (Berry *et al.* 2012, 216), it is worth exploring how each of the two variables conditions the effect of the other. It is apparent that, in the second plot, the more compact distribution of immigration dynamics (represented by the background histogram) produces very few substantial variations in the impact of
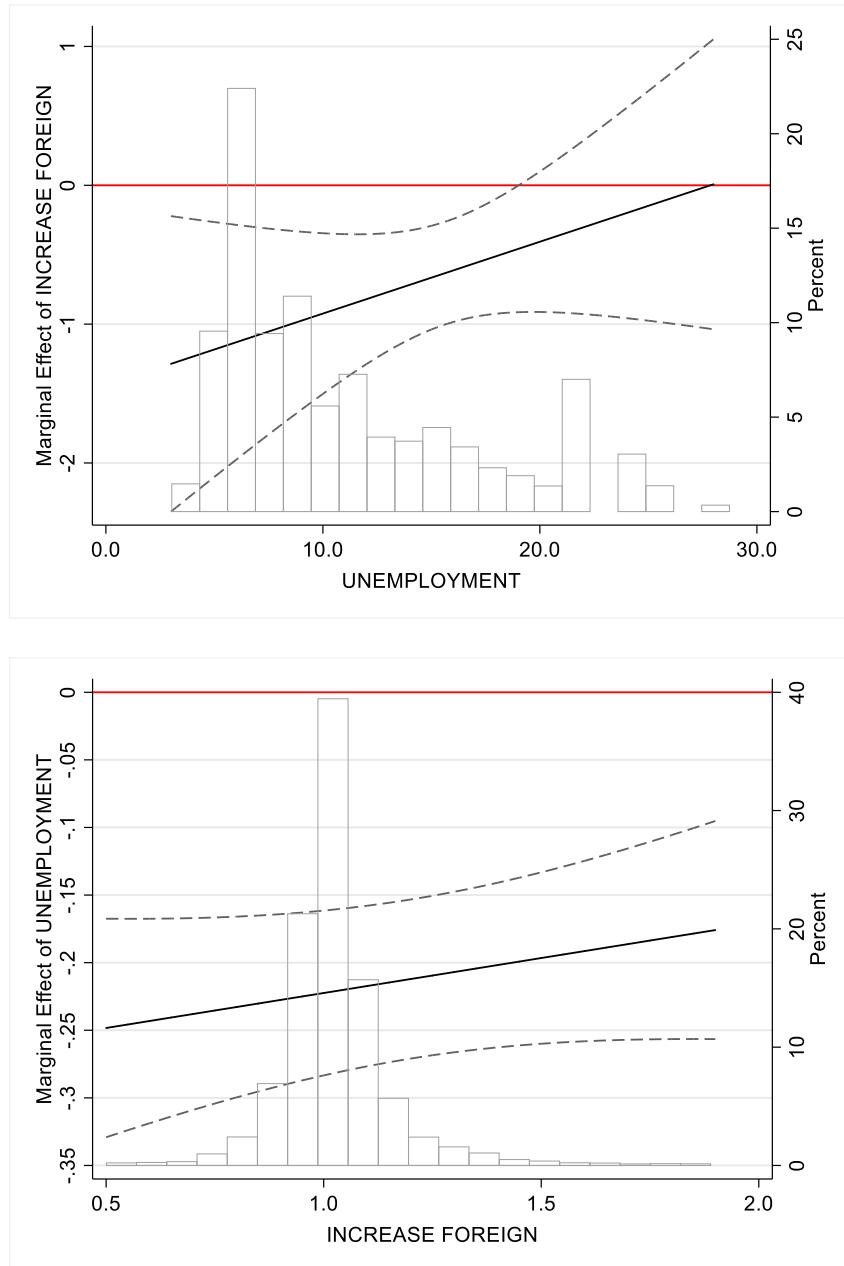
Figure 3. Interacting unemployment and the increase in the presence of foreigners (2018-17)

unemployment. The robustness checks at the provincial level presented in the online appendix show some clearer conditional effects.

For this specific election, the positive slope of the line of the marginal effect evidences some sort of complementarity between the two factors, each of them activating itself more intensively when the other looks less problematic. When the economy is less of a problem, the increase in numbers of immigrants has the strongest negative impact, while when unemployment is at its highest, there is no room for an additional factor triggering the already strongly negative electoral response. The same happens if we reverse the conditional effect and consider the impact of the state of the economy at varying intensities of immigration.

The last stage of our analysis focuses on the possibility of tracing the spill-over effects from nearby municipal units. The problem of non-independence of the observations is more critical the smaller the units of analysis, and diminishes when higher administrative levels are considered. In our dataset, the median municipality had a voting age population of fewer than 2,000 persons, and only three out of four of them actually voted. In 92% of our units the number of voters was less than 10,000, and only the highest percentile had more than 40,000 persons turning out to the polls.[5]

At our level of analysis, it would thus be unrealistic to assume that voters react only to the state of the economy and to the presence of foreigners in their own (mostly) small municipalities. Since these are cognitive shortcuts to decide whether to reward or punish the incumbent party, the way in which voters acquire that basic information varies greatly, including news or evidence provided by friends, relatives, colleagues,

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[5] Using provincial data, the sign and statistical significance of the direct internal effects remain intact, while the external influence becomes largely insignificant, confirming this idea of compensation between opposite trends at this larger scale.

etc., and there is no reason why they should all be restricted by the boundaries of their specific residence, or why they should limit their horizons of appraisal to those boundaries. On the other hand, it seems equally unlikely that voters only look at the average national situation, since that would leave no space for any within-country differentiation in retrospective voting behaviour.

Moreover, proximity studies have contributed both to the literature on economic voting and to that on public attitudes towards foreigners. For example, Giuliani (2017) explored the impact of the economy in adjacent Italian provinces on electoral behaviour at the 2013 election, while Bratti *et al.* (2020) found that proximity to refugee centres affected the 2016 referendum results, as well as support for populist parties in the last two general elections. In reviewing the literature on the subject, Hainmueller and Hopkins (2014) report studies which show that frequent interactions tend to reduce negative stereotypes regarding immigrants, and others showing that 'when immigration is nationally salient, living in a community with a growing immigrant population is associated with more restrictionist views' (237).

For all these reasons, using spatial regression models could provide some indirect information regarding the geographical horizons of voters, something whose analysis is usually limited to the contraposition between socio-tropic and ego-tropic behaviours.

We model the spatial influence by implementing the two most frequently used types of connectivity matrix, the one that defines the potential spill-over pattern amongst cases. The first connectivity matrix is based on adjacent units, i.e. those sharing at least one administrative border. This type of contiguity better reflects the idea of sharing some concerns only with bordering areas, which in their turn and symmetrically, have their own neighbours. The second type of connectivity matrix

models the influence also of more distant units, whose impact decreases with the inverse of the distance between each dyad.[6] In so doing, these matrices identify different local reference points, diverse communities of interest (Rogers 2014), for a more manageable identification of the real concerns and information of voters, and consistently with their plausible economic and political sophistication. The average effects of the recursive influence amongst units are presented in Table 2, testing for a similar one-year temporal horizon for our main variables of interest.

Model 1 uses the connectivity matrix that limits the influence to contiguous municipalities, while model 2 extends it to more remote units as well, but weakening them proportionally to their distance. In contrast with usual regression models, the table presents separately the various types of average effects, distinguishing the internal direct influence from the external indirect one, and finally computing the overall total impact of the variables included in the analyses.[7]

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[6] For both cases, the spill-overs are row-normalized, so that the overall impact of close units totals one, and is divided amongst the influential units according to the connectivity rules.

[7] Because of the mutual influence between observations, in which each unit is influenced and, in turn, influences nearby units, the immediate outputs of spatial regression models should not be interpreted directly but enter into a recursive computation of their reciprocal effects. In Table 2 we already report the outcomes of those estimates: direct effects relate to the within-unit own impact of the independent on the dependent variable, while the indirect effects represent the average spill-over effects that derive from contiguous or nearby units. Total effects report the sum of those two components with the appropriate standard errors and, thus, confidence intervals.

Table 2 Direct and indirect effects of unemployment, growth and trend in the presence of foreigners on electoral support for the incumbent

	Contiguous (1)	Inverse distance (2)
Direct		
% PD 2013	0.60***	0.60***
	(0.01)	(0.01)
Unemployment rate	-0.05	-0.12***
	(0.05)	(0.02)
Growth	-0.07	-0.11
	(0.13)	(0.07)
Ratio % foreigners 2018/2017	-0.63***	-0.49***
	(0.19)	(0.19)
Change in turnout	0.06***	0.06***
	(0.02)	(0.02)
Indirect		
Unemployment rate	-0.17***	-0.07
	(0.05)	(0.07)
Growth	-0.02	0.04
	(0.15)	(0.57)
Ratio % foreigners 2018/2017	-0.33	-28.38***
	(0.45)	(5.49)
Total		
% PD 2013	0.60***	0.60***
	(0.01)	(0.01)
Unemployment rate	-0.23***	-0.19***
	(0.01)	(0.06)
Growth	-0.09	-0.07
	(0.05)	(0.52)
Ratio % foreigners 2018/2017	-0.95**	-28.87***
	(0.48)	(5.46)
Change in turnout	0.06***	0.06***
	(0.02)	(0.02)
Observations	7850	7850

Standard errors corrected for heteroskedasticity; *** $p<0.01$, ** $p<0.05$, * $p<0.1$

In each section, the coefficients of the two core variables present the expected negative signs, and the total effects are all statistically highly significant. Unemployment and the increase in the presence of foreigners confirm their importance for punishment of the incumbent party that emerged in the previous regressions, while growth remains at the margins of our explanation only as a control variable with no

significant effect. Noticeably, the section of the table devoted to the indirect effects proves the importance of modelling those spatial influences. In within-country investigations of retrospective voting that adopt electoral districts or administrative units as cases, acknowledging those external influences could prevent bias estimates and enhance understanding of the mechanisms that trigger political behaviours.

The minor dissimilarities between the two models suggest the existence of multiple spatial reference communities triggering an electoral response. The state of the economy, represented by the unemployment rate, reflects some wider sociotropic understanding that goes beyond the municipal boundaries, but does not extend too far from them. In model 1, including the systematic effects of unemployment in adjacent units decreases the statistical significance of the direct internal leverage. In model 2, the impact of unemployment in even more distant units proves to be non-significant, while of significance is what happens within the borders, as in a zero-sum relationship that depends on the way in which those geographical horizons are shaped.

Similar considerations also apply to the increase in the presence of foreigners, but this time the direct experience and perception within the usually small boundaries of a voter's municipality always trigger punishment of the incumbent party, while the indirect effects extend farther away from them, including a wider reference community uniting more distant nationals against the unwanted newcomers.

Conclusion

The point of departure of our analysis was the observation by Linda Gonçalves Veiga (2013, 425) 'that voters assign more importance (and cast their vote according to) the (…) variable that they perceive as being the nation's main problem'. Unemployment and migration were undoubtedly the most important problems at the time of the 2018

election, although they had important local dissimilarities, and were not the same national issue for everyone. We have profited from the variation in the share of job-seekers and in the increased presence of migrants in the different municipalities to carry out a within-country study of the retrospective theory of voting behaviour.

We found robust evidence that, in spite of the potentially different nature of the two issues, voters used both of them to evaluate the capacity of the incumbents to address those pressing problems. As a consequence, they punished the PD proportionally more in those places where unemployment was higher, and where the incidence of the foreign population had increased the most, usually being influenced in their decision by the state of those two problems also in nearby administrative units. We also found some evidence of the complementary character of the two issues, each one being activated when the other dimension was less problematic.

This particular election, and the approach that we have taken, represent an interesting challenge and a valuable contribution to the theory of retrospective voting. First, our research represents further proof that 'ordinary theories' are confirmed even in critical circumstances and at extraordinary times, in an electoral 'phase characterized by fluidity and uncertainty'(Lewis-Beck and Lobo 2017; Pinto 2020, 303). Second, our within-country perspective is more compelling and robust than the traditional aggregated cross-country approach, exploiting the large subnational variation, and avoiding the influence of many potentially confounding factors. Finally, our work explores what happens when a new problem like immigration gains political relevance, intersecting with and partially substituting the traditional electoral effect of the economy, something that would be worth investigating on a larger scale.

Most analyses of the 2018 Italian election take a subjective approach, using surveys and the answers of individual respondents. We adopted a different approach,

with aggregated units of analysis and objective macro-economic and migration data at the local level. Both approaches can enhance understanding of those elections, and an in-depth analysis would certainly benefit from their integration. One limitation of this article, for instance, has been the impossibility of linking the magnitude of the electoral reaction to the observed objective measures with the salience of the two issues at the local level, thereby connecting the individual and aggregated perspectives.

It would also be interesting to combine the mechanisms of the retrospective behaviours that the two approaches highlight from their own viewpoints. There is a clear gap between objective data and subjective evaluation, and between both of them and political action. For instance, the simple perception of a deteriorated state of the economy is not enough to trigger electoral punishment; otherwise, no voter would have supported any government in the first election after the Great Recession, and certainly not the Italian one in 2013 (Bellucci 2014). At the same time, the economic situation in 2018 was (marginally) better than the year before, or compared to the previous election, but this prevented neither a large number of negative judgements, nor, as we saw, the electoral punishment of incumbents (Segatti and Vegetti 2019).

A similar misalignment of objective data, subjective perceptions and political action concerns the migration issue. The refugee crisis certainly contributed to increasing the share of the foreign population in many European countries, especially in a border country like Italy. However, the surveys apparently did not register in 2018 any increase in negative perceptions of immigrants compared to five years before, and yet scholars using the data agree that migration conditioned electoral choices. The difference was probably due to the salience of the issue itself, and to the sorting mechanism, according to which the electorate aligns its vote to a party that has managed to activate that previously disguised competitive dimension (Vezzoni 2019). However,

that new appeal is not just the effect of a successful electoral campaign, and it would not work without an objective anchorage, as we have demonstrated in this article.

And again, we have to ask what came first: the objective egg, or the subjective chicken? This is clearly a question that cannot be further considered in this article.

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