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(Article begins on next page)

Backlash Against Affirmative Action: Evidence from the South Tyrolean Package*

ALESSANDRO BELMONTE

ARMANDO DI LILLO

June 2021

Abstract

We examine whether affirmative action produces backlash effects for the most privileged ethnic group by applying a unique historical setting originating from a forced assimilation program, the Italianization of South Tyrol. The program, implemented by the fascist regime, imposed entry barriers for non-Italian speakers in the public administration sector of the labor market. The specialization of Italians persisted until hard quotas were announced in 1966. We document that the announcement induced a marked increase in the support for a nationalist and openly anti-German party in municipalities where such specialization was more pronounced. A text analysis of the speeches of 196 members of the Italian parliament (MPs) recorded in 3,820 verbatim reports further shows that, during the announcement period, MPs of the nationalist party reinforced Germans' negative traits that characterized the historical tensions between the two groups ("Nazis" or "terrorists"). Our results suggest that the expectation of affirmative action can rapidly activate the salience of ethnic boundaries and, in turn, promote ethnic hatred.

Keywords: Affirmative Action, Inter-Ethnic Hostility, Voting, Salience, Ethno-Occupational Specialization, South Tyrol.

JEL Classification: D74, J45, J71, J48, Z13.

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1 Introduction

Across the world, ethnic minority group members continue to face discrimination in key areas of social life such as employment, education, culture, healthcare, and housing. Governments in the past have resorted to the implementation of affirmative action policies, that is, regulations intended to bridge pre-existing (or innate) inequality gaps, to address this issue. Since President John F. Kennedy’s 1961 Executive Order No. 10925, which aimed at ensuring “equal treatment and opportunity to all race, religious, and national origin groups,” affirmative action policies have been promulgated extensively, from Europe to post-Apartheid South Africa and the caste system in India, usually in the form of hard quotas or incentives to enhance participation of underrepresented groups in social and economic life.¹

However, affirmative action policies are not exempt from criticism, despite their large-scale and long-standing diffusion. Theory indicates that these programs may distort human capital investment decisions, within the most advantaged group, and alter the selection standards for potential employees (Welch, 1976; Lundberg and Startz, 1989; Coate and Loury, 1993; Moro and Norman, 2003; Fryer and Loury, 2005, 2013). Furthermore, social psychologists have shown that affirmative action may cause unfavorable attitudes toward beneficiary groups.² For example, in a randomized experiment, Maio and Esses (1998) find that the mere use of the term “affirmative action” to justify the selection of a minority group member leads to less favorable attitudes, both toward that group and, more generally, toward immigration—attitudes that have been proved to distort decisions in credit markets (Fisman et al., 2020), private organizations (Hjort, 2014), and judicial courts (Shayo and Zussman, 2011, 2017).³ Here, we study a backlash effect for the most privileged ethnic group by using naturally-occurring data and “real life” interactions between Germans and Italians in the northern Italian region of South Tyrol.

We exploit a natural experiment of history marked by the announcement of a prototypical affirmative action—the South Tyrol package. The package was a hard quota policy that regulated the awarding of public posts between the region’s two linguistic groups—Italian and German. Because of a failed forced assimilation program carried out during the fascist epoch—the Italianization of South Tyrol—the German-speaking majority was substantially underrepresented in public administration. This labor market discrimination persisted until the appointment of a national government that was more supportive of the rights of underrepresented groups, which led to the announcement of the 1966 package reform. Owing to the complexity of the subject,

¹For a more comprehensive and critical review of these policies around the world see, for example, Sowell (2004).

²See Crosby, Iyer and Sincharoen (2006) for a review of these studies.

³Inter-group animosity also has a documented macroeconomic impact through poor state capacity, political distortions, and inadequate investment (e.g., Easterly and Levine, 1997; Alesina and La Ferrara, 2005; Esteban and Ray, 2008).

however, the reform came into force only in 1974 with revisions that protected the jobs of Italians. This setting allows us to examine whether the exposure to unfavorable news regarding the imposition of hard quotas produced a backlash within the Italian-speaking group, with a history of privilege in the public administration sector.

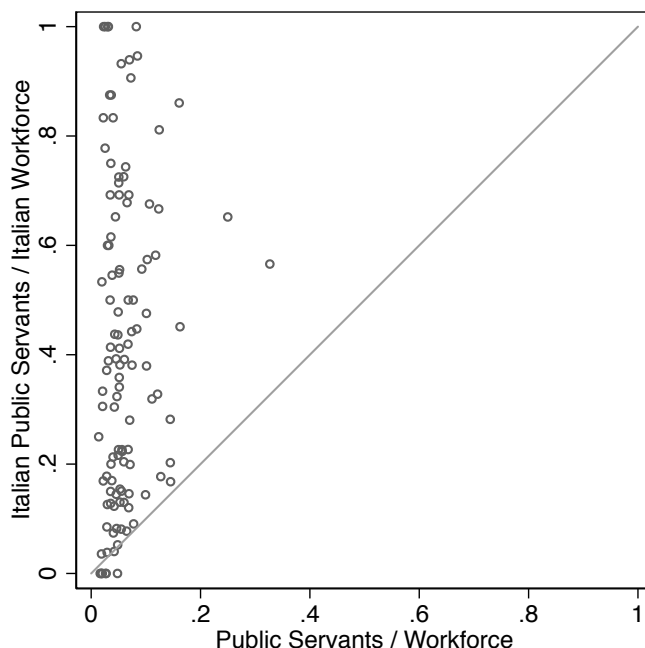
The assimilation of the German-speaking population of South Tyrol was pursued between 1922 and 1939, that is, under the Italian fascist regime. During this period, the use of the German language was forbidden in public administration offices, despite Germans comprising approximately 80% of the total regional population. This markedly strengthened barriers to public office entry for the German-speaking population relative to their Italian-speaking counterparts, and public servants who could not speak Italian were dismissed. Because of their comparative linguistic advantage, Italians moved into the region during the 1930s to fill public posts, sparsely settling across South Tyrolean municipalities.

The entry barriers were fully removed in 1946 after the end of the fascist regime. However, the ethnic division of labor persisted throughout the 20th century, preserved by the permanent employment contracts. Figure 1 reports municipality-level census data from 1961 and shows that the distortion in the public administration sector continued for two decades after the Italianization of the region had ended. The scatterplot displays the shares of Italian public servants in the number of Italian workers and of public servants in total workers on the y- and x-axes, respectively. The considerable specialization of Italians in the public sector (as compared with other occupations) emerges clearly. Notably, in several municipalities, although the share of public servants in the regional workforce was less than 20%, more than 80% of the Italian workforce was employed in public administration.⁴ Figure 1 also reports the locus of points that captures the principle of ethnic proportion (the 45-degree line). Even from a raw graphical perspective, it is evident that affirmative action represented a relevant threat to the Italian group's status and in particular for the Italian public servants of South Tyrol.

The South Tyrolean setting provides two distinct advantages in identifying the effect of affirmative action on Italians' attitudes. First, it allows us to control for a number of relevant material aspects and examine the effects of a change in *expectations* regarding the removal of ethnic distortions in the labor market for public posts. The reform, in fact, came into effect only in 1974, due to a long parliamentary *iter* and the complexity of the subject. However, there were two elections in the post-announcement period, in 1968 and 1972, that can be compared using a difference-in-differences set-up with the three elections held before the announcement (in 1953, 1958, and 1963) and the two held after the reform came into force, albeit in a weaker form (in 1976 and 1979).

⁴Figure A1 in the online Appendix depicts a similar scatterplot, with each observation being weighted by the share of Italians in the total population.

Figure 1: Inter-ethnic distortion in the public sector job market



Notes: The shares of the public servants belonging to the Italian-speaking group relative to the total Italian workforce are displayed on the y-axis. The shares of public servants relative to the total workforce are displayed on the x-axis. The 45-degree line is the locus of points where no distortion between the two linguistic groups arises within the public sector job market. The circles denote the position of each municipality in the diagram. Data are from the 1961 census.

Second, the availability of a wealth of census information on the South Tyrolean labor market's composition, literacy, income, and economic specialization (at municipality-by-language group level) in the post-WWII period allows us to assemble a large panel dataset using election year frequency.⁵ The rich informational structure allows to test for shifts in the Italian-speaking population's support for a nationalist and openly anti-German political party—the *Movimento Sociale Italiano* (MSI)—during the reform announcement period (1966–1974), by controlling for a large set of potentially relevant factors.

The MSI was a neo-fascist party founded in 1946 by former officers and collaborationists of the *Partito Nazionale Fascista* (PNF). The party retained strong ties with fascism and distinguished itself by a marked nationalist imprinting. In border regions like South Tyrol, this imprinting meant a commitment toward defending minority groups of Italians against demands for greater rights emerging from other ethnic groups. Opposition to any concessions to Germans in South Tyrol often erupted in hatred when Germans challenged or revolted against the Italian

⁵Census volumes reporting municipality-level information were conducted in 1951, 1961, 1971, and 1981. Unfortunately, authorities stopped collecting information by language groups after 1981. Hence, our analysis does not include data beyond 1979.

state authority.⁶ An anecdote may help clarify the view of MSI members toward the German group in the region. Intervening after a terrorist attack which killed two police officers in July 1966, Interior Minister Paolo Emilio Taviani spoke pleasantly about cooperation and the resentment shown by the local German-speaking population of the village where the attack occurred. On the other hand, Giorgio Almirante, one of the party’s most prominent members, claimed in a rally in Bolzano the same day that *“the village was so small that the attack could not have occurred without the connivance, or at least the silence, of the local folk.”*⁷

We find evidence of an increase in support for the MSI during the package announcement period in municipalities with relatively fewer Italians. The first wave of immigration, which occurred during the fascist epoch to cover public job vacancies, was followed by further Italian migration because of other economic opportunities. The larger number of Italians thus necessarily translated into a lower specialization of the Italian group in the public administration sector. To rule out a potential sorting across South Tyrolean municipalities, we collect data by exploiting the plausibly exogenous variation in the settlement of Italians during the fascist period, wherein migrant transfers were centrally planned. We then use the share of housing units built by the regime for the Italians’ settlement purposes as an instrumental variable. Our results show that during the reform announcement, the support for the MSI increased, in municipalities with a standard deviation below the mean of the share of Italians, by 15% to the period average. This effect is as much as 35% when estimated through 2SLS.

More importantly, we find that during the same period, MSI support increased in municipalities where the Italian workforce was more specialized in the public administration sector. Our estimates indicate that the MSI vote share increased, in municipalities with a standard deviation above the mean of the share of Italian public servants, by 25% to 40% to the period average. We test the robustness of these findings across several dimensions and document that (i) the backlash was not present in municipalities where Italians specialized in other labor market segments; further, we document that these findings do not depend on (ii) a change in workers’ composition in any of the labor market segments; (iii) a change in the Italian population around 1966 and 1974; (iv) a longer exposure to terrorism; (v) the presence of the military; or (vi) specific groups of municipalities. Finally, we also document that (vii) during the period of study, the nationwide ideological position of the MSI party did not change significantly.

⁶As described in Section B in the online Appendix, there were two important phases of rebellion between the annexation to Italy (1919) and the announcement of the package. First, after Northern Italy was invaded by the Nazi German troops in 1943, South Tyrol was de facto annexed to the German Reich and many German-speaking South Tyroleans began to favor the Nazi regime in order to get rid of fascist occupation. The joyful celebrations and the killing of Italian soldiers hardened the future relationship between the region’s Germans and Italians (Alcock, 1970). Second, from 1955 onward, German paramilitary bands placed the region under constant terrorist attack. The targets were typically Italian monuments, police forces, and (more rarely) civilians.

⁷See the article *“Almirante accuses the government of weakness in Alto Adige,”* Alto Adige, July 29, 1966. The translation is ours.

Our findings are consistent with two interpretations that we discuss in Section 7. First, the increase in votes for the MSI within areas where Italians were more specialized in the public administration sector was consistent with the development of unfavorable attitudes toward the German beneficiary group. Indeed, Germans were accused of misappropriating the historical rights of Italians and the MSI, whose most important attribute in the region was anti-Germanism, was the perfect platform to express that hatred. According to this interpretation, the announcement of affirmative action acted as a shock that led to the salience of ethnic cleavages. As ethnic boundaries became more distinct, the Italians’ perceived distance and hatred for the German group intensified, prompting increasing support for an openly anti-German platform.⁸ This interpretation is in line with the large body of social psychology research that states that affirmative action has strong effects on the attitudes of group members whose privileges are threatened by the beneficiary group’s members (e.g., [Bobo and Kluegel, 1993](#); [Kinder and Sanders, 1996](#); [Kinder, 1998](#); [Maio and Esses, 1998](#); [Federico and Sidanius, 2002](#)).

Second, the increase in votes for the MSI was consistent with the public servants’ political necessity to protect their jobs, which were threatened by the affirmative action policy. This explanation does not consider any intra-region ethnic cleavages and is in line with studies that demonstrate how shocks to one group’s economic status (e.g., policy adoption or technological innovation) prompt riots or delegitimization of public authorities (e.g., [Passarelli and Tabellini, 2017](#); [Caprettini and Voth, 2020](#)). Because our study is not a controlled experiment, we note that the second explanation for our findings cannot be ruled out. However, we bring additional evidence in favor of a culture-related backlash by documenting a reactivation of latent negative traits such as “terrorist” or “Nazi”, that typified the Italians’ perception of the beneficiary group (the Germans) during the most vicious phases of inter-ethnic conflict, following the announcement of hard quotas. We find evidence of this selective recollection in 3,820 parliamentary sessions attended by 196 members. Our text analysis indicates that the MSI Members of Parliament (MPs) mentioned language, race, and ethnicity around twice more frequently and increased the recollection of terms such as “terrorist” and “Nazi” by a rate of 5 and 3.64, respectively, when referring to Germans, during the period of discussion of the package, compared with a sample of randomly-selected MPs.

Our analysis adds to research on inter-ethnic tensions by investigating the underlying causes. Previously, scholars examined severe common shocks as salient events that activate inter-ethnic hostility by reducing the expected future value of the service provided by the out-group members

⁸A useful framework in interpreting our results is the one outlined in [Shayo \(2009\)](#) and [Sambanis and Shayo \(2013\)](#), in which individuals have attributes (e.g., race, ethnicity, language, wealth) and decide which group to identify with, according to the underlying circumstances that make an attribute cognitively more important in certain situations. See also [Horowitz \(1985\)](#) and [Akerlof and Kranton \(2000\)](#), among others, on how group identity is easily malleable in the short run.

(e.g., Voigtländer and Voth, 2012; Anderson, Johnson and Koyama, 2016; Finley and Koyama, 2018; Jedwab, Johnson, and Koyama, forthcoming). Some studies have specifically examined labor institutions as well as the out-group interaction taking place in labor markets. While these studies typically highlight the lack of complementarity between ethnic groups in the labor market, for instance, in terms of marked ethnic specialization prompting tension, (e.g., Jha, 2013, 2014; Becker and Pascali, 2019; Grosfeld, Sakalli, and Zhuravskaya, 2019; Jedwab, Johnson, and Koyama, forthcoming),⁹ none of them have considered the backlash effects of preferential treatment toward an underrepresented group on the inter-group relationship—a typical implication of affirmative action policies.

Our study also draws from prior works that explore the relationship between negative economic shocks, extreme voting, and ethnic hatred. Most of these focus on globalization and trade penetration (e.g., Autor et al., 2020; Ballard-Rosa, Jensen and Scheve, forthcoming; Dippel et al., forthcoming), while others highlight immigration and the interaction between immigrants and natives in the same low-skilled labor-intensive markets (e.g., Barone, De Blasio, and Natichioni, 2016; Becker and Fetzer, 2016; Halla, Wagner, and Zweimüller, 2017). These studies conclude that negative shocks may cause extreme-right voting and distributional effects from losers to winners. When winners are easy to identify, right voting is also accompanied by hatred against the beneficiary group.¹⁰ These distributional effects are central to typical affirmative action policies; moreover, these actions target specific beneficiary groups, increasing the likelihood of deteriorating ethnic tension.¹¹

Finally, our analysis refers to recent works that have examined the effects of forced assimilation programs to provide evidence in favor of an induced and persistent cultural backlash in Catalonia (Clots-Figueras and Masella, 2013) and within the German-speaking minority in post-WWI United States (Fouka, 2020).¹² Clots-Figueras and Masella (2013) also find a robust effect of the introduction of bilingualism on the political attitudes of Catalans against the central government. The essence of our analysis is, however, different and suggests that cultural assimilation programs may cast a long shadow of prevailing extractive institutions, such as the

⁹Other works that consider a historical ethnic specialization of the labor market as a source of persistent differences in economic outcomes include Acemoglu, Hassan, and Robinson (2011), Grosfeld, Rodnyansky and Zhuravskaya (2013), Johnson and Koyama (2017). D’Acunto, Prokopczuk and Weber (2019) also show the long-lasting impact on the demand for finance.

¹⁰Ballard-Rosa, Jensen and Scheve (forthcoming), for example, document that “white working class” members, severely hit by import penetration, were more likely to vote for Trump in the 2016 US Presidential elections, as their average income relative to the Blacks dropped. In the same counties, they also document the development of less favorable attitudes toward Blacks.

¹¹Mitra and Ray (2014), who study the effects of a change in the relative group income on Hindu–Muslim animosity in India, find evidence of violence perpetrated by Hindus (the most-privileged group), after the Muslims (the least-privileged group) achieved relative economic progress.

¹²Carvalho and Koyama (2016) also show how forced assimilation programs, through school curriculum reforms aimed at homogenizing culturally a country, can backfire when minority group’s members perceived the imposed education as a loss of identity.

imposition of entry barriers,¹³ that may ultimately affect attitudes when privileges, accumulated by an ethnic group through those institutions, are threatened.¹⁴ In this respect, our work also connects to a growing body of literature that studies the impact of historical institutions on culture (Alesina and Giuliano, 2015).

The remainder of the paper is organized as follows. In Section 2, we review the historical events that led to distortions in the public administration segment of the labor market. Section 3 details the data we employ. In Section 4, we present preliminary evidence on voting and the concentration of public jobs, while in Section 5, we provide causal evidence from the public sector labor market. Section 6 details a number of robustness checks for our results. In Section 7, we discuss alternative interpretations of our findings and bring forward additional evidence in favor of a cultural backlash. Section 8 concludes. Additional analyses, tables, and figures have been provided in the online Appendix.

2 Historical setting

This section summarizes the main political events that occurred after the annexation of South Tyrol to Italy in 1919, at the end of World War I. A timeline of these events is outlined in Figure 2.

2.1 The legacy of Italianization in the public sector labor market

South Tyrol was annexed to Italy during a period of strong political instability that culminated in the establishment of the fascist regime in 1922. The regime soon undertook a comprehensive Italianization of the region, aimed at turning an almost-purely German cultural and demographic region into an Italian one. Readers interested in a more in-depth historical examination of this period may refer to Section B of the online Appendix and to Alcock (1970) and Steininger (2003).

As with several other assimilation processes (e.g., Alesina and Reich, 2015), the Italianization of South Tyrol was pursued through two main channels: the ban on the German language and the imposition of Italian as the only official language. German schools were prohibited; by 1929–30, Italian was the only language of instruction in all elementary schools. Further, German officials who did not know Italian were dismissed, while Italians were appointed as clerks in all municipal

¹³In Catalonia, during the Francoist dictatorship (1936–1975), instructors who used Catalan in schools were exiled from the region and replaced by teachers brought in from other parts of Spain to provide instruction in Castilian (see Jones (1976) and Alesina and Reich (2015, p. 28)).

¹⁴Carvalho and Pradelski (2019) also argue that low inclusive institutions that oppose a minority group’s members participation can generate persistent underrepresentation through a cultural channel—identity-specific norms that make “inappropriate” for a minority group’s member to participate in the activity.

councils, schools, and post offices in the area.¹⁵ This policy severely impacted the labor market: In 1939, more than 95% of all public posts were in the hands of Italians, despite them comprising only 25% of the total population.

With the so-called Gruber-De Gasperi agreement in 1946,¹⁶ more autonomy and rights were granted to the German-speaking group. The name of South Tyrol was restored (along with the Italianized *Alto Adige*), whereas the names of towns, rivers, and mountains were reported in both Italian and German. German-speaking students were once again allowed to attend classes with German as the language of instruction. However, full equality between the ethnic groups was a distant dream, and the long shadow of Italianization continued to be visible, even after decades, especially for public posts that, based on the permanent nature of employment contracts, were still an Italian prerogative.

2.2 The package and its consequences

The increasing resentment among Germans regarding the unsatisfactory conditions of the Gruber-De Gasperi agreement led to a massive terrorist wave from 1956, causing 288 attacks and 19 deaths,¹⁷ and triggered a change in Italy’s policy actions in South Tyrol. With the election of a center-left wing government in 1963, which had a more open view about minority rights, pressure regarding a viable solution to the South Tyrolean question mounted. In August 1966, the Italian Prime Minister Aldo Moro announced an agreement that was to materialize into reform.¹⁸ Thereafter, the term “package” suddenly became very familiar to both Italians and Germans.¹⁹ The main principles of the reform were signed on November 30, 1969 and voted by the parliament in January 1971.

The reform endowed South Tyrol (as well as the neighboring region of Trentino) with an unprecedented degree of fiscal autonomy. While the region had relied almost entirely on State funding under the 1948 Autonomy Statute, the new reform retained nine-tenths of the collected

¹⁵A Royal Decree in 1925 stated that, to become a municipal council clerk, citizens had to provide a certificate from an Italian secondary school or proof of at least three years of service in the Italian administration—requirements that German-speaking South Tyroleans were seldom able to fulfill.

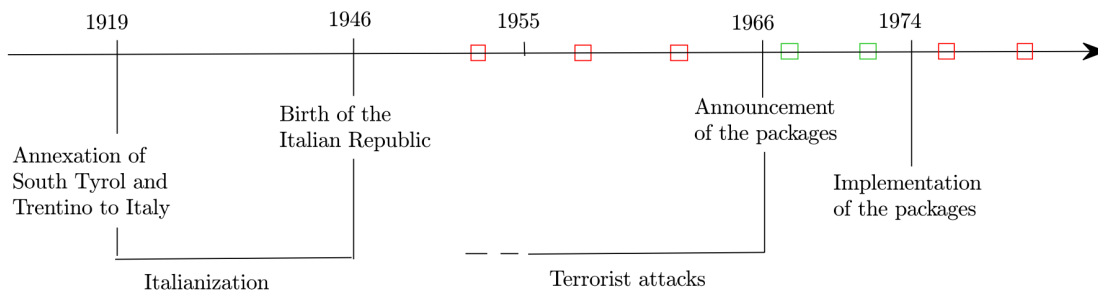
¹⁶The agreement, also known as the Treaty of Paris, was signed by Austrian Foreign Minister Karl Gruber and Alcide De Gasperi, the Italian Prime Minister.

¹⁷According to the official reports, the terrorists were South Tyroleans (103), Austrians (40), and German citizens (of the Federal Republic of Germany, 14). See the *Elenco delle sentenze per fatti di terrorismo dal 1956 al 1988*, Procura della Repubblica presso il Tribunale di Bolzano. See Section B.4 of the online Appendix for a description of the terrorist attacks in the region. We investigate whether our results are robust to exposure to terrorism in Section 6.

¹⁸The content of the package was disclosed on August 27, 1966 in a frontpage article of the “Alto Adige” (the newspaper of the Italian community) titled “*All the claims of the Germans accepted!*”

¹⁹For example, Figure D3, in the online Appendix, shows the evolution of the frequency of the word “package”, divided by the number of sessions in a month, in the parliamentary speeches. As shown, the keyword began to be utilized from August 1966 and was recurrent in the parliamentary discussion between August 1966 and January 1971 (marked by the shaded area).

Figure 2: Timeline of major events occurring from 1919 to 1979



Notes: The timeline describes the main events in the region between 1919 and 1979. The red squares denote national elections held before the announcement of the package (1953, 1958, and 1963) and after it entered into force (1976 and 1979). The green squares highlight national elections held during the announcement period (1968 and 1972).

tax revenue for the region. This was coupled with a transfer of legislative power for several subjects, including agriculture and forestry, hunting and fishing, and public welfare and charity.

Simultaneously, the reform aimed at bringing in typical affirmative action, by introducing the principle of ethnic proportion in the awarding of public posts, which were to be divided among citizens of all language groups in proportion to their numerical strength. Specifically, the reform, *as announced in 1966*, stated

“the application of ethnic proportions in the individual administrations effectively represented in the Province of Bolzano, and, within the administrations, in the individual permanent career posts, on the basis of the existing proportions between the Italian and German linguistic groups in the Province (approximately one-third and two-thirds)” (Alcock, 1970).

However, the process of ratification of the reform was lengthy and complicated and faced many parliamentary hurdles. Finally, it came into force in 1974, though in a diluted form: The jobs of Italian public servants were eventually secured and the introduction of quotas was postponed for future hiring.

2.3 The Italian electoral system and representation in South Tyrol

After World War II, the German community organized politically to defend their group interests, establishing the South Tyrolean People’s Party (*Südtiroler Volkspartei*, SVP), a regional and ethnic catch-all political party (e.g., Steininger, 2003).²⁰ On the contrary, South Tyrol’s Italians

²⁰A look at vote shares illustrates the popularity of the SVP within the German population. The party collected 60% of votes in the 1953 elections with a voter base of 60.51% of the German-speaking population in the region. Similarly, the SVP obtained vote shares of 60.79% in 1958, 56.60% in 1963, 58.49% in 1968, 59.02% in 1972,

fractionalized their votes among the many parties that made up the new political landscape in the country. The two leading forces were the Christian Democrats (*Democrazia Cristiana*, DC), a center party with strong ties with the Catholic Church, and the Communists (*Partito Comunista Italiano*, PCI) that maintained strong connections with the Soviet Union hierarchies.²¹ The political ground was also populated by other smaller forces, which included the Socialist party (*Partito Socialista Italiano*, PSI), and the neo-fascist party (*Movimento Sociale Italiano*, MSI), which started competing in the region from 1953. These multi-ideological partitions of preferences were represented within 32 electoral districts through a proportional electoral system that remained in place until 1993. Each district elected a number of seats that were in proportion to the population. South Tyrol and the province of Trento represented the eighth electoral district, which elected approximately 9–10 delegates depending on the share of the district in the total population.²²

Interestingly, because of the ethnic cleavage between Italians and Germans, the proportional rule was not capable of ensuring large representation of the minority ideological positions in the eighth electoral district. We report the distribution of seats, across election rounds, in Table 1. Two parties sent at least one delegate to the parliament in 1953, three in 1948 and 1958, and four from 1968 to 1979.²³ The reason for this concentration of seats was that the German-speaking population of South Tyrol voted SVP while the province of Trento was one of the fortresses of DC. Consequently, Italians in South Tyrol who held a minority political preference lacked *de facto* representation. This also included the MSI party, which, throughout the period of study (1953–1979), was unable to secure a seat in the eighth district.

3 Data description

We assemble a wealth of data from different sources for several time periods to investigate whether a privileged ethnic minority developed a backlash against an affirmative action that threatened its privileges. Summary statistics for the main variables are reported in Table 2.

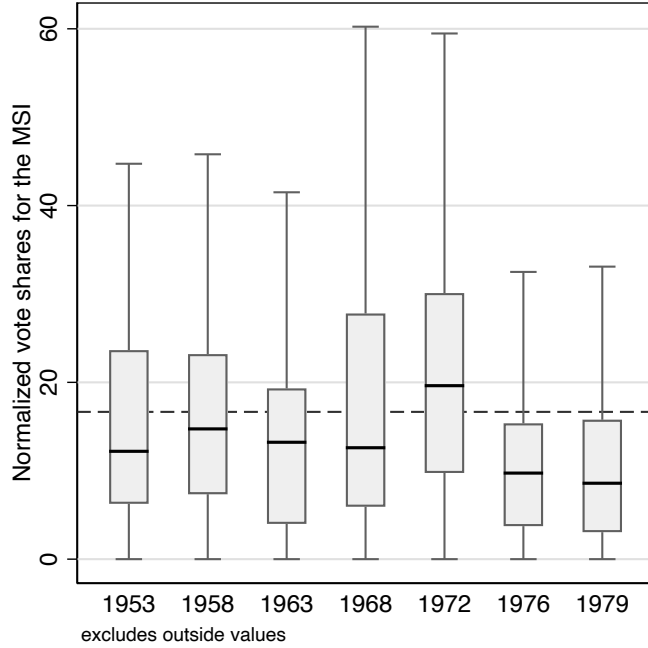
59.61% in 1976, and 62.91% in 1979, for German population shares of 60.31%, 60.92%, 61.10%, 61.44%, 64.40%, and 64.24% respectively.

²¹For a detailed description of the post-WWII political system, see [Fontana, Nannicini, and Tabellini \(2018\)](#).

²²Figure A2 in the online Appendix illustrates a map of the electoral districts.

²³Note that the average number of parties taking at least one seat in the parliament was twelve at national level between 1948 and 1979.

Figure 3: Evolution of the shares of the MSI votes among Italians



Notes: Each box plot illustrates the cross-municipality distribution of the normalized vote shares of the Movimento Sociale Italiano in a given election year. The thick line within the box indicates the median of the distribution. The period average is 16.66 as highlighted by the dashed horizontal line.

3.1 Outcomes

3.1.1 Electoral data

Our focal outcome variable is the number of votes collected by the MSI party in the general elections to the Chamber of Deputies, divided by the Italian-speaking population, that is,

$$y_{it} = \frac{\text{Votes for MSI}_{it}}{\text{Italians}_{it}} \times 100, \tag{1}$$

where i indicates the municipalities and t the election years. Note that we add a normalization factor in Equation 1 to capture attitudes in the smallest Italian communities that could be overshadowed by the presence of large German communities. The obvious underlying assumption, based on historical evidence (e.g., [Steininger, 2003](#)), is that the Germans did not vote for the MSI: During the fascist regime, their life dramatically changed for the worse and the visible negative effects of the Italianization process deterred Germans from supporting Italian neo-fascist parties such as the MSI.²⁴

²⁴As mentioned earlier, Germans massively supported the SVP. Furthermore, note that our main results are robust when only the numerator of y_{it} —the number of votes for the MSI—is used. See Table 5.

The electoral data is sourced from the online historical election archive published by the Italian Ministry of the Interior.²⁵ We use voting information for the general elections to the Chamber of Deputies²⁶ (held with a stable, proportional electoral rule for the period under scrutiny) in 1953, 1958, 1963, 1968, 1972, 1976, and 1979. In Figure 2, we provide a chronological representation of these elections within the above mentioned historical framework. The red square points indicate elections held before the announcement of the package (1953, 1958, and 1963) and after it (1976 and 1979). The green square points indicate elections held during the announcement period (1968 and 1972). We use this setting to test whether MSI support increased within the Italian population during the period when the affirmative action was announced.

The resulting distributions of (normalized) vote shares for the MSI across municipalities and election years are displayed in Figure 3. The graph documents that, after the 1966 reform announcement, the distribution stretched rightward, indicating that the support for the MSI increased substantially in some municipalities relative to others in the region. Conversely, after 1974, the distribution of normalized votes for the MSI rapidly shrank leftward; that is, the municipalities that had started supporting the MSI in 1968 and 1972 returned to their initial position.

3.1.2 Speeches in parliamentary sessions

We additionally use data from a text analysis of 3,820 verbatim reports of the plenary sittings of the Chamber of Deputies from June 1953 (when Term II started) to March 1979 (when Term VII ended). The verbatim reports record the MPs’ speeches and allow us to scrutinize whether ethnic issues gained salience during the affirmative action discussion. This section describes the text analysis. Additional details are provided in Section D of the online Appendix.

Our search within the texts of the plenary sittings comprises three keyword clusters. First, we check for the number of times the words “language,” “ethnicity,” or “race” appeared in speeches wherein South Tyrol was the subject. Arguably, the evolution of these words is meant to capture variation in the salience of group boundaries. Second, we investigate the frequency of the word “terrorist.” Germans were generally blamed by the Italians for connivance or cooperation with

²⁵Data are available at <http://elezionistorico.interno.gov.it>. It is worth highlighting that for the period under scrutiny, 11 municipalities (Andriano, Avelengo, La Valle, Predoi, Rasun Anterselva, Rodengo, San Martino in Passiria, San Pancrazio, Stelvio, Valdaora, and Velturmo) experienced a number of major administrative changes, that is, mergers and separations. For example, La Valle became an independent municipality only when its territory was separated from San Martino in Badia in 1964. As a result, data on 16 municipality–year pairs are missing in the sample. Note that our results are not sensitive to the exclusion of these municipalities undergoing administrative changes.

²⁶Other sources of electoral data are unavailable as the MSI competed in municipal elections only in the three biggest South Tyrolean municipalities (Bolzano, Merano, and Bressanone), where potential constituencies of Italian voters existed. Political elections were established at the provincial level following the foundation of the Province of Bolzano, along with the package implementation in 1974.

the terrorists who, since 1956, executed continuous attacks against Italian targets. Third, we search for the frequency of the word “Nazi,” which is particularly worth exploring because tensions between Italians and Germans had heightened during the Nazi occupation of South Tyrol in 1943 (continuing until 1945). During this period, the German-speaking South Tyroleans had allied with the new occupants against (and as a way of getting rid of) the Italians. It turns out that the words “language”, “ethnicity”, or “race” appeared 2.961 times in the average session. The average frequencies of the other two keywords are 0.245 and 0.870, respectively (see Table D3).

We select 261,484 speeches given by 196 MPs—all the MSI MPs (98) and a group of 98 MPs randomly selected out of 3,493 members of all the other parliamentary groups. We then compute the frequency of each keyword in speeches wherein South Tyrol was the subject.²⁷ On average, “language,” “ethnicity,” or “race” appeared 0.020 times during the entire period (see Panel A of Table 3). However, the average frequency of these culture-related words is higher if one looks at the sample of the MSI MPs (Panel B of Table 3) or at the speeches given by MPs during the period when the package was being discussed in parliament (Panel C of Table 3). The words “terrorist” and “Nazi” appeared 0.004 and 0.003 times, respectively, on average. Their frequencies are also higher when considering speeches by the MSI MPs and during the package discussion.

This informational structure allows us to test whether, during the affirmative action discussion, the MSI MPs talked more frequently about ethnic boundaries or recalled more often the Germans’ negative traits, by frequent use of the words “Nazi” or “terrorist,” compared with other MPs.

3.2 Census information

3.2.1 Population and literacy of linguistic groups

The language groups officially recognized in South Tyrol were Italian, German, and Ladin. The latter two groups were historically referred to as *allogeni* (non-Italians) and persecuted during the forced Italianization program. We obtain information on their numerosity as well as on the percentage composition of the official language groups by municipality in South Tyrol from the decadal population censuses from 1961 to 1981.²⁸ Unfortunately, no information about the

²⁷As clarified in Section D in the online Appendix, MPs did not give speeches in every session; nor did they discuss the South Tyrolean case all the time. Accordingly, we assign a value equal to zero if (i) the MP did not intervene in that session, (ii) the MP intervened in the session, but his/her speech did not concern South Tyrol, or (iii) the MP intervened in the session, talked about South Tyrol, but did not mention any of the specified keywords.

²⁸The information regarding membership to a linguistic group is self-reported by any individuals living in the region during the compilation of the census form.

linguistic composition of the municipalities was provided in the 1951 census. We digitize the census volumes and, as detailed in Section F in the online Appendix, we impute missing data for the years 1953, 1958, 1963, 1968, 1972, 1976, and 1979 using linear interpolation, that is, using information on the linear trend observed between the two closest censuses. Between 1953 and 1979, Italians accounted for 34.5% of the total population in the region. Germans and Ladins accounted for 62.18% and 3.48% of the total population, respectively. At the municipal level, the average share of the Italians was 12.4%, thus indicating that their settlement was concentrated in a few centers (standard deviation is 18.2%).

Following Easterly and Levine (1997) and Alesina et al. (2003), we construct an index of ethnolinguistic concentration across municipality \times election year as the sum of the squared shares of each ethnic group in the total population (i.e., $\sum_{j=1}^3 s_{ijt}^2$). Higher values indicate that municipalities are more ethnically concentrated. The average index value is 0.837.

We also digitize information on the literacy rate of each linguistic group. We construct three variables by municipality \times election year to control for the potential impact of education on voting behavior: The number of Italians who were illiterate, with a high-school diploma, and with a university degree.

3.2.2 Economic specialization of linguistic groups

From the same sources, we gather information on occupation for each linguistic group. Occupations listed in the censuses include: Public administration, services, industry, construction, agriculture, trade, and transport.²⁹ We use the total number of employees by sector in each municipality \times election year to control for specific sector trends.

For the 1961 census (the last before the 1966 reform announcement), we collect employee data by occupation and language group, and construct the shares of employees by occupation in the total workforce, the shares of employees in a language group by occupation, and the share of employees in an occupation by language group. Table A1 reports the number and share of the population by language group and occupation. Most of the workforce in South Tyrol was employed in agriculture, 90% of whom belonged to the German-speaking group, with a smaller percentage working in industry and trade (see Figure A7 for the share of employees by occupation). The public administrative sector employed 9.24% of the total workforce of the region. However, this occupation was a prerogative of the Italian-speaking population: 11,148 out of 14,789 public posts were occupied by Italians, who were highly specialized in this labor market segment. Relative to the total Italian workforce, the average share of employees in public administration across municipalities was 41%. The data also show a substantial variation across

²⁹The *services* category aggregates the following occupations: Credit and insurance, private and public services (other than public administration), and energy, water, and gas.

municipalities with a standard deviation of 29%.³⁰

It is worth noting that our measure of economic specialization of the Italian workforce in public administration is computed as the ratio of the number of Italians employed in public administration to the total Italian workforce. The higher the ratio, the more Italian workers are employed as public officers, relative to other occupations. This measure is substantially different from that obtained by dividing the number of Italians employed in public administration by the total workforce employed in that sector.³¹ This is shown in Figure A3. Municipalities are scattered according to the share of public servants among Italian workers (on the y-axis—our most preferred measure of economic specialization in that sector) and the share of Italians among public servants (on the x-axis). Each circle is a municipality with a radius proportional to the share of Italians in the population. Unsurprisingly, the size of the circles increases as we move from left (wherein few Italians are public servants) to right (wherein public servants are predominantly Italians). The share of Italians among public servants, in fact, reflects the number of Italians employed in public administration relative to the other groups, *but not* their degree of specialization in that sector. In contrast, as we move along the y-axis, from the bottom to the top of the graph, the share of public servants in the Italian group increases, indicating that the Italian workforce is particularly specialized in the labor market for public officers.³² Throughout the study, we use variation in the share of public servants among Italian workers to capture inter-municipality differences in specialization of the Italian group in public administration.

3.2.3 Terrorism

To test whether prior exposure to terrorism explains our results, we use several statistical volumes from the historical archive of the Italian Senate, including detailed information on the terrorist attacks carried out by the Germans against Italian targets in South Tyrol (“*Atti Terrorismo e stragi prodotti dalla Commissione per il filone Alto Adige durante la X legislatura*”).³³ We digitize information on both location and the date of each of the 288 attacks perpetrated

³⁰We illustrate this variation in Section 5. Figure 9 maps the spatial distribution of the share of Italian-speaking employees relative to the total Italian workforce in different occupations, while Figure A8 shows the related histograms. Figure 10 scatters municipalities according to the share of Italian-speaking employees in different occupations, relative to the total Italian workforce (on the y-axis) and the share of employees in that sector, relative to the total workforce in the region (on the x-axis).

³¹The average share of Italian employees in public administration (across municipalities), relative to total workforce employed in public administration, is about 49%. In Figure A9, we also illustrate the spatial distribution of the shares of Italians by occupation.

³²In the Bolzano municipality, for example, where Italians comprised 78.6% of the total population, they made up 89% of the employees in public administration. However, public servants accounted for just 17% of Italian employees, implying that 83% of Italians were employed in other occupations. Therefore, Bolzano was not a municipality with specialization of Italians in public administration.

³³See Section B.4 in the online Appendix for a short description of the terrorist attacks that occurred in the region.

in the region. Subsequently, we geo-reference and match each of them with municipal spatial boundaries and map their spatial distribution across the region between 1956 and 1972 in Figure A4 in the online Appendix. We use this information to construct two variables for the period 1956 to 1972: (i) the total number of attacks that occurred in each municipality, and (ii) the number of attacks that caused injuries and deaths among Italians. Figure A5 in the online Appendix provides a picture of the number of attacks perpetrated over the period 1956–1972. Dynamite attacks on high tension and railway lines, electricity pylons, public buildings, and fascist monuments started after Austria’s independence on May 15, 1955, reached a peak in 1961 in response to the failure of negotiations between Italian and Austrian governments, and shut down after the 1966 announcement of the package reform.

3.2.4 Military barracks

We geo-reference a list of military barracks in the region over the study period (obtained from the Italian Ministry of Defense) and match each of them with municipal spatial boundaries. The resulting spatial distribution of barracks across the region is displayed in Figure A6. For the regression analysis, we construct a dummy which is equal to 1 if the municipality hosted a military barrack in the years considered, and 0 otherwise.

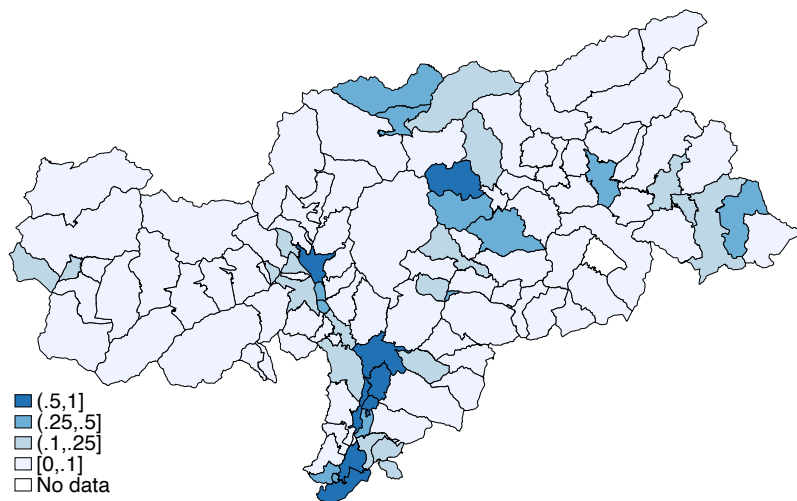
3.2.5 Housing units between 1919 and 1945

To select plausibly exogenous variation in the Italian settlement, we assemble census data from the fascist epoch. The immigration process of Italian workers and their families to South Tyrol during Italianization of the region was backed by the implementation of a rigorous public housing construction program (see Section B in the online Appendix). We gather municipal-level information on the number of occupied housing units built between 1919 and 1945 by language group, digitized from the 1981 census of population and housing. As reported in Table B1, the share of houses occupied by the Italian-language group almost tripled between the periods before and after 1919. During the Italianization program (1919–1945), the share of houses occupied by Italians in the region was around 56%. At municipality level, this share was 15%, thus highlighting a large variation around the mean (with a standard deviation of 20%).

4 Preliminary evidence: Concentration of public jobs and MSI support

We begin our empirical analysis by testing whether the affirmative action was more salient in municipalities with more concentrated historically-established privileges. Below, we describe

Figure 4: Spatial distribution of the Italian-group population



Notes: The map shows the shares of the Italian-group population, relative to the total population, across municipalities. The areas marked by the darkest shade of blue denote municipalities where Italian speakers represent the majority group. Data are digitized from the 1961 census volume. Information is missing for the municipality of La Valle, whose territory was separated from San Martino in Badia to become an independent municipality in 1964.

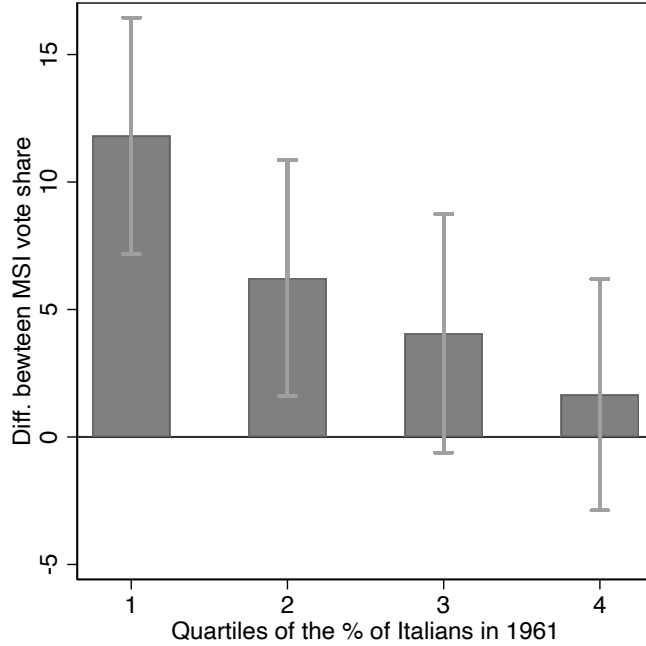
our empirical strategy and present the ordinary least squares as well as two-stages least squares estimations.

4.1 Empirical strategy and results

In the 1960s, the spatial distribution of Italians across South Tyrol was overly concentrated in a few municipalities and towns. As shown in Figure 4, which maps the shares of the Italian-speaking group at municipal level, using information from the 1961 census, in around 67% of the municipalities, Italians accounted for no more than 10% of the total population, while in 6% of the municipalities, they were more than 50% of the total population. As the position of Italian workers was more concentrated in the public administration sector in the former group, we expect a larger support for the MSI party during the announcement of the package.

A first examination of the data reveals that municipalities colonized by smaller Italian communities developed preferences that led them to vote for the MSI. In Figure 5, we plot the (unconditional) differences in the vote shares secured by the MSI during the announcement period and both the pre- and post-announcement periods for different quartiles of the cross-municipality distribution of Italians in 1961. The bar graph shows that only in the first quartiles, where the Italian settlement was less intense, is the difference in the vote shares statistically different from zero, suggesting that the affirmative action announcement was more salient for smaller Italian communities.

Figure 5: Backlash against the package and presence of the Italian group



Notes: The graph displays the (unconditional) difference in normalized votes achieved by the MSI party during the announcement period (1968 and 1972) and both before and after that period (1953, 1958, 1963, 1976, 1979) by quartiles of shares of the Italian-speaking population in 1961. The vertical bands denote 95% level confidence intervals.

A more rigorous way to document this result is provided by the estimation of a difference-in-differences specification in which the municipality’s (normalized) vote share obtained by the MSI party is a function of the share of Italians who settled there as of 1961 and the affirmative action announcement. This translates into the following equation:

$$y_{it} = \delta_i + \mu_t + \beta(\text{Italians}_{i1961} \times \text{Announcement}_t) + X'_{it}\gamma + \varepsilon_{it}, \quad (2)$$

where i indexes municipalities and t indexes election years (i.e., 1953, 1958, 1963, 1968, 1972, 1976, and 1979). The unit of observation is municipality times election year, and the outcome of interest, y_{it} , is the share of votes that Italians cast in favor of the MSI. The variable Announcement_t is a dummy that takes on a value of 1 for the elections held during the period when the contents of the reform were disclosed (i.e., in 1968 and 1972), and 0 otherwise. We include an interaction term of this variable with the share of Italians (relative to the total population) in municipality i at 1961 (Italians_{i1961}) to capture the differential effect of the affirmative action announcement between municipalities with higher and lower Italian presence. The vector X_{it} includes time-variant controls at municipal level.

To account for the non-randomness of the Italian settlement across South Tyrolean municipalities, we include a set of municipality fixed effects, δ_i . Hence, our primary variation is across election years within municipalities. Election year fixed effects, μ_t , are also included to absorb common shocks occurring in a specific election year; ε_{it} is the idiosyncratic error that we cluster at municipal level to account for intra-class correlation.

We present our results in Table 4. Columns 1 and 2 report our estimates of $\hat{\beta}$; column 2 also includes a full set of time-variant controls—total population, the share of the Ladin-speaking population, the ethnic concentration index, the number of Italian speakers who are illiterate or hold a diploma or a bachelor’s degree, and the share of blank voters. In both specifications we obtain a negative and statistically significant coefficient. Focusing on the point estimation in column 2, we find that a below-mean standard deviation in the percentage of Italians increases the vote share of the MSI by 2.48 percentage points during the package announcement (i.e., around 15% of the average vote share secured by the MSI in the period under scrutiny (16.75)).³⁴

The causal interpretation of the estimated effect β relies on the exclusive salience of the effect of the reform announcement on Italian public servants’ attitudes. For this to be the case, two conditions must hold. First, unobservables that correlate with Italians’ attitudes must not have changed during the period of scrutiny. This is a particularly important concern for our study as the package introduced a number of innovations in the region, particularly in fiscal policy. However, while all other aspects became effective after 1974 (as announced in 1966), the affirmative action was the sole dimension to be eventually blocked. Thus, if the estimated effect on the MSI vote were stronger when the action was announced (in 1966) and weaker when the action was removed from the package (in 1974), we may conclude that such unobservables are unlikely to play a role in our analysis.

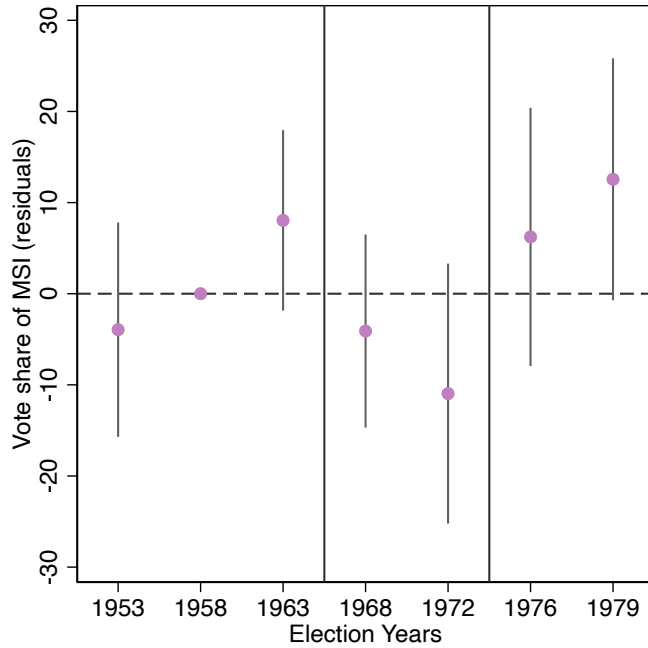
We elaborate on this point in Figure 6, where point estimations of the following full-fledged version of Equation 2 are plotted:

$$y_{it} = \delta_i + \mu_t + \sum_{t \neq 1958} \beta_t (\text{Italians}_{i1961} \times \mu_t) + X'_{it} \gamma + \varepsilon_{it}. \quad (3)$$

Note that in Equation 3, the coefficients β_t s are allowed to vary with election years. Relative to the vote share secured by the MSI in the 1958 election (the baseline category), we find no difference between municipalities with different shares of Italians in the 1953, 1963, 1976, and 1979 elections. This finding indicates that the parallel trend assumption holds true as no particular pattern emerges prior to 1966 and after 1974 (highlighted by the two vertical lines in Figure 6). On the other hand, as Figure 6 illustrates, point estimations suddenly shift

³⁴Recall, from Table 2, that the standard deviation in the share of Italians in 1961 is 0.191.

Figure 6: Concentration of public jobs and residuals of vote shares of the MSI across election years

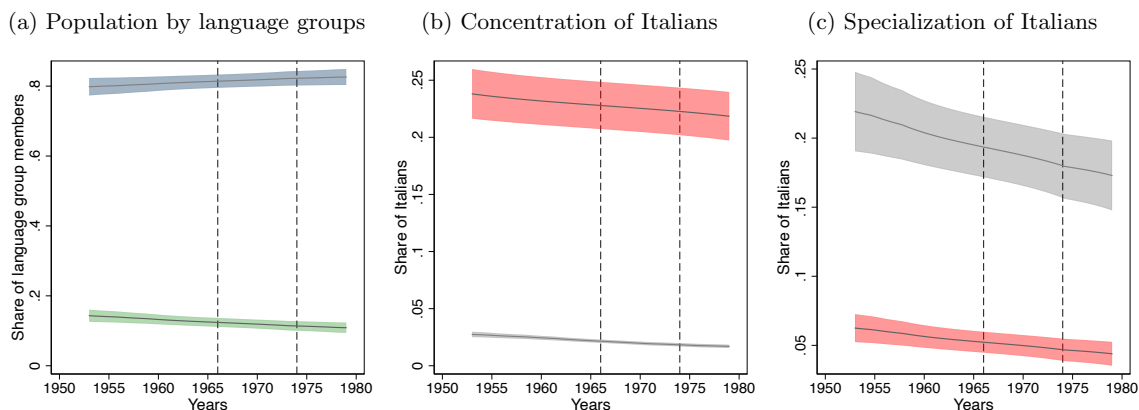


Notes: The graph displays the β_{ts} estimation from Equation 3, across election years. The vertical lines indicate the two time-discontinuities (in 1966, when the package was announced, and in 1974, when the altered reform came into force) exploited in our empirical strategy. The vertical bands denote 95%-level confidence intervals.

downward following the package announcement. Remarkably, although they are both negative, the coefficient for the 1972 election is larger than that for 1968. This implies that while the reform was relevant in 1968, the climax of the backlash was reached only after the Italian government committed to the package by signing the reform on November 30, 1969. Moreover, as the threat of displacement of historical privileges disappeared, the estimated difference shifts upward, nullifying the difference induced by affirmative action.

The second condition that must hold for β to be causal is that the reform announcement prompted an emotional backlash against affirmative action but not resignation or a strategic response. Resignation would have translated into a decision to abandon the region by anticipating a relatively worse position in the future, while strategic behavior would have meant cheating on the census form to self-declare as a German speaker for preferential treatment in the public sector job market. Had either of these two alternative channels been at work, a drop in the number of Italians was likely around 1966, immediately followed by a rise around 1974 (i.e., when expectations revived), thereby affecting the share of MSI votes in Italian voters. We check for this concern as shown in Panel (a) of Figure 7, which illustrates the evolution of the population by language group. However, the graph displays a stable evolution with no jumps in either

Figure 7: Evolution of population composition



Notes: The set of graphs illustrate the evolution of language groups across municipalities and election years. Panel (a) illustrates the evolution of the Italian- and German-speaking populations. The line within the 95% confidence level green and blue areas indicates the evolution of the Italian and German populations, respectively. Panel (b) illustrates the evolution of the Italian population in the two municipality groups. The line within the 95% confidence level red area indicates the evolution within municipalities where the Italian population is above the median. The line within the 95% confidence level gray area indicates the evolution within municipalities where the Italian population is below the median. Panel (c) illustrates the evolution of the Italian population in two other municipality groups. The line within the 95% confidence level red area indicates the evolution within municipalities where the share of public servants in Italian workers is above the median. The line within the 95% confidence level gray area indicates the evolution within municipalities where the share of public servants in Italian workers is below the median. Data are digitized and interpolated from the 1961, 1971, and 1981 census volumes.

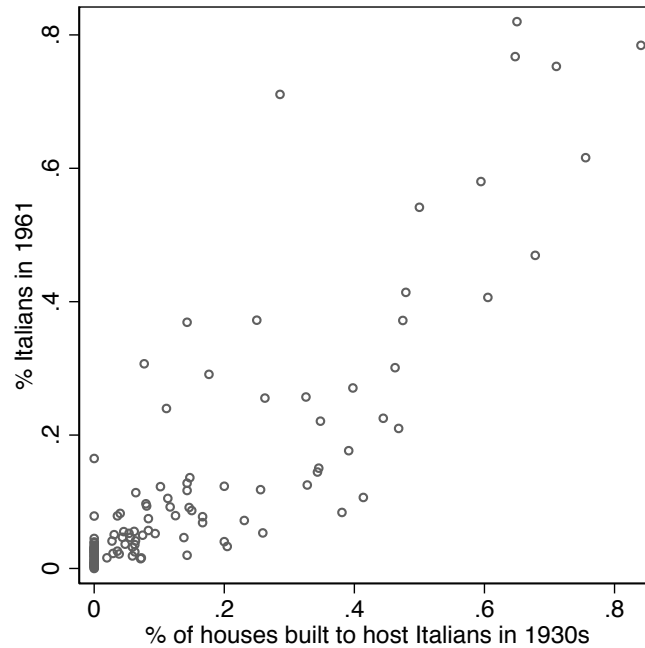
the number of Italians (in green) or that of Germans (in blue), ruling out the abovementioned scenario.

Panels (b) and (c) of Figure 7 focus on the composition of the Italian population to check for a population change occurring in a specific segment. Given the reform announcement, the Italians settled in smaller, more specialized public administration communities would have been the most likely to reoptimize. Therefore, in Panel (b), we split municipalities in two groups, above (in red) and below (in gray) the median share of Italians. Similarly, in Panel (c), we split municipalities between those with a share of public servants in Italians above the median (in gray) and those below (in red). Once again, in both cases, there is a lack of a marked shift in the number of Italians at around the two shock dates.

4.2 Instrumental variable approach: The Italianization of South Tyrol

The coefficient in column 2 of Table 4 is robust to the inclusion of a number of controls, and municipality and year fixed effects. Nonetheless, we may capture a lower bound of the impact of the expected affirmative action due to a potential sorting of the Italian speakers during the post-WWII period. Italians less sensitive to the traditionally ongoing tensions between the two

Figure 8: Persistence in the Italian settlement



Notes: The graph documents a persistent relationship between the Italianization program and the Italians’ spatial distribution in 1961. Each circle identifies a municipality scattered against the share of Italians relative to the total population (on the y-axis), and the share of houses constructed to host the new arrivals during the 1919–1945 period (on the x-axis).

groups may have consciously chosen to move, in a period when transfers were fully allowed, to the smallest South Tyrolean municipalities. Accordingly, their reaction to the reform could arguably be smaller.

To isolate exogenous variation in the Italian settlement, we thus collect information from the fascist epoch for periods when a change in residence across provincial borders was legally prohibited without explicit authorization of a central office, the “*Commission for the migration and the domestic colonization.*” Further, the approval or denial of individual requests to move to South Tyrol from other Italian areas was itself part of a centrally planned program coordinated by the fascist regime (e.g., [Alcock, 1970](#)). Migrants’ destination preferences were therefore likely to be secondary, given the regulation of movement within and to South Tyrol.

Based on this premise, we use data on the number of housing units built during the Italianization period for Italian settlement purposes to construct a new variable, the share of houses occupied by Italians relative to the total number during 1919–1945, and use it as an instrument to select plausible exogenous variation in the post-WWII Italian settlement. Figure 8 reports the share of Italians in 1961 and the share of houses occupied by them during the Italianization period. As one can see, the housing program initiated by the regime in South Tyrol persistently

altered the geography of the Italian settlement during the 20th century.

The instrumental variable analysis is reported in columns 3 to 5 of Table 4. In column 3, we present 2SLS estimates of the backlash effect of the expected affirmative action using housing units as the instrumental variable. As expected, we find a larger magnitude of the 2SLS estimates relative to the OLS estimates (column 2). Specifically, in municipalities with fewer Italians (explained by the pre-WWII Italianization of the region), the impact of the announcement of the package on the MSI vote share changes from -12.965 to -17.508 percentage points—an increase in magnitude of about 35%. The 2SLS estimation suggests that a standard deviation below the mean percentage of Italians increases the vote share of the MSI by 3.34 percentage points during the package announcement, a shift that accounts for around a fifth of the average vote share secured by the MSI in the study period.

Column 4 of Table 4 reports the first-stage estimate as well as the Kleibergen–Paap F-statistic, with the latter being calculated to account for the clustering of standard errors at municipality level. The first-stage estimate is positive and statistically significant, and the Kleibergen–Paap F-statistic stays well above the conventional level. Therefore, the 2SLS estimation does not appear to have a weak instrument problem. Finally, in column 5 of Table 4, we report the estimate of the reduced-form effect of the share of housing units on the MSI vote share during the announcement period. As expected, the effect is strong and positive, suggesting that the instrument explains variation in post-WWII voting through a causal demographic effect.

It is, however, worth highlighting that the exclusion restriction on the instrumental variable approach relies on the capacity of the employed instrument to explain variation in (normalized) MSI votes exclusively through the aforementioned demographic effect, relevant during the reform announcement. A potential violation may occur, then, if the MSI party had targeted areas with a higher concentration of Italian speakers to carry out its political activities when it first arrived in South Tyrol in the 1950s. Assuming that the MSI organized and conducted its political campaign strategically throughout the region, for location choice to have been a plausible alternative channel, it should have affected voting outcomes *as well as* explained the geographical diffusion of the backlash effect of affirmative action in 1966. While the latter cannot be tested directly, we run a number of falsification tests below on the former to assess, indirectly, the validity of our IV approach.

Specifically, if the location choice affected voting outcomes, upon its 1953 electoral debut in South Tyrol, the MSI would be expected to receive more votes in municipalities (*i*) with a higher share of Italian-speaking voters, and (*ii*) where it had opened headquarters, that is, where the party’s political activity had arguably been more intense. To check for potential spatial spillovers in the reduced-form, we compute the minimum distance between each municipality

and the closest party headquarters and test whether the support for the MSI was higher as a result of party members being relatively more active in nearby constituencies or because of these nearby constituents being more acquainted with party activities.

In Table A2 in the online Appendix, we report falsification tests on the reduced-form. We test whether the strategic location choice of the MSI’s political activity was relevant in explaining their vote share in the 1953 election. Although the variation used here is across municipalities, all the specifications control for the covariates used in column 5 of Table 4. In column 1 of Table A2, we begin by examining whether the higher share of housing units built during the 1919–1945 period is correlated with the vote share secured by the MSI party in the 1953 round of voting. In column 2, we exclude from the sample the three largest municipalities (Bolzano, Merano, and Bressanone), where there is evidence of party headquarters being located. In column 3, we re-estimate the coefficient of column 1 by comparing municipalities with the same distance from/to the closest party’s headquarters. Finally, in columns 4 to 7, we re-estimate the coefficient of column 1 by excluding the municipalities closest to (we exclude the first decile in column 4 and the first quintile in column 5) and farthest from (we exclude the first top quintile in column 6 and the first top decile in column 7) the MSI headquarters. Regardless of the specification, the effect of the Italianization program is not statistically significant. That is, the location choice of the political activity is not likely as a channel through which the Italianization program may have affected support for the MSI party in the post-WWII period.

5 Evidence from the public sector labor market

The evidence presented thus far shows that the shift in MSI votes was higher for municipalities where privileges were more concentrated, that is, where Italians were fewer. In this section, we extensively document how this pattern of votes was the result of a reaction of a sparse and small-scale group, highly specialized as public servants in the labor market. We first describe the peculiar features and ethnic division of the regional labor market. We then use the specialization in the public administration labor market segment to explain the shift in votes within the Italian-speaking group.

5.1 Division of labor in South Tyrol and Italian specialization

In 1961, a few years before the package announcement, South Tyrol predominantly specialized in agriculture. As Figure A7 illustrates, in 48% of the region’s municipalities, the majority of workers were employed in agriculture. However, this was not the case for Italian workers. Figure 9 displays the spatial distribution of the share of employees in the Italian workforce in each

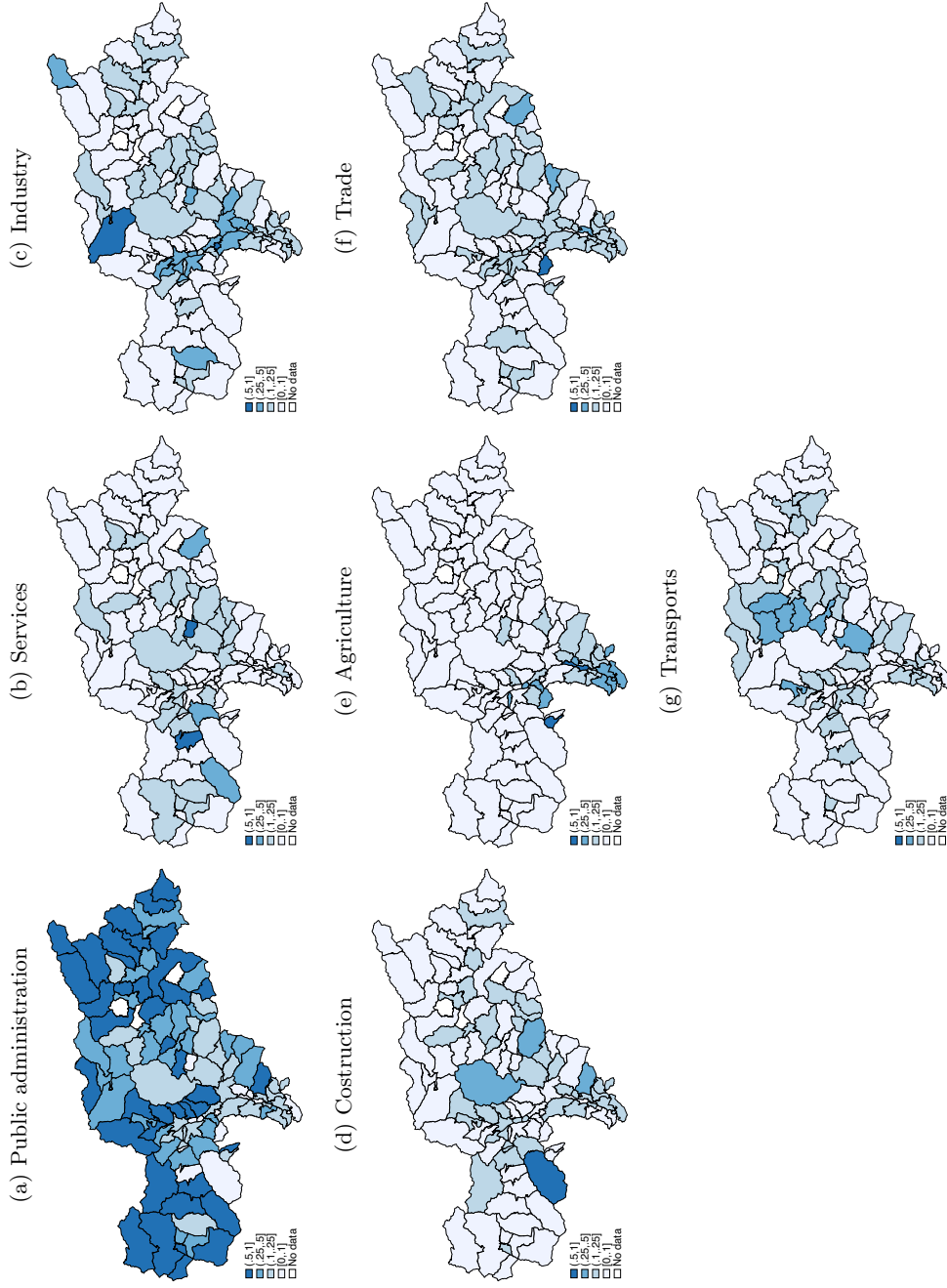
occupation listed in the official census: public administration, services, industry, construction, agriculture, trade, and transport. In each panel, we draw four clusters of municipalities, each marked by a different color. The lighter-colored group is composed of municipalities wherein at most 10% of the Italian workforce was employed in that occupation; the darker-colored group comprises municipalities wherein more than 50% of the Italian workforce was employed in that occupation.

In Panel (e), relative to the agricultural sector, all the municipalities exhibit lighter shades; the same holds for the other occupations, with the exception of Panel (a), which reports the spatial distribution of the share of employees in the public administration sector. A marked specialization of the Italian group as public servants emerges from the map: In around 42% of the municipalities, the proportion of public servants among Italians was higher than 50%, and in 4% of the municipalities, Italians were exclusively employed in the public administration sector.³⁵ Italians were thus practically absent in other occupational sectors.

As argued in Sections 2 (and B of the online Appendix), this ethnic division of labor was the result of the massive Italianization of the region. In particular, it stemmed from the implementation of the 1923 law that had declared Italian as the only language in public offices and from the subsequent laws leading to the dismissal of numerous South Tyrolese German-speaking officials. The resulting labor market distortion can be effectively appreciated in Figure 10, wherein each municipality is scattered according to the share of Italian employees in a particular occupation relative to the total Italian workforce, (y-axis) and the share of employees in that occupation relative to the total workforce (x-axis). Figure 10 hosts seven panels, one for each sector of the census archives; in each panel, the 45-degree line represents the locus of points with no distortion between ethnic groups in that specific labor market segment. Municipalities above the 45-degree line are characterized by labor markets distorted in favor of the Italian group; on the contrary, labor markets of the municipalities below the 45-degree line are distorted in favor of the German and Ladin groups. No relevant distortions appear in services (Panel (b)), industry (Panel (c)), construction (Panel (d)), and trade (Panel (f)) sectors. As expected, agriculture is dominated by Germans and Ladins (all the municipalities lie below the 45-degree line), while public administration and transport are dominated by Italians. The distortion is evident in public administration: Municipalities in which less than 20% of the total workforce were public servants often hosted an Italian community with more than 80% of members occupying a public post.

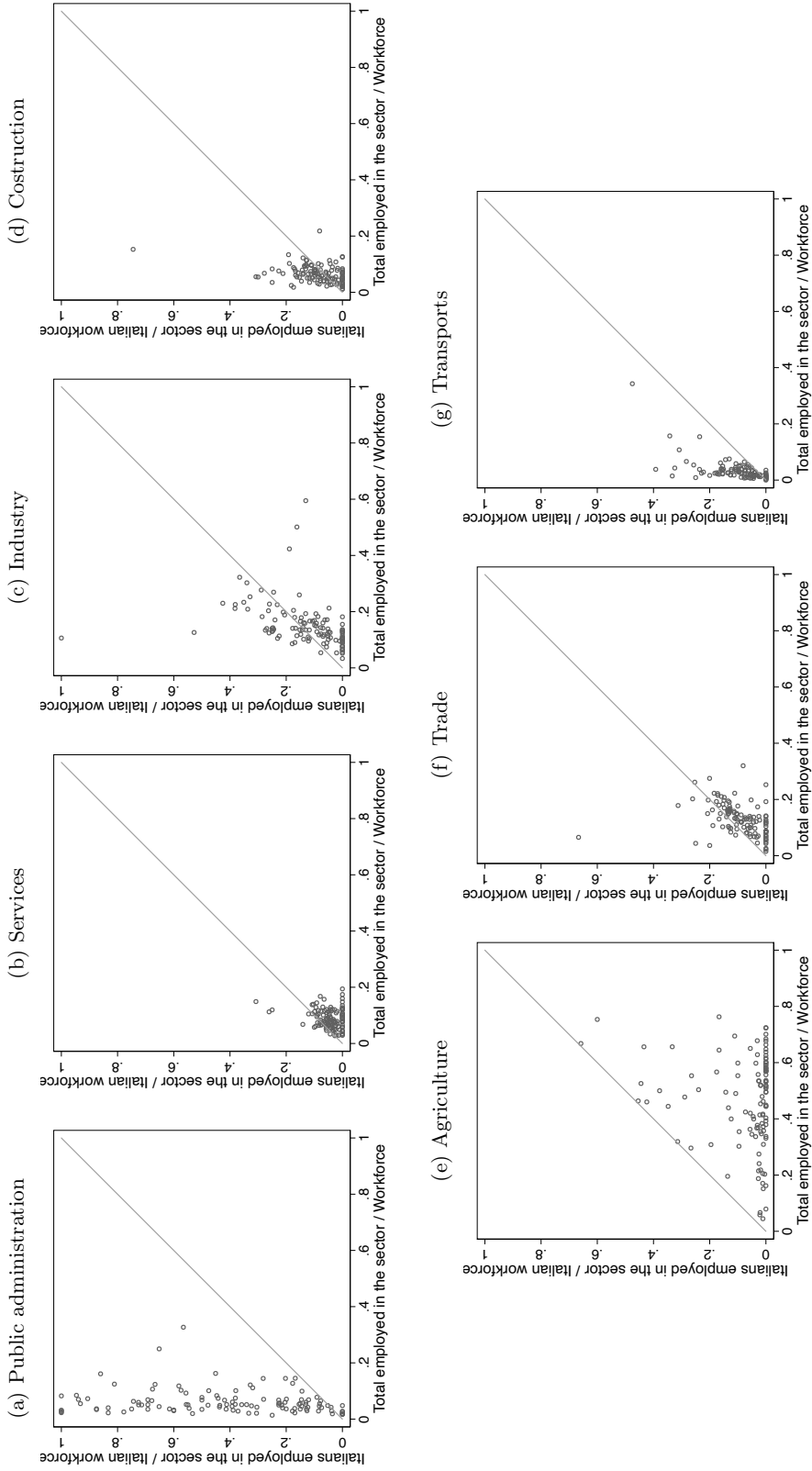
³⁵See also Figure A8 in the online Appendix where we present the histograms of the share of Italian-speaking employees in different occupations relative to the Italian workforce.

Figure 9: Spatial distribution of the Italian workforce across different occupations



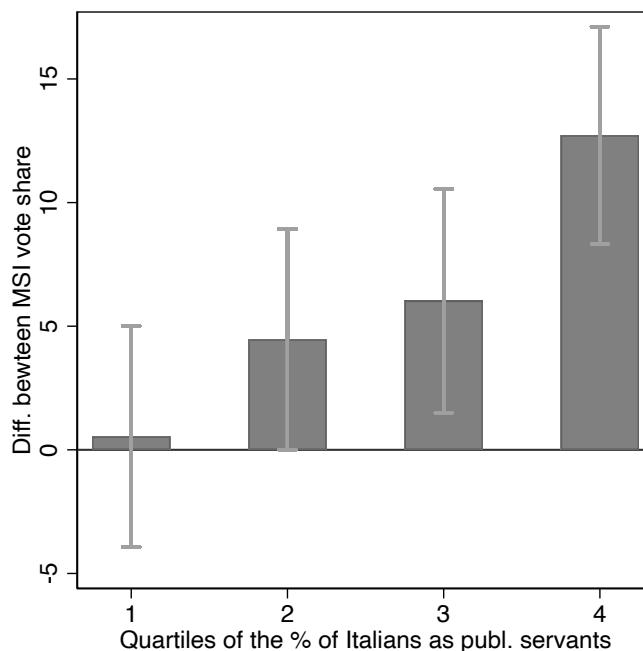
Notes: The set of maps illustrates the shares of Italian-speaking employees in different occupations relative to the total Italian workforce across municipalities. The darkest areas indicate municipalities wherein more than 50% of the Italian workforce is occupied in that sector. Data are digitized from the 1961 census volume.

Figure 10: Ethnic distortion across labor markets



Notes: The graphs scatter each municipality according to the shares of Italian-speaking employees in different occupations relative to the total Italian workforce (on the y-axis) and the share of employees in that occupation relative to the total workforce in the region (on the x-axis). The 45-degree line is the locus of points where no distortion in that labor market arises between the two language groups. Dots scattered above the 45-degree line indicate municipalities where the considered segment of the labor market is distorted in favor of the Italian group. Dots scattered below the 45-degree line indicate municipalities where the considered segment of the labor market is distorted in favor of the German group. Data are digitized from the 1961 census.

Figure 11: Backlash against the package and public sector specialization



Notes: The graph displays the (unconditional) difference in normalized votes achieved by the MSI party during the announcement period (1968 and 1972) and both before and after that period (1953, 1958, 1963, 1976, 1979) by quartiles of shares of the Italian-speaking public servants relative to the total Italian workforce. 95% level confidence intervals are depicted by the vertical bands.

The 1966 package announcement threatened the historically-established privileges of Italians in these municipalities. By proposing a redistribution of posts in the public sector in proportion to the numerosity of each language group, the reform was to move the distribution downward, till the 45-degree line (no distortion), with a consequent economic loss for the Italian-speaking group. In the next section we empirically test this mechanism.

5.2 Expected affirmative action and MSI support

In Figure 11, we plot the (unconditional) differences in the vote share secured by the MSI party, divided by the Italian-speaking population, during the announcement and pre- and post-announcement periods for different quartiles of the spatial distribution of the shares of public servants in total Italian workers. The bar graph shows zero effect of the package announcement in municipalities with little specialization of Italians in public administration (first quartile); a mild positive effect in the second and third quartiles; and a sizable positive effect in municipalities where Italian workers were predominantly public servants (fourth quartile).

In this section, we show that the pattern documented in Figure 11 is robust to the use of the continuous variable of economic specialization in the public sector (PubS_{i1961}^{IT}), municipality

fixed effects (accounting for the non-randomness of the spatial distribution of public servants in total Italian workers), and election year fixed effects, by estimating the following regression:

$$y_{it} = \delta_i + \mu_t + \theta(\text{PubS}_{i1961}^{IT} \times \text{Announcement}_t) + X'_{it}\gamma + \varepsilon_{it}. \quad (4)$$

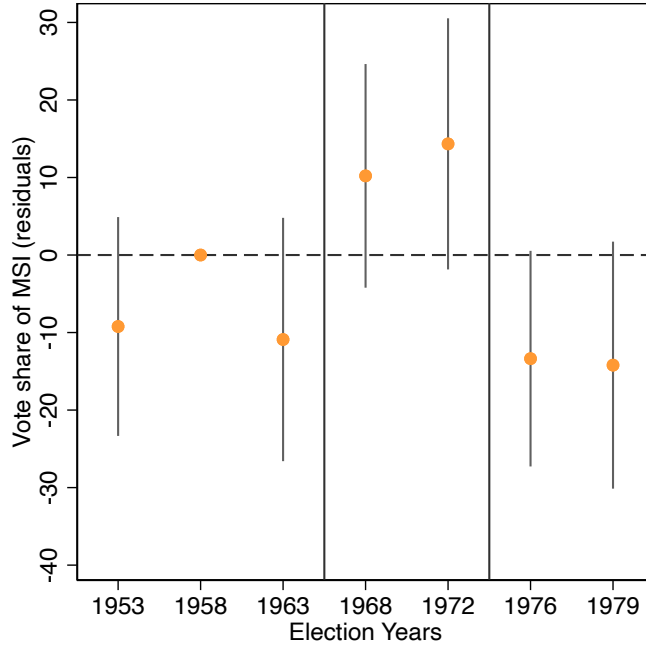
Equation 4 is the same as Equation 2, but is used to estimate the differential effect induced by the affirmative action announcement between municipalities where the Italian group was highly specialized in the public sector and municipalities where the Italian workforce barely specialized as public servants. This effect is captured by the parameter θ . Notably, θ is identified by controlling for the total number of employees in public administration in each election year to ensure that the estimated effect is not confounded by a simultaneous decline in public posts during the announcement period.

In Table 5 we report the estimations of θ . In column 1, we test a model in which only municipality and election year fixed effects are included. Column 2 includes time-variant controls. Regardless of the column under scrutiny, we obtain a positive and statistically significant estimate of θ . In column 2, we obtain a point estimate of 14.738. As the standard deviation of the shares of public servants relative to the total Italian workforce is 0.29, it emerges that a standard deviation above the mean share of public servants in the total Italian workers explains an increase of 4.27 percentage points in the MSI vote share during the package announcement, or 25% relative to the period average.

In column 3 of Table 5, we show that the above results are not sensitive to the construction of the left-hand side variable. Specifically, we employ the votes obtained by the MSI instead of the share of votes within the Italian population and estimate θ using a Poisson regression. As one can see, the estimated coefficient remains positive and statistically significant, despite using a less precise measure of vote distribution within the Italian population.

In columns 4 and 5 of Table 5, we examine the right-hand side of Equation 4 and show that it is not the labor market specialization *per se* that drives the shift in votes, but the specialization within the public administration sector specifically. For this purpose, we construct an Herfindahl index for the shares of employees in different occupations within the Italian workforce. This occupational concentration index for Italians is higher if Italian employees specialized in one particular occupation (not necessarily public administration). Column 4 shows that municipalities where Italians were more specialized in one particular occupation did not support the MSI more during the package announcement than in the pre- and post-announcement periods. In column 5, we estimate our focal effect by comparing municipalities with the same level of labor market specialization. This exercise has the advantage of avoiding the influence of unobservables in other segments of the labor market. We find that the effect enlarges by half relative to the

Figure 12: Specialization in the public sector and residuals of vote shares of the MSI across election years



Notes: The graph displays the estimated coefficients θ_{ts} , from Equation 5, across election years. Vertical lines indicate the two time discontinuities (in 1966, when the package was announced, and in 1974, when the altered reform came into force) exploited in our empirical strategy. The vertical bands denote 95% level confidence intervals.

one estimated in column 2, thus explaining the increase of 38% in the MSI support relative to the average vote share for the period.³⁶

In Figure 12 we corroborate the difference-in-differences result by plotting flexible estimations of the difference in the MSI vote share between municipalities where the Italian workforce was highly specialized as public servants and municipalities where it was not, for every election year, by estimating the following model:

$$y_{it} = \delta_i + \mu_t + \sum_{t \neq 1958} \theta_t (\text{PubS}_{i1961}^{IT} \times \mu_t) + X'_{it} \gamma + \varepsilon_{it}. \quad (5)$$

Each point estimation in Figure 12 must be interpreted with reference to election year 1958 (the baseline category). The graph shows no particular pattern in the MSI votes before the

³⁶In Table A3 in the online Appendix, we also employ the share of Italian public servants relative to total public servants, and an index of ethnic concentration in the public administration (a Herfindahl index computed over the shares of ethnic groups in that sector). As explained in Section 3, these measures do not capture the economic specialization of the Italian group in public administration. As expected, we do not find an increase in the MSI vote share during the package announcement in municipalities with higher values for these two indexes. We also document that the effect via the economic specialization in public administration (i.e., the share of public servants within the Italian workforce) is robust to the inclusion of these two alternative measures.

1966 reform announcement. Moreover, the evolution of the focal effect exhibits two reassuring immediate shifts that started from the 1968 election year (after 1966) and the 1976 election year (after 1974).

6 Robustness checks

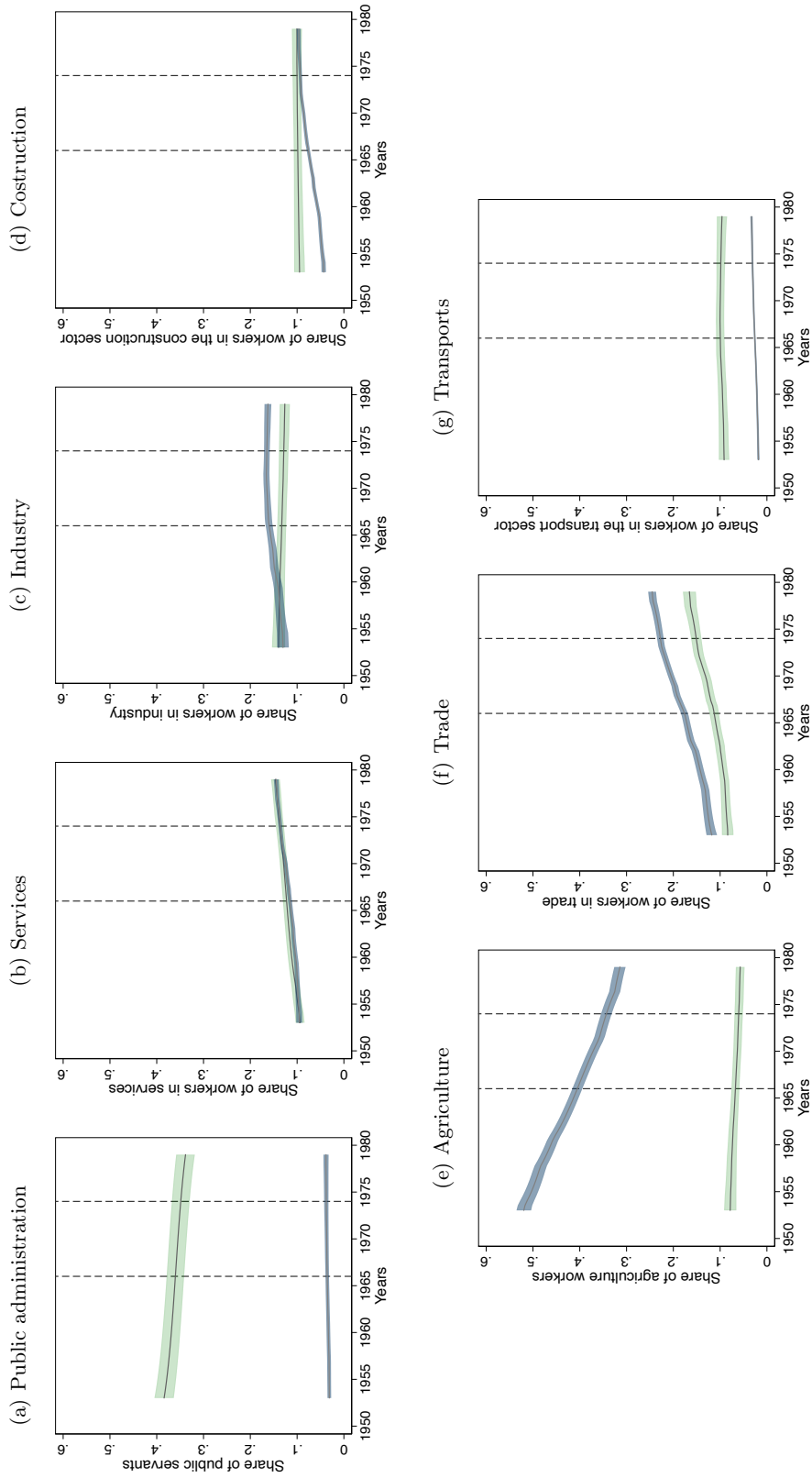
The validity of our results relies on the premise that the Italians' preferences for the MSI did not change in 1966 *and* in 1974 because of other relevant aspects. In this section, we check our identifying assumption by examining the effect on MSI support in municipalities where Italians specialized in other labor market segments; we also examine the composition of the workforce across labor markets and voters' composition between civilian and military. Furthermore, we check whether exposure to terrorist attacks explains our findings or if the effect is specific to a group of municipalities with given characteristics. Finally, we check whether the nationwide ideological position of the MSI party changed during the study period.

6.1 Is the effect public sector-specific?

We first verify whether the effect found is specific to the public sector or observable in other sectors as well. To interpret the coefficient as causal, it must first be ensured that the affirmative action announcement was only relevant for public servants. As explained in Section 3, we then construct measures of economic specialization in other labor markets and test whether such specialization triggered support for the MSI during the announcement period. We present these estimations in Table 6. For ease of comparison, column 1 replicates the specification estimated in column 4 of Table 5. Columns 2 to 7 of Table 6 add Italian specialization, one by one, to each of the alternative occupations (construction, services, trade, transport, agriculture, or industry). As shown, the focal effect (row 1) is always statistically different from zero, with a substantially stable magnitude across columns. Finally, in column 8 of Table 6, we combine all these shares, except for the industry sector for Italians, which is used as baseline category.³⁷ Again, the coefficient estimates not related to the public administration sector are all statistically indistinguishable from 0.

³⁷Note that the sum of the shares of Italian employees in each sector over the total Italian workforce is 1.

Figure 13: Evolution of the workforce across different occupations in each language group



Notes: The set of graphs illustrates the share of workers employed in different occupations relative to the total workforce in each language group across municipalities. The lines within the 95% confidence level green and blue areas indicate the evolution of the Italian and German workforces, respectively. Data are digitized and interpolated using the 1961, 1971, and 1981 census volumes.

The estimates presented in column 5 of Table 6, including specialization both in the public sector and in transport, is worth noting. As explained in Section B of the online Appendix, Italians also specialized in the transport sector and the distortions in their favor were severe (see Panel (g) of Figure 10). The Italianization of the region and the nationalization of the long-range transport services, such as bus and train services (*Ferrovie dello Stato*), required Italian-speaking personnel. However, their jobs were never the focus of the affirmative action policy. Therefore, this coefficient can be interpreted as a suitable *placebo* estimation. The *placebo* estimation is not statistically significant as there was zero shift in MSI support in municipalities where Italians were more specialized in the transport sector. In addition, we obtain a positive and statistically significant effect of specialization of the Italian workforce in public administration even after controlling for specialization in the transport sector.

6.2 Composition of the workforce

We then check whether, as a consequence of the affirmative action announcement, the ethnic composition changed considerably for any labor market segments. As argued above, this is unlikely in the public sector as the redistribution of jobs did not occur until 1991. However, relevant variations in other markets may have had an influence on Italians' attitudes. We examine this using Figure 13, which indicates that the ethnic composition of workers around the date of the two shocks did not change. In Panel (a), we indicate the evolution of the share of public servants within the Italian group in green and the German group in blue. No jumps are observed in the two trajectories, notwithstanding the slight decrease in the share of public sector Italian workers at a slow pace throughout the period. This decrease, however, did not favor the German group, which exhibits a flat trajectory. Hence, it cannot be ascribed to any affirmative action policy, but to a reduction in the number of public servants—an effect that we control for in the empirical analysis. Similarly, no jumps around the 1966 and 1974 shock years are detected in the remaining graphs in Figure 13: (b) services, (c) industry, (d) construction, (e) agriculture, (f) trade, (g) transports.³⁸

6.3 Composition of the electorate: The military vs civilians

We also check whether an unusually high presence of armed forces, eligible to vote on site, may explain our findings. Because of its exposure to terrorism, the region hosted a large number of armed forces troops, comprising individuals from every region of Italy. Despite living in South Tyrol, most of them were not registered as permanent residents and thus, were not counted

³⁸Note that the secular reduction in agricultural employees within the German group, as displayed in Panel (e), was balanced by a higher number of employees in trade, industry, and private services, but not in the public sector before 1991.

in the censuses. However, they were eligible to vote in the municipality where their military barrack was located. Previous research suggests that the formation of political preferences may differ widely between civilians and the military (e.g., [Fajardo, 2020](#)). This could be the case within the South Tyrolean context if troops, constantly on the frontline facing terrorist attacks in a highly militarized region, developed a marked hatred toward the Germans, especially after that population was granted concessions.

As detailed in [Section 3](#), we gather information on the location of military barracks to capture the presence of armed forces. We use this information to construct a dummy which takes a value of 1 if the municipality hosted a barrack over the study period, and 0 otherwise. In [Table A4](#) (column 1) we test whether, during the announcement period, MSI support increased relatively more in municipalities where troops were stationed. We do not find evidence supporting this hypothesis. Moreover, in column 2, we show that the focal effect, which is based on economic concerns, is robust to the inclusion of the dummy indicating the presence of military barracks.

6.4 Exposure to terrorism

In addition, we check whether the focal effect is explained by prolonged exposure to terrorism. On the one hand, terrorist attacks may facilitate concessions to out-group members in the hope that they will help in scaling down the violence ([Gould and Klor, 2010](#)). On the other hand, terrorist attacks are deemed to trigger out-group hatred and extreme voting (e.g., [Montalvo, 2011](#)). Our findings may be a result of terrorism if areas with a lower public sector specialization experienced sustained exposure to terrorism, or if the areas that supported the MSI more after 1966 were targeted more by terrorists. Reassuringly, we do not find any graphical correlation between prior exposure to terrorism and either of the two variables (see [Figure A10](#) in the online Appendix).³⁹

More rigorously, in [Table A5](#), we test whether the focal effect is robust to exposure to terrorism. As explained in [Section 3](#), we use (i) the total number of attacks that occurred in each municipality, and (ii) the number of attacks with injuries and deaths reported within the Italian-speaking population in the pre-announcement period. To further substantiate that the results are not time-sensitive, we also employ (iii) the number of attacks perpetrated over 1961-1966, and (iv) the number of attacks that occurred in 1966—the year when the package reform was announced. In both cases, we find a positive and statistically significant estimate for the focal effect and a zero-estimated effect for each of the variables measuring exposure to terrorism.

³⁹Panel (a) of [Figure A10](#) scatters municipalities according to public sector specialization (y-axis) and the number of pre-announcement terrorist attacks (x-axis). Panel (b) is similar but uses the MSI vote share in the 1968 elections on the vertical axis.

6.5 Sensitivity analysis over demographic aspects

We also check whether our results are influenced by specific groups of municipalities according to their size and the presence of Italians. This analysis is important for at least two reasons. First, if results were driven by small municipalities, the theoretical relevance of our analysis would be lower. Second, there may have been a sorting of the Italian-speaking population during the Italianization process along the following lines: The most fervent believers in the fascist cause might have been the most inclined to move to remote places characterized by a lower level of Italian settlement. While we are not aware of any historical evidence of strategic settlement during Italianization, we demonstrate that the backlash was not specific to a group of municipalities with a given number of inhabitants (Table A6) or with little (or a large) presence of Italians (Table A7).

The two tables are both constructed in adherence to the following logic. For ease of comparison, column 1 of each table replicates column 4 of Table 5. Column 2 employs weighted least squares, weighing the municipalities by the number of their inhabitants (Table A6) or the relative share of Italians (Table A7). Next, we exclude the first-lowest decile (column 3) as well as the second-lowest decile (column 4) of the municipalities' distribution. In column 5, we exclude municipalities in the top two deciles, while in column 6, we only exclude the top decile. Regardless of the sample variation, coefficient estimates remain positive and statistically non-zero in both tables. This corroborates our argument that variations in MSI support were not driven by municipalities with population or shares of Italians placed at the peak or bottom of the distribution.⁴⁰

6.6 Perception of the MSI's ideological position

Finally, we check whether our findings are affected by a change in voters' perception of the MSI across the two shock dates (1966 and 1974). The party may have switched to more moderate positions in the elections held in 1968 and 1972, as opposed to those held in 1953, 1958, 1963 and 1976, and 1979, thus explaining the increase in support received. If this were true, the shift in votes might have been the result of a better capacity of the party to reach less-extremist voters.⁴¹ However, we do not find qualitative evidence in favor of this conjecture. In addition, we provide country-wide evidence to show that, before and after 1974, there were no important changes in the voters' perception of the MSI. This is shown using data collected using the Italian National Election Study (ITANES), a survey conducted immediately before several parliamentary election

⁴⁰Consistent with this conclusion, we find that the triple interaction between the dummy indicating the package announcement, the share of public servants, and the share of Italians is not statistically different from zero, unlike the focal effect. See Table A8 in the online Appendix.

⁴¹Note that this argument is relevant for our analysis under the assumption that civil servants hold more moderate ideological positions relative to other categories of voters.

rounds.⁴² The question we analyze is the following: “*On a scale that goes from the extreme left to the extreme right (i.e., 1–10) where would you place the MSI?*” We compute the share of interviewees that responded $j = \{1, \dots, 10\}$ to the above question and report, in Figure 14, the distribution of these shares for three waves: 1968 (in green), 1972 (in red), and 1985 (in blue).⁴³ The graph reveals that between 1968 and 1985, there seems to be a difference in the share of interviewees who perceived the MSI as a very extremist party (say, 10 in the L/R spectrum); however, between 1972 and 1985, the difference appears low. However, when we perform an apple-to-apple comparison by controlling for a number of individual characteristics, the displayed difference is not statistically significant.⁴⁴

A more rigorous way to reject this possibility is to compare trends in MSI support between South Tyrol and other regions in Italy and show that there were no discontinuities in the trend of MSI votes around 1966 and 1974 in regions that were not affected by the affirmative action. The region of Trento proves to be the best control group for this purpose for the following reasons. First, as we explain in Section B of the online Appendix, the two regions share a common history—at least since 1805, when Trentino was first annexed to the Habsburg–Hungarian empire, and then, to Italy in 1919, to form, together with South Tyrol, the twentieth Italian region, *Trentino–Alto Adige*. Second, the reform of 1966 introduced significant autonomy for the region of Trento as well. However, as Figure B1 illustrates, Trentino was 100% populated by Italians.⁴⁵ Hence, the package was unlikely to redistribute public jobs to members of other ethnic groups. Third, and perhaps most importantly, the region of Trento was the largest basin of colonists who Italianized South Tyrol between the two world wars. In sum, this group of municipalities provides us with a culturally homogeneous population that was not exposed to the same expected competitive shock that hit its South Tyrolean counterpart.

We gather the same informational set as that employed in the main empirical analysis for the

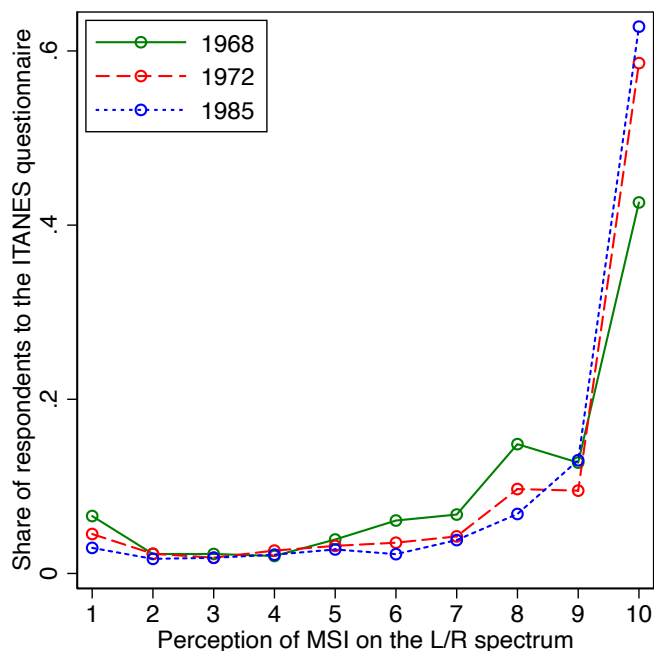
⁴²The ITANES survey has been systematically used in politico-economic studies, including Durante and Knight (2012), Barone, D’Acunto and Narciso (2015), and Durante, Pinotti and Tesei (2019). A wave is composed of a nationally representative sample of the Italian population of around 2,000 to 3,000 individuals and includes detailed information on (self-reported) perceptions, attitudes, and characteristics. Unfortunately, the first wave dates to 1968. This means that our hypothesis is tested using only the second shock date in 1974.

⁴³The 1975 ITANES wave cannot be included here as the above question was not posed.

⁴⁴We show this in Figure A11 in the online Appendix. Each dot is the conditional difference of a position j between the respondents of the 1968 and 1985 waves and is estimated in a separate regression including the size of the municipality where the interviewee resides, his/her gender and age, whether she/he is employed, and whether he/she typically follows politics. The regression also controls for the left/right self’s position and includes province of residence fixed effects. A dot that lies above the horizontal line indicates that the share of interviewees who perceived the MSI as, say, j in 1968, is higher than that observed in 1985. Conversely, if a dot lies below the bar, there is a prevalence of respondents in 1985 who believed the MSI to be positioned at j . Vertical bands indicate the 95% confidence interval of that estimation. As shown, the last dot is below the horizontal line, but the estimate is not statistically different from zero.

⁴⁵Few municipalities exhibit a substantial presence of the three historical linguistic minorities (Ladin, Mòcheno and Cimbrian) officially recognized by the Legislative Decree No. 592 of December 16, 1993 and the Provincial Law No. 4 of August 30, 1999. We exclude these municipalities from the analysis.

Figure 14: Perception of MSI on the Left/Right ideological spectrum



Notes: The graph reports the share of interviewees who responded $j = \{1, \dots, 10\}$ to the question “On a scale that goes from the extreme left to the extreme right (i.e., 1–10) where would you place the MSI?” in three Italian National Election Study (ITANES) survey waves (1968, 1972, and 1985).

municipalities in the region of Trento⁴⁶ and exploit a difference-in-difference set-up using these municipalities as a control group. The results are presented in Table A10. As shown, column 1 illustrates that the shift in MSI votes was specific to South Tyrol. The difference-in-difference coefficient is positive, statistically significant, and also stable to the inclusion of several controls (column 2). Relative to Trento, the share of MSI votes in the South Tyrolean municipalities increased by 6.161 percentage points during the announcement period. Figure A12 also shows the evolution of residuals across election years, based on the estimations presented in column 2 of Table A10. We conclude that a nationwide modification of the party’s policy line is unlikely to explain our results.

7 Interpretation of results

Thus far, we have documented that an affirmative action in South Tyrol prompted an increase in votes for a nationalist and openly anti-German party, the MSI. The shift in votes was larger in areas where the Italian workforce was more specialized in the public sector and the results

⁴⁶See Table A9 for summary statistics for the full sample (Panel A) or for the two regional samples (Panels B and C).

are robust to a number of potentially confounding effects. Our proposed explanation for these findings is that Italians, specifically civil servants, developed unfavorable attitudes toward the Germans—the beneficiary group of the affirmative action. However, it must be noted that it is only the voting pattern, and not anti-German attitudes, that can be directly observed. Our findings are therefore open to several competing interpretations. For example, one may speculate that support for the MSI during the package announcement was aimed at protecting public jobs. This alternative explanation is supported by the fact that the nationalist party vigorously defended the Italian-speaking population in the region and was the only political force that brought about the discussion of the package in the parliament. However, it is unlikely that distributional effects, typical of an affirmative action which redistributes opportunities between two groups, did not inflame the relationship between the Italians and Germans in the region.

Social psychologists have systematically documented that affirmative action policies are associated with negative attitudes toward the beneficiary group developed by members of the group whose privileges are threatened (e.g., Crosby, Iyer and Sincharoen, 2006). Kinder and Sanders (1996) and Kinder (1998), for instance, maintain that the backlash against affirmative action is determined by what race (or ethnicity or gender) and related associations symbolize for people. What people gain or lose individually from the policy play a much lesser role. Similarly, Bobo and Kluegel (1993) argue that inter-group tensions resulting from affirmative action reflect underlying clashes over broader interests of social groups. Affirmative action in favor of a specific group with salient traits (e.g., race or ethnicity) are those that received the highest opposition.⁴⁷ Finally, Federico and Sidanius (2002) hypothesize that people’s attachment to group hierarchy (versus equality across groups) is the major factor behind backlashes against affirmative action. The desire to preserve the privileged position of their own group is the main factor that influences White attitudes toward race-targeted affirmative action policies in America. All these studies suggest that ethnicity-targeted affirmative action policies increase the salience of ethnic boundaries and damage the relationship between ethnic groups.

In the next section (Section 7.1), we document the occurrence of this phenomenon in South Tyrol after the package was announced. Finally, in Section 7.2 we discuss another potential interpretation that relies on MSI political opportunism.

⁴⁷The authors, for example, document that White Americans disapprove of race-targeted affirmative action policies more than income-targeted policies, despite the fact that the policy goal is essentially the same—redistributing opportunities to people in need.

7.1 Recollection of ethnicity-related traits

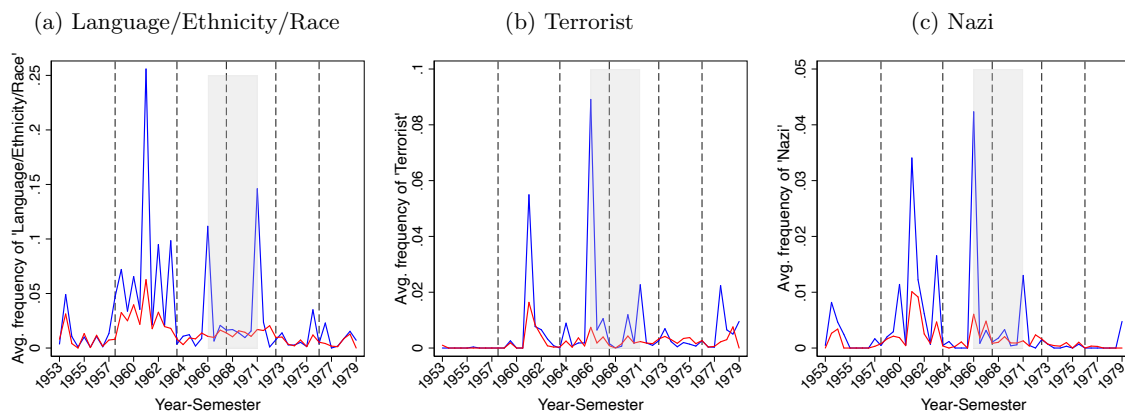
An important aspect of our study is whether the backlash against affirmative action prompted ethnic hatred toward the beneficiary group, or whether it was a political backlash aimed at preventing the adverse consequences of the policy. In this section, we use frequencies of culture-related keywords extrapolated from parliamentary speeches to provide quantitative evidence that the package discussion period (August 1966 to January 1971) was accompanied by a recollection of the Germans’ negative traits that characterized (in the Italians’ perception) the historical tensions between the two groups. We complement this analysis with qualitative evidence provided in Section C of the online Appendix from parliamentary speeches.

As explained in Section 3 (and in Section D of the online Appendix in detail), we search for three keyword clusters in the texts of verbatim reports of the plenary sittings (3,820) of the Chamber of Deputies in which South Tyrol was mentioned. The first cluster of keywords, “language” or “ethnicity” or “race”, are selected to test whether the discussion of the affirmative action prompted prominence of these culture-related attributes. The other two keywords, “terrorist” and “Nazi,” were sought to check whether between 1966 and 1971, South Tyrolean Germans were perceived in the worst fashion by Italians. The summary statistics for these variables are reported in Table D3 in the online Appendix.

It is worth highlighting that the package was promoted by several parliamentary forces, making it unlikely that the same forces reacted to its announcement and developed hatred against the beneficiary group. To put this argument in a regression framework, we first select the speeches given by all 98 sitting MPs of the MSI between 1953 and 1979 and then randomly select 98 MPs (out of 3,493) from other parties and their speeches. In Section D of the online Appendix, we show that random selection allows us to have a sample of 196 MPs that balances a number of relevant dimensions.

The data from the text analysis allows us to estimate a difference-in-difference effect of the discussion of the package on culture-related matters. In Figure 15, we provide a graphical description of the difference-in-difference analysis. The figure collects three panels and reports the average frequency of the abovementioned keywords across biannual intervals. Panel (a) displays the average frequency of the keywords “language or ethnicity or race;” in Panel (b), the average frequency of the term “terrorist” is drawn; in Panel (c), the frequency of the term “Nazi” is outlined. The blue line displays the trajectory of the mean within the MSI group of MPs, and the red line, the trajectory within the group of randomly-selected MPs. The shaded area indicates the period of discussion of the package. As shown, during the discussion of the affirmative action, MSI MPs talked more about the differences in language, ethnicity, and race, and referred to Germans as terrorists or Nazis more often than other MPs. Both graphs exhibit

Figure 15: Evolution of the biannual average frequency of culturally-related keywords



Notes: Each bin is the average number of times the keyword appears in the verbatim reports of a parliamentary session in a semester, wherein South Tyrol is the subject. This interval is chosen to improve graphical visualization. The blue line depicts the evolution of the mean in the speeches of MSI MPs. The red line depicts the evolution of the mean in the speeches of the randomly selected MPs. The shaded area illustrates the period of discussion of the package (August 1966 to January 1971). The vertical dashed lines indicate the time when a parliamentary term had its conclusion/start.

two peaks within the shaded area specific to the MSI group, the first in the second semester of 1966 when the government was invited to clarify the facets of the package announced in August, and the second in the first semester of 1971 when the main principles of the package were put to vote.

Figure 15 also clarifies that these aspects gained salience at an earlier time as well—in particular, when the first intense phase of terrorism caused casualties, damage, and fear within the Italian group. During that time, the South Tyrolean case gained visibility in the Italian parliament and there were continuous discussions between political groups. These aspects were, at the time, more salient for the MSI delegates than for others. Therefore, a valid difference-in-difference analysis needs to control for these pre-trend differences. Accordingly, our regression framework controls for the number of terrorist attacks in a month and includes a set of parliamentary terms (recognizable in the graphs by the vertical dashed lines) times MP fixed effects. This means that we identify the difference-in-difference coefficient using variations in the frequency across speeches given by an MP in a single parliamentary term.⁴⁸ Using the speech given by the MP j in session t of the parliament as a unit of observation, this can be written as follows:

$$y_{jt} = \beta_1(\text{Discussion}_t \times \text{MSI}_j) + \beta_2 \text{Discussion}_t + \beta_3 \text{Terrorism}_m + \Theta_{jT} + \varepsilon_{jt}. \quad (6)$$

⁴⁸Note that the difference occurring along the time dimension only switches on during terms IV and V and that, within these parliamentary terms, before August 1966 and after January 1974, there are no relevant differences in the trends of the frequencies.

Note that m stands for a month and T for a parliamentary term; there could be several sessions a month (17.59 on average). The average parliamentary term is made of 636.67 sessions. Discussion_t is a dummy that equals 1 if the session t falls in the discussion period, while MSI_j is a dummy that equals 1 if MP j is a member of the MSI group. Terrorism_m is the monthly number of terrorist attacks. As mentioned, Θ_{jT} is a set of parliamentary terms times MP fixed effects. To absorb redundant information across the speeches given by an MP, we cluster residuals at MP level.⁴⁹

The outcome y_{jt} is either of the three abovementioned clusters of keywords. In columns 1 to 2 of Table 7, where we present estimations, y_{jt} is the number of times MP j mentions the keywords “language” or “ethnicity” or “race” in a session t ; in columns 3 to 4, y_{jt} is the number of times MP j mentions the keyword “terrorist” in a session t ; finally, in columns 5 to 6 of Table 7, y_{jt} is the number of times MP j mentions the keyword “Nazi” in a session t . As y_{jt} is a counting variable, we report both OLS estimations (in panel A of Table 7) and Poisson estimations (in panel B of Table 7), as the latter are also efficient in estimating models for count data.

The OLS estimations of β_1 are all statistically significant and indicate that, during the discussion of the package, the MSI MPs increased the use of terms like “language” or “ethnicity” or “race” by 0.027 units, relative to other MPs (see column 1, panel A of Table 7). Similarly, we find that, during the same period, the MSI MPs increased the recollection of negative traits like “terrorist” and “Nazi” by 0.020 units and 0.008 units relative to other MPs, respectively (see columns 3 and 5 of panel A). As mentioned, panel B of Table 7 presents Poisson estimations. We report exponentiated coefficients that can be interpreted as *incidence rate ratios* (IRR). Hence, the estimated coefficient in column 1 tells us that, during the discussion of the package, the expected count of terms “language” or “ethnicity” or “race” in the MSI MPs’ speeches is 2.324 higher than that in the speeches of other MPs. The estimate is also statistically significant at the 1% level of significance. Column 3 indicates that the recollection of the word “terrorist” by the MSI MPs increased at the rate of 5.086, during the same period, relative to other MPs. Similarly, in column 5, we obtain an estimated recollection of the word “Nazi” by the MSI MPs that is 3.643 higher than in the speeches of other MPs during the discussion of the package.

In columns 2, 4, and 6 of Table 7, we report estimations that are identified using a full set of MP fixed effects (δ_j) and a set of parliamentary session fixed effects (θ_t), that is:

$$y_{jt} = \beta_1(\text{Discussion}_t \times \text{MSI}_j) + \delta_j + \theta_t + \varepsilon_{jt}. \quad (7)$$

⁴⁹We note that speeches given by MPs who belong to the same political group are hardly expected to be independent. We check an alternative estimation of Equation 6 clustering standard errors at party \times parliamentary term level. The estimations are not qualitatively affected.

As above, residuals are clustered at the MP level.⁵⁰ As one can see, estimation results are all statistically significant and are similar in magnitude to those estimated through Equation 6. In Tables A11, A12, and A13 reported in the online Appendix, we present additional specifications that prove the robustness of the estimated coefficients.

7.2 Political opportunistic use of ethnic traits

The evidence shown in Section 7.1 can be also interpreted as an opportunistic use of ethnic traits in critical political times. Nowadays, it is well understood that ethnic identification is often functional to the material interests of political parties. Based on proximity to election time, for instance, Eifert, Miguel and Posner (2010) find that political competition in several African countries is associated with mobilization, policing boundaries, and building coalitions along ethnic lines. In the present context, this means that the MSI party might have taken advantage of the emotional reaction to the announcement of the affirmative action and amplified these politically-salient emotions to increase electoral support from Italians.

While this is an important mechanism, it is implausible that ethnic identification in South Tyrol was explained by political opportunism. As explained in Section 2.3, Italian political minorities *de-facto* lacked electoral representation in the parliament. The German-speaking population of the region voted massively for the SVP while the province of Trento in the same electoral district was one of the fortresses of the DC party. Because of the ethnic cleavage and the electoral constituency design, the MSI was never able to secure a seat in the district of Bolzano/Trento and this achievement was far from being approachable.⁵¹

This circumstance has important implications for our study. Campaigning in South Tyrol was inefficient for the MSI party as the sparse Italian population made the electoral returns to campaigning negligible. Rationally, abandoning the predominantly German-speaking region of South Tyrol and moving all the party's scarce resources to Trento would have made more sense. However, this was not observed, and the MSI presence remained steady in the region, a fact that one may interpret as an emotional attachment held by fascists toward the border region of South Tyrol. To summarize, the MSI party was unlikely to act as an ethnic entrepreneur, that just maximizes votes, but its behavior in the region was more consistent with an emotional lead of the party.

⁵⁰Also in this case, we check that the estimations are not affected by the clustering choice and reestimate Equation 7 clustering standard errors at party \times parliamentary term level.

⁵¹See Table 1 for the distribution of seats, across election rounds, in the electoral district of Bolzano/Trento. We also note that the number of votes required to close the gap and obtain a seat were substantial. For example, in the elections held in 1968 MSI received 14,394 votes. The Communists (PCI), who were the last party to get a seat in the district, received 33,476, that is, more than double of the votes secured.

8 Conclusions

This study examines the backlash effect of the announcement of an affirmative action policy—the introduction of a strict quota system based on linguistic affiliations to regulate the awarding of public jobs—for the members of an ethnic group with a historically-inherited dominance in the public administration segment of the labor market. While backlashes against affirmative action policies have been extensively scrutinized by social psychologists in the United States along racial and gender dimensions (e.g., [Crosby, Iyer and Sincharoen, 2006](#)), to the best of our knowledge, no prior study has provided a rigorous analysis of the economics of backlash effects for a dominant group using naturally-occurring data.

By exploiting a unique historical experiment originating in post-WWII South Tyrol and drawing upon a wealth of data on Italians’ voting preferences, the linguistic composition of the population, and detailed information on occupations in the labor market, we find that, after the affirmative action policy was announced, the Italian-speaking population increased its support for a nationalist, anti-German party, the MSI, in those South Tyrolean municipalities where the policy was likely to threaten their historically-established privileges within the public sector. We also find that, during the same period, members of the MSI reinforced Germans’ negative traits (such as “Nazi” and “terrorist”) that characterized the most brutal phases in the history of the inter-ethnic conflict in the region. Taken together, these findings suggest that collective attitudes quickly respond to affirmative action policies, increasing the salience of ethnic boundaries and intensifying inter-ethnic tensions.

By focusing on the policy announcement, our results also suggest that the mere threat of redistributing historical privileges, through adoption of affirmative action, is sufficient to induce backlash effects and ethnic hatred toward the beneficiary group. As documented in a long battery of robustness checks, within our model setting, nothing changes across the years except people’s expectations regarding their position in the society as a whole, and in a certain labor market segment in particular. Such a change was perceived by the Italian group—especially, by those specialized in the public sector—as unfair treatment, prompting a sizable emotional reaction, consistent with the theory in [Passarelli and Tabellini \(2017\)](#). As affirmative action typically entails distributional effects that influence the balance of power among ethnic groups, this emotional reaction is easily conveyed against the beneficiary group. To summarize, our results add to the existing research (e.g., [Mitra and Ray, 2014](#)) and confirm that even the expectation of a change in the balance of power among ethnic groups is capable of worsening inter-ethnic tensions.

Our results are generalizable enough to capture a pattern of cultural and political consequences that are easily observed in several other examples of affirmative action policies enacted

around the globe. The analysis of policies implemented in Malaysia, Sri Lanka, South Africa, and the United States reveals that backlashes against affirmative actions have the same common traits: (i) They cause resentment and frustration in the group that historically benefited from preferential treatment. (ii) They are typically conveyed against the beneficiary group, ranging from non-violent protest movements and legal challenges to racial riots. (iii) Opposition makes their implementation generally tortuous, subject to blocking, delays, and cancellations. We outline these parallel cases in Section E in the online Appendix.

In conclusion, although our study does not reflect a negative view toward affirmative action policies, it warns against the trade-off faced by governments during policy implementation, between addressing inequality and restoring fairness between different ethnic groups on the one hand, and fueling and exacerbating inter-ethnic group animosity and conflict on the other. This paves the way for future research on the identification of the factors that a government can leverage to improve wider public understanding and acceptance of affirmative action policies.

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Table 1: Distribution of parliamentary seats in the electoral district of Bolzano/Trento

Electoral Round	South-Tyrolean Volkspartie (SVP)	Democrazia Cristiana (DC)	Partito Comunista (PCI)	Partito Socialista (PSI)	Movimento Sociale (MSI)	Total Seats Awarded
1948	3	5	0	1	N.A.	9
1953	3	5	0	0	0	8
1958	3	5	0	1	0	9
1963	3	5	1	1	0	10
1968	3	4	1	1	0	9
1972	3	5	1	1	0	10
1976	3	4	1	1	0	9
1979	4	4	1	1	0	10

Notes: At the elections held in 1948, MSI did not campaign in the Bolzano/Trento district.

Table 2: Summary statistics for the main variables

Variable	Mean	Std. Dev.	Min.	Max.	N
Panel A — observations: municipality × election year					
Share of MSI votes in Italians	16.75	16.42	0	99.75	786
Blank voters (share)	0.0462	0.0285	0.00350	0.238	786
Total population	3479.4	9436.2	214.5	105699.3	786
Share of linguistic groups:					
Italian	0.124	0.182	0	0.949	786
German	0.814	0.269	0.00660	1	786
Ladin	0.0618	0.223	0	0.993	786
Ethnic concentration index	0.837	0.153	0.481	1	786
Italian speakers who:					
are illiterate	6.144	49.34	0	814.8	786
hold a high-school diploma	56.30	472.5	0	7727.8	786
hold a University degree	13.16	114.7	0	1806.1	786
Workers employed in the following sectors:					
Public administration	116.5	499.6	0.300	5479.2	786
Construction	113.5	312.3	0.400	3339	786
Services	209.9	794.1	2.111	11467.4	786
Trade	284.4	917.7	1.889	11181.4	786
Transportation	66.06	266.2	0	3099.8	786
Agriculture	349.6	289.2	6.800	1948.6	786
Industry	270.0	951.3	4	11143.6	786
Panel B — observations: municipality					
Share of Italians in 1961	0.136	0.191	0	0.846	115
Share of Italian workers employed in the following sectors in 1961:					
Public administration	0.411	0.290	0	1	115
Construction	0.0881	0.0951	0	0.745	115
Services	0.0832	0.0994	0	0.643	115
Trade	0.0922	0.0893	0	0.667	115
Transport	0.0940	0.0939	0	0.475	115
Agriculture	0.0730	0.133	0	0.658	115
Industry	0.132	0.141	0	1	115
Occupations concentration index Italians (1961)	0.385	0.235	0.157	1	112
Terrorist attacks between 1956 and 1972:					
total	1.878	4.371	0	39	115
with injuries and deaths	0.0783	0.401	0	3	115
Military barrack	0.113	0.318	0	1	115
Share of houses occupied by Italians (1919-45)	0.153	0.201	0	0.841	115

Table 3: Summary statistics for the variables used in the text analysis

	mean	sd	min	max	count
Panel A — Full sample					
Language/Ethnicity/Race	0.0200	0.459	0	111	261,484
Terrorist	0.00433	0.150	0	20	261,484
Nazi	0.00256	0.0939	0	24	261,484
Panel B — Only MSI members					
Language/Ethnicity/Race	0.0271	0.611	0	111	128,539
Terrorist	0.00637	0.201	0	20	128,539
Nazi	0.00357	0.122	0	24	128,539
Panel C — Only discussion of the package					
Language/Ethnicity/Race	0.0284	0.836	0	111	46,469
Terrorist	0.0107	0.306	0	20	46,469
Nazi	0.00542	0.181	0	24	46,469
Panel D — Other variables					
MSI	0.492	0.500	0	1	261,484
Period of discussion	0.178	0.382	0	1	261,484
Monthly terrorist attacks	0.930	3.633	0	47	261,484

Table 4: The Italianization channel — OLS and 2SLS estimates

Dependent variable is:					
Share of MSI votes in Italians					
	OLS estimates		2SLS estimates		
	(1)	(2)	second stage	first stage	reduced form
	(1)	(2)	(3)	(4)	(5)
% Italians ₁₉₆₁ × Announcement	-12.804*** (3.965)	-12.965*** (4.311)	-17.508*** (6.314)		
Housing ^{IT} 1930s × Announcement				0.789*** (0.067)	-13.819*** (4.881)
Kleibergen-Paap F statistic				139.053	
Controls	No	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes
Municipality FE	Yes	Yes	Yes	Yes	Yes
Observations	792	783	783	783	783
R ²	0.078	0.085	0.084	0.831	0.087

Notes. Dependent variable is the vote share of the Movimento Sociale Italiano (MSI) divided by the number of Italian speakers. Its mean value is 16.75. The variable *announcement* is a dummy equal to 1 during the period when the content of the package was disclosed (i.e., in 1968 and 1972) and 0 elsewhere. *Housing*^{IT} 1930s is the share of housing units constructed by the regime to host the new incoming Italian-speakers between 1919 and 1945, relative to the total buildings. The unit of observation is municipality × election year. Columns 2 to 5 include the number of inhabitants, the group language concentration index, the share of Ladins, the number of Italians who are illiterate, the number of Italians who hold a high school diploma, the number of Italians who hold a University degree, and the share of blank voters. Standard errors in parentheses are clustered at the municipal level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 5: Specialization of the Italian-speaking workforce in the public sector

	Dependent variable is:				
	Share of MSI votes in Italians (1) OLS	Share of MSI votes in Italians (2) OLS	Number of MSI votes (3) Poisson	Share of MSI votes in Italians (4) OLS	Share of MSI votes in Italians (5) OLS
Public servants $_{1961}^{IT} \times$ Announcement	15.297*** (4.944)	14.738*** (4.946)	0.382** (0.151)		21.914*** (4.594)
Occ. concentration $_{1961}^{IT} \times$ Announcement				9.808 (6.942)	-11.128 (7.291)
Controls	No	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes
Municipality FE	Yes	Yes	Yes	Yes	Yes
Observations	776	767	767	767	767
R^2	0.095	0.102	0.987	0.086	0.105

Notes. Dependent variable is the vote share of the Movimento Sociale Italiano (MSI) party divided by the number of Italian speakers in columns 1, 2, 4, and 5, and the number of votes secured by MSI in column 3. The mean value of the vote share of the MSI divided by the number of Italian speakers is 16.75. The mean value of the number of MSI votes is 97. The variable announcement is a dummy equal to 1 during the period when the content of the package was disclosed (i.e., in 1968 and 1972) and 0 elsewhere. The unit of observation is municipality \times election year. Columns 2 to 5 include the number of inhabitants, the group language concentration index, the share of Ladins, the number of Italians who are illiterate, the number of Italians who hold a high school diploma, the number of Italians who hold a University degree, the share of blank voters, and the number of employees in the public administration. Columns 1, 2, 4, and 5 use a OLS estimator, while column 3 a Poisson estimator. R^2 in column 3 is the McFadden's Pseudo R^2 . Standard errors in parentheses are clustered at the municipal level. Symbols: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 6: Specialization of Italians in the public sector vs. other occupations

	Dependent variable is: Share of MSI votes in Italians							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Public servants $_{1961}^{IT} \times$ Announcement	21.914*** (4.594)	23.128*** (4.845)	22.209*** (4.678)	21.463*** (4.533)	21.799*** (4.783)	19.724*** (5.435)	21.241*** (5.555)	25.208*** (5.949)
Construction $_{1961}^{IT} \times$ Announcement		12.182 (11.589)						16.420 (11.216)
Services $_{1961}^{IT} \times$ Announcement			10.374 (10.961)					14.670 (12.763)
Trade $_{1961}^{IT} \times$ Announcement				-3.338 (12.995)				5.605 (14.727)
Transport $_{1961}^{IT} \times$ Announcement					3.902 (13.846)			8.397 (15.334)
Agriculture $_{1961}^{IT} \times$ Announcement						-6.374 (6.221)		1.794 (8.223)
Industry $_{1961}^{IT} \times$ Announcement							-1.499 (7.071)	
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Municipality FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	767	767	767	767	767	767	767	767
R ²	0.105	0.107	0.107	0.106	0.105	0.106	0.106	0.110

Notes. Dependent variable is the vote share of the Movimento Sociale Italiano (MSI) divided by the number of Italian speakers. Its mean value is 16.75. The variable announcement is a dummy equal to 1 during the period when the content of the package was disclosed (i.e., 1968 and 1972) and 0 elsewhere. The unit of observation is municipality \times election year. All the columns include the number of inhabitants, the group language concentration index, the share of Ladins, the number of Italians who are illiterate, the number of Italians who hold a high school diploma, the number of Italians who hold a University degree, the share of blank voters, the number of employees in the considered occupation, and the index of occupational concentration in the Italian group. In column 8 estimates are relative to the baseline category, i.e., the share of employees in the industry sector among Italians. Standard errors in parentheses are clustered at the municipal level. Symbols: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 7: Differential recollection of cultural keywords in the parliament

	Dependent variable is:					
	Lang./Ethnic./Race		Terrorist		Nazi	
	(1)	(2)	(3)	(4)	(5)	(6)
Panel A: OLS estimations						
Period of discussion \times MSI	0.027*** (0.008)	0.021** (0.010)	0.020*** (0.003)	0.016*** (0.003)	0.008*** (0.002)	0.006*** (0.002)
Period of discussion	-0.002 (0.002)		0.001 (0.001)		0.002*** (0.001)	
Monthly terrorist attacks	0.005*** (0.001)		0.002*** (0.000)		0.001*** (0.000)	
R^2	0.006	0.115	0.004	0.227	0.003	0.178
Panel B: Poisson estimations (IRR)						
Period of discussion \times MSI	2.324*** (0.564)	2.032*** (0.503)	5.086*** (1.970)	4.446*** (1.396)	3.643*** (1.724)	2.088** (0.706)
Period of discussion	1.121 (0.169)		2.268** (0.808)		5.869*** (2.164)	
Monthly terrorist attacks	1.045*** (0.003)		1.077*** (0.003)		1.038*** (0.003)	
Pseudo R^2	0.116	0.374	0.118	0.423	0.084	0.355
Member of the parliament (MP) FE	No	Yes	No	Yes	No	Yes
Parliamentary session FE	No	Yes	No	Yes	No	Yes
MP \times Parliamentary term FE	Yes	No	Yes	No	Yes	No
Observations	261,484	261,484	261,484	261,484	261,484	261,484

Dependent variable is the number of times the keyword “language,” “ethnicity,” or “race” (columns 1 to 2), the number of times the keyword “terrorist” (columns 3 to 4), and the number of times the keyword “Nazi” appear in parliamentary speeches wherein South Tyrol is the subject. The mean values of the three keywords are 0.020, 0.004, and 0.003, respectively. The variable Period of discussion is a dummy equal to 1 during the period when the package was discussed in the parliament (i.e., August 1966 to January 1971) and 0 elsewhere. The variable MSI is a dummy equal to 1 if the MP belongs to the MSI parliamentary group. The variable Monthly terrorist attacks is the monthly number of terrorist attacks. The unit of observation is the speech given by a MP in a session of the parliament. Columns 1, 3, and 5 include a set of parliamentary term times MP fixed effects. Columns 2, 4, and 6 include a set of MP fixed effects and a set of parliamentary session fixed effects. Standard errors in parentheses clustered at MP level. Symbols: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$