

Immigration and Right Wing Populism: The Vicious Circle of Xenophobia

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Right-wing populism is gaining unprecedented momentum across Europe and globally. This rise has been closely linked to the increasing salience of immigration and multiculturalism, which has triggered complex political responses. Recent research in political science and economics shows that the skill composition of immigration flows plays a pivotal role in shaping attitudes towards immigration, which translate into more votes for the populists. In turn, populist parties and leaders can affect the size and skill composition of immigration. This policy brief diagnoses the dynamic relationship between right-wing populism and the skill structure of immigration, which it characterizes as a vicious circle. It then prescribes some policy recommendations aimed at mitigating the negative consequences of this perverse relationship.

Political scientists use two main criteria to make a judgment as to whether a political party can be categorized as “populist”: the first criterion is whether the party is strongly “anti-establishment” in its rhetoric and platform, whose narrative emphasizes the pure people versus the corrupt elites; and the second criterion is the party’s commitment to protect the people from various kinds of internal

and external threats. Right-wing populists differ from left-wing populists mostly on this second dimension, in that they insist on emphasizing the role of external threats such as immigration. And indeed, immigration has increased steadily in the European Union (EU) and in the United States since the 1960s, with the share of foreign-born rising from 3.7% to 12.5% and from 5.4% to 13.1%, respectively. It is therefore not surprising that immigration has become ever more salient in the populist discourse and that populist parties are currently gaining larger popular support. Economic crises, deindustrialization, import competition and the outsourcing of jobs, the rise of the Internet and social media, which encourage political polarization, all seem to coincide and interact in a way that makes the rise of populism seemingly unstoppable. Is that so certain?

The rise, fall, and rise of populism

In our recent working paper entitled “Populism and the Skill-content of Globalization” (Docquier et al., 2024), we build on the work of political scientists to propose new ways of analyzing and measuring populism. Our



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main source of data is the Manifesto Project database, which provides information (and text analysis) on the political platforms and election results of all political parties with elected MPs in a large set of countries since the 1960s. We apply semi-supervised machine learning techniques to measure the salience of the “anti-establishment” and “commitment to protect” stances outlined above, in order to assign a “populism score” to all political parties in the database. Once equipped with these scores, we can define a threshold above which a party can be categorized as populist. In addition, while we follow the rest of the literature in using the sum of the vote shares of all populist parties represented in parliamentary elections as a measure of populism, which we denote as “the volume margin” of populism, we propose a complementary measure computed as the vote-weighted populist scores of all parties, which we denote as our “mean margin” of populism.

The evolution of the different margins is presented on [Figure 1](#), focusing on the EU. Both the mean and the volume margins of populism have fluctuated since the early 1960s, often reaching peaks in times of economic crises (such as the oil crisis in the late 1970s or the great post-2008 recession). In 2018, populism was higher on average than in 1960, but lower than the peak observed in the late 1970s, with notable differences in Europe (EU28), where it is now at an all-time high. It is important to emphasize that the rise of populism in Europe cannot be attributed solely to the rise of radical right parties in Eastern European countries: similar trends are observed when focusing on the EU15 countries, as can be seen on [Figure 2](#).



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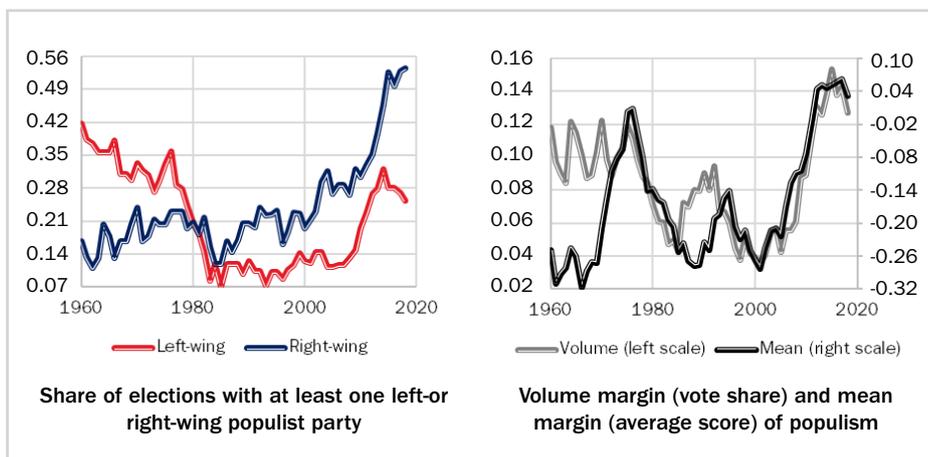
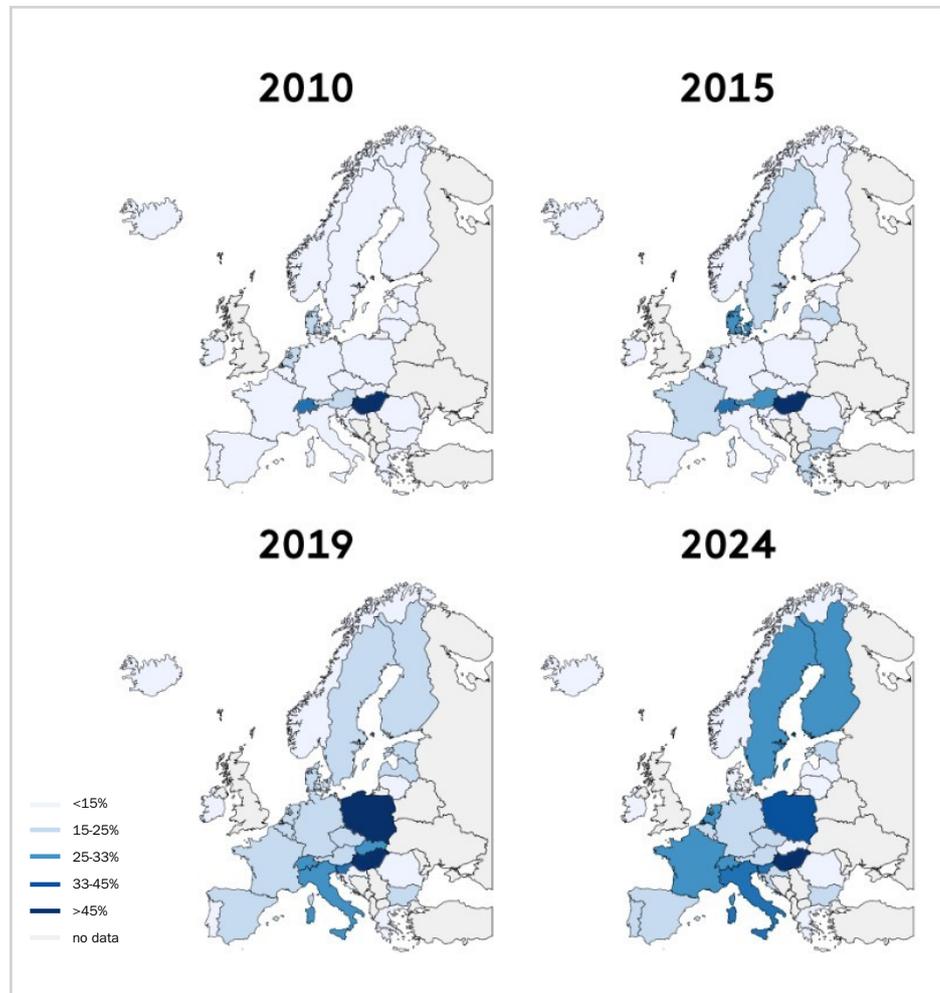


Figure 1: Long-term trends in Populism in the EU (1960-2018)

Source: Docquier et al. (2022)

Figure 2: Recent trends in the volume margin of right wing populism in Europe

Source: <http://www.parties-and-elections.eu/>



Furthermore, while fluctuations in the mean margin up to the 1980s were primarily driven by parties classified as populist, the recent upsurge is also due to the broader spread of populist ideas within traditional parties. Besides, the recent evolution of populism in the rest of the world follows a similar pattern as in Europe, with the important nuance that variations in the volume margin are significantly larger than variations in the mean margin, probably due to parties changing their political discourse and thus entering or leaving the set of parties classified as populist. Finally, Figure 3 shows the share of countries

in the world with populists in power since the beginning of the 20th century. As can be seen in Figure 3, this share has risen from a few points to more than 25%, an all-time high, in the last 30 years.

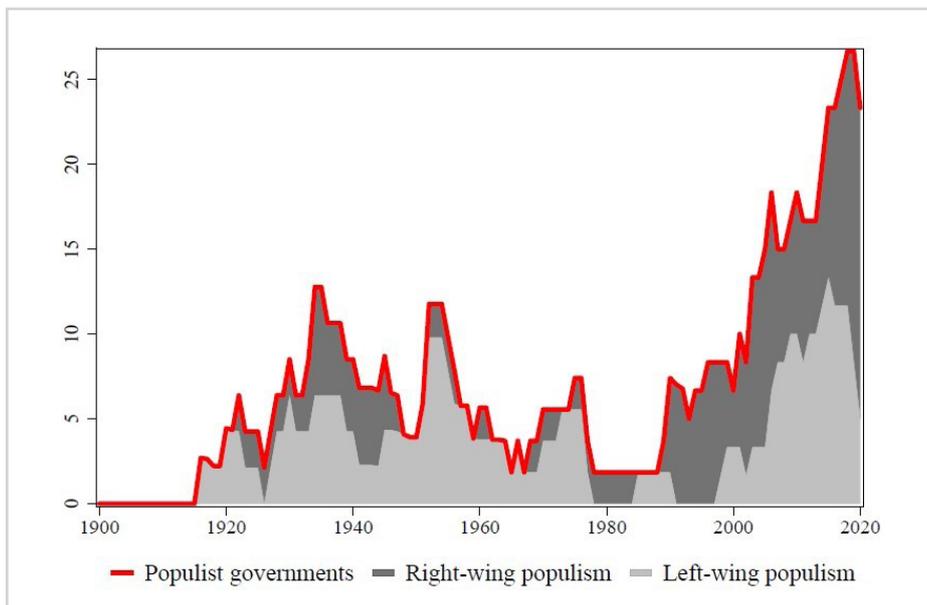


Figure 3: Populists in power in 60 independent countries since 1900 (percentage of countries)

Source: Funke et al. (2023)

Populism and the skill-content of immigration: the PP curve

In the second part of our research, we use our volume and mean margins of populism as dependent variables and investigate how they are impacted by the extent and type of globalization shocks—skill-specific import competition and immigration shocks—experienced by voters. The main result from our empirical analysis is that populism levels are strongly sensitive to the skill structure of globalization shocks. In particular, imports of goods which are intensive in high-skilled labor and highly-skilled immigration have a negative effect on the volume of right-wing populism, while the opposite holds for low-skilled immigration and for imports of low-skilled goods (i.e., intensive in low-skilled labor). The mean margin of populism, on the other hand, is only significantly affected when considering the effect of low-skilled imports. These results are obtained using the standard econometric tools and are robust to instrumenting globalization shocks with

predicted skill-specific migration and trade shocks from a gravity model.

In a final set of regressions, we delve into the question of whether certain circumstances may amplify or mitigate the effects of trade and immigration shocks on populism by estimating the interaction between globalization shocks and other potential drivers of populism. We find that the effect of low-skill globalization shocks on populism are exacerbated during periods of economic crisis, deindustrialization, and Internet expansion (with some nuances), while they are mitigated when the set of trade partners is more diversified.

Low-skilled immigration boosts right-wing populism. High-skilled immigration reduces it

The main takeaway from our empirical analysis is that the impact of immigration on populism depends not only on the size of immigration but also on its skill composition. Specifically, an increase in low-skilled immigration tends to fuel right-wing populism, while an increase in high-skilled immigration has the opposite effect, reducing it. Notably, these effects are almost perfectly symmetric: the level of right-wing populism increases with the square of low-skilled immigration flows and decreases with the square of high-skilled immigration flows. This creates a quadratic relationship between the ratio of low-skilled to high-skilled immigration ($MigL/MigH$) and the volume of right-wing populism (the vote share of right-wing populist parties, RWP). This relationship is illustrated by the PP curve in Figure 4, up to some hypothetical maximum level of populism—assuming that an incompressible fraction of the electorate will never vote for populist parties.

Right-wing populism deteriorates the skill composition of immigration: the MM curve

The relationship between immigration and populism is not unidirectional. Populist governments and parties also influence immigration patterns. Countries with strong populist parties or leaders are likely to implement policies that discourage immigration, either directly, due to the restrictions imposed, or indirectly, due to the “repulsive” effect of anti-immigration policies and attitudes. The fact that anti-immigration attitudes have a negative impact on immigration inflows—independently of restrictive policies—has been emphasized, for example, by Gorinas and Pytlikova (2008) and recently confirmed by Bacher et al. (2024) using econometric techniques that allow for a causal interpretation of

this relationship. Such an impact, however, is likely to be stronger for the type of immigrants for which i) anti-immigration and xenophobic attitudes are strongly repulsive, and ii) are in high international demand—i.e., the highly educated and skilled who benefit from greater migration opportunities and a wider choice set of destinations. In other words, right-wing populism is likely to discourage immigration, but more so for the highly educated and skilled and, therefore, to lead to an adverse selection of immigrants.

This conjecture is actually supported empirically in several country case studies (e.g., for Switzerland, Germany or Italy) as well as in cross-country studies. The Swiss case is particularly telling; it relates to the (in)famous “Minaret” referendum organized in 2009, in which Swiss voters were asked to vote on a possible ban on the construction of minarets in Swiss municipalities. Taking advantage of this event, Slotwinski and Stutzer (2019) showed that municipalities where the vote was strongly and unexpectedly anti-minaret suffered from a diversion of immigration flows for several months following the vote. However, the diversion of flows was not driven by Muslim immigrants but by highly-skilled European immigrants from neighboring countries—i.e., France, Italy, Germany and Austria—who turned their backs on anti-minaret municipalities and went to warmer, more liberal and hospitable locations.

The skill-selective repulsive effect of right-wing populism extends to internal migration as well, as evidenced by Bellodi et al. (2024), who show that after the election of a populist mayor, highly-educated Italians tend to immigrate less to the affected municipalities, and to emigrate more out of them. It is also confirmed and generalized in a recent cross-country study by Docquier and Vasilakis (2024), who show that an

increase in the volume of right-wing populism leads to a decrease in the inflow of college-educated migrants, and that this relationship is almost twice as strong as the effect on the inflow of low-skilled migrants. To a lesser extent, they also find that right-wing populism leads to an increase in high-skilled emigration, while leaving low-skill emigration unaffected.

Right-wing populism increases the ratio of low-skilled to high-skilled immigration

Focusing on immigration responses, Docquier and Vasilakis (2024) estimate that a 10 percentage point increase in the vote share of right-wing populist parties reduces the inflow of highly-skilled immigrants by as much as 27%, and reduces low-skill immigration by only 17%. In other words, a 10 percentage point increase in the volume of right-wing populism leads to a 10 percent increase in the ratio of low-skill to high-skill immigration. The evidence from the empirical analysis converges to support an exponential effect of right-wing populism on the skill-composition of immigration. The MM curve in [Figure 4](#) (in blue) is an inverse representation of this relationship.¹ Thus, as the level of right-wing populism—the RWP vote share—increases, immigration is deterred selectively more for the highly educated and skilled— that is, Mig_L/Mig_H increases.

The Vicious Circle of Xenophobia

The bidirectional dynamic relationship between right-wing populism and the skill composition of immigration is conducive to a self-reinforcing cycle: as highly skilled immigrants avoid populist-leaning countries, the average skill level of immigrants declines in those countries, further reinforcing the populist narrative that immigration is detrimental to the host country's economy and social fabric. We term this “the vicious circle of xenophobia”, in which the populist backlash against immigration reduces the quality of incoming migrants, exacerbating cultural polarization and further entrenching populist sentiment. The vicious circle can be modeled as the inferior equilibrium in a model with multiple equilibria such as that represented on [Figure 4](#), where the PP curve and the MM curve intersect three times: first at point G, the “good equilibrium” characterized by low levels of populism and a high proportion of highly-skilled workers among immigrants; second at point S, the separator; and then at point B, the inferior equilibrium since it is characterized by high levels of populism and a low proportion of highly-skilled immigrants. Note that the separator (or tipping point) S is not an equilibrium as any departure from it to the left (or right) would bring us to converge to G (or B). Note also that the term “inferior equilibrium” to characterize point B is not (just) a judgment of value but also derives from the fact that populism generates economic losses through various channels—not just the deterioration in the quality of immigration. Indeed, the cost of having a populist government or leader in power has been shown to cause a

¹ Analytically, the empirical study predicts that the log ratio of low-skilled to high-skilled immigration flows is a linear function of the vote share of right-wing populist parties with a slope of unity, $\log(Mig_L/Mig_H) = \text{Constant} + \text{RWP}$. The inverse relationship is thus given by $\text{RWP} = \log(Mig_L/Mig_H) - \text{Constant}$, and is labeled as the MM curve in [Figure 4](#).

loss of economic efficiency and to lower macroeconomic performance—e.g., Funke et al. (2023) estimate this loss at 10 percent of GDP over 15 years.

Cyclical and structural factors heighten the risk of explosive populist dynamics

Finally, let us integrate the fact that the relationship between the skill-content of immigration and populism is not immune to the influence of economic, demographic and political shocks. Starting from the good equilibrium (G), temporary shocks—such as corruption scandals, economic crises, or terrorist attacks can increase populism for a given immigration skill ratio. Similarly, cyclical events such as refugee crises or large waves of irregular immigration

can increase the ratio of low-skill to high-skill immigrants for a given level of populism. If these shocks are substantial, they can push the economy into the “basin of attraction” of the inferior equilibrium (B), potentially triggering an explosive rise in populism.

In addition to cyclical shocks, structural trends also play a role. Factors such as the expansion of the Internet or the declining economic prospects of the middle class shift the PP curve upward, while demographic growth in low-income countries tends to shift the MM curve to the right. These trends undermine both equilibria and reduce the distance between the good equilibrium (G) and the tipping point (S), increasing the risk of sparking explosive dynamics of populism in response to cyclical shocks. This simple theoretical model, supported by empirical evidence, provides a useful framework to understand at least partly the global rise of right-wing populism in spite of its negative consequences for democracy and economic growth.

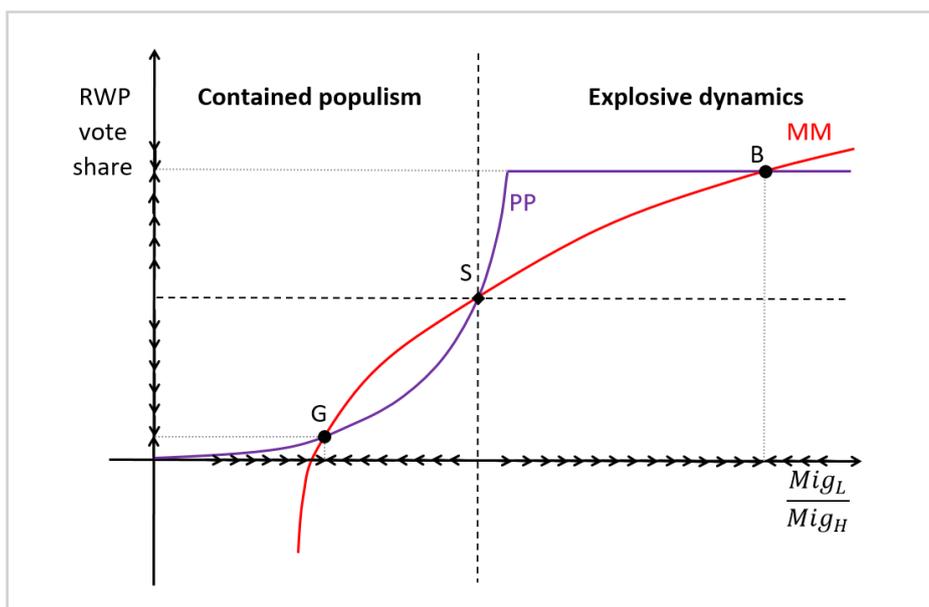


Figure 4: Contained populism equilibrium and explosive populism dynamics

Concluding remarks

In this note we characterized the fatal dynamic relationship between immigration and right-wing populism, which we termed “the vicious circle of xenophobia.” It consists of two self-reinforcing relationships where right-wing populism, on the one hand, fuels fears of immigration and discourages the highly-skilled immigrants needed for economic and social progress, and on the other hand benefits from the adverse selection of immigrants that strengthen its

anti-immigrant narrative. The vicious circle of xenophobia poses a significant challenge to liberal democracies, politically and economically. Breaking this circle will require a thoughtful mix of policies that enhance the economic and social benefits of immigration while addressing the root causes of populist sentiment. This is a certainly a complex task, far beyond the scope of this note. However, we believe that the vicious circle of xenophobia is a useful metaphor in that it helps frame the debate and delineates the policy space.

Acknowledgement

This paper is part of the INTER project on “Globalization, Inequality and Populism across Europe” supported by a grant from the Luxembourg FNR (EUFIRST, n.13956644) and by the Belgian FNRS.

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