

Forced Assimilation: An Analysis of the Economic Implications of 2004 Headscarf Ban in France

Pioneer Immigration Economics

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A global shift towards secularism has been prominent in modern history. In 2005, an International Declaration by 250 academics from 30 countries established that secularism can be defined as an outcome of three criteria: collective implementation of the liberty of conscience, separation of religion and state (or religion and politics), and non-discrimination in relation to religion. The French government adopted this policy of secularism or 'Laïcité' in the year 1905. Its motivation in doing so was to ensure it did not favor a particular religion in order to facilitate a peaceful co-existence of all religions in France. However, the true practice of secularism in the country has been influenced by its social and political contexts. Each leader may adopt their own interpretation of laïcité based on their political motives, and consequently the applications of secularism would differ with political changes. The evolution of secularism and its interaction with France's political climate has deeply impacted the lives of the immigrant community in France, particularly Muslim immigrants.

France is a land with a large immigrant population. Although immigrants play a significant role in French society and economy, there is a struggle to define their place in French society. In France, a person is either a national or a foreigner, also known as an 'étranger'. An immigrant is classified as someone who was born abroad and now lives in France. There is no classification for an immigrant who may have been born in

another country, but is legally a French citizen. An immigrant will still be a foreigner if they obtain the French nationality. It is the region of birth and not nationality that defines and classifies an immigrant. In contrast, in the United States of America, it is the nationality and not region of birth that officially classifies immigrants. The lack of classification of an immigrant after obtaining French citizenship could lead to the first-generation immigrant population feeling like an outsider indefinitely. The isolation may be aggravated by the widespread perception that those classified as an 'étranger' are a threat to national identity.

The perception that immigrants distort the social fabric of France and laïcité led to growing native concerns regarding the use of religious symbols. Such religious symbols were the Burqa and Hijab, garments used by female Muslim immigrants. Consequently, policies regarding immigrants may have been shaped by native views as politicians sought votes and political favour. In 2004, a bill called the "Application of the Principle of Secularity" was passed which banned "ostentatious" religious symbols in public schools and revoked the right of Muslim girls to wear the hijab. This ban sparked heated debate on a national and global scale regarding islamophobia and human rights violations.

While such discourse regarding human rights and psychological implications of the bill are important, the economic implications for French immigrants and France cannot be disregarded. Research and discussion on the implications through an economic lens have been scarce. However, an analysis of the economic outcomes may help inform perceptions regarding the ban by providing a more holistic view. Can understanding

this politicized policy from an economic perspective influence such future immigration policies?

This paper will explore the economic outcomes of the 2004 bill through various channels. Firstly, its impact on the education of Muslim women will be investigated. Secondly, the bill's implications for immigration and thus native and immigrant surplus will be analysed. Thirdly, the effect on support for redistribution and inequality would be discussed. Lastly, its effect on the welfare of French natives and immigrants would be evaluated.

Historic and Economic Background

At the end of the 18th century, the advent of modern France began during the French Revolution. When the Ancien Régime was overthrown in August 1789, it facilitated the end of religious privilege and introduced secularism (Britannica, 1998). In the 19th Century, laws that promoted laïcité began to separate the state from the Catholic church and created republican foundations. For instance, the Jules Ferry Laws (1881-1882) established free, secular, and compulsory education (Bergen, 1986). The final push for secularism was the 1905 law on the severance of the church and state (la loi sur la separation de l'Église et de l'État) which prevented the government from supporting or affiliating with all religions (Ministère De L'Europe Et Des Affaires Étrangères). The term laïcité was then introduced in the constitution of 1946. Initially, it solely referred to the separation of public institutions from the Catholic Church. Today, it has expanded to include more religions.

The secular nature of France led to an emphasis on assimilation, particularly in the context of religion. Assimilation is the complete adoption of the majority group's culture and the abandonment of the minority culture (Hirsch, 1943). Secularist policies may promote forced assimilation as they restrict complete freedom to practise the predominant religion of the minority culture. Moreover, it is possible that they do not allow for integration or identification with both cultures. Secularism may also lead to segregation, which is the complete rejection of the host culture, resulting in migration to ethnic enclaves (J.M Thomas, 2001). In the 21st century, secularism is a fundamental component of the French state. Article 1 of the modern constitution states that France is a secular republic (ConstituteProject,2021). However, the secular nature of France is continually shaped by immigration.

France has a rich history of immigration. In the 19th Century, France joined the Industrial Revolution (Mayne, 2020). The consequent economic growth encouraged 4.3 million foreigners to settle in France (Flower John E., 2021). During the first and second world wars, France lacked workers due to casualties. Consequently, immigrants from French colonies settled in France. 3 million or 6 percent of the population immigrated to France during this period. Assimilation took place rapidly as most of these immigrants were from Switzerland, Spain, Belgium, and Italy. In the 1970s, France faced an economic crisis due to the International Oil Crisis and allowed immigrants from the Muslim World to immigrate to France and obtain citizenship (Brookings, 2001). They also temporarily reduced their focus on assimilation and welcomed integration. Today, there are 4-5 million immigrants in France (United Nations, 2019). According to a report by the Institut National d'Études Démographiques, before the 1950s most of the immigrants originated from European

countries with Catholicism as their primary religion. Since then, most immigrants currently are from countries where the predominant religion is Islam. The report explains that “three-fourths of immigrants and immigrants’ descendants aged 18 to 50 residing in metropolitan France state they have a religion, while 45% of all individuals meeting those age and residence criteria say they are agnostic or atheist” (INED, 2016). The complex interaction between laïcité and religious demographics has had several political repercussions.

Immigration is extremely politicized in France. This is partly due to the focus on immigration instigated by the French political system. In other countries there is a multi-polar party system that allows for complex views. However, France has a “winner-takes-all” political system which leads to the left- and right-wing parties trying to exaggerate their differences on several issues, including immigration (Blais, 2009). Immigration became a prominent topic in politics as each administration tried to erase the decisions of the previous one. Changes in legislation regarding immigration occurred in 1980, 1984, 1987, 1989, 1993, 1997, and 1998 (Brookings, 2001). The political discourse discussed terrorism, national identity, and integration. In the 1990s, Jean-Marie Le Pen’s right National Front Party was pushing to remove Muslim immigrants in France. Politicians from both left and right parties responded by advocating for “immigration zero”. In 1933, the “Pasqua Law” by Charles Pasqua aimed to restrict immigration flow (Vickstrom, 2019). It did so by limiting immigrant graduates from accepting native job offers and refusing residency permits to those who were illegally in France before marriage. Immigration policies began being highly influenced by the political tensions in France.

Today, in relation to Islam, politicians may tend to make policies based solely on laïcité while ignoring the social and economic implications for Muslims. The intersection between views on immigration and politics has continued to manifest through different policies. One such policy was the 2004 Headscarf Ban in France. The ban was referred to as “L’affaire du voile Islamique” or “The affair of the Islamic veil” (Guardian, 2018). Tensions regarding Islamic religious symbols rose on 18th September 1989 when 3 female students suspended for not removing veil in Gabriel Havez Middle School (Abgelgadir and Fouka, 2020). In November 1989, Conseil d’état proclaimed that the Islamic veil was not in accordance with laïcité in schools. The next month, Lionel Jospin (minister of education) stated that educators may decide whether to accept or reject the hijab in their classroom based on their own discretion (Moruzzi, 1994). In September 1994, there was a François Bayrou Memo that explained the difference between “discreet” symbols of religion and “ostentatious” symbols such as the hijab (Maurin and Navarrete, 2019). The same month, the French Ministry asked the leadership of public schools to ban Islamic veils. There were several protests across schools and between 1994 and 2003; 100 female students were suspended for wearing the scarf in class.

The Precise Policy

In 2003, an investigative commission was appointed by President Jacques Chirac, led by Bernard Stasi, to determine how secularism could be strengthened and practised. The Report by the commission suggested that “ostentatious” religious symbols should be banned in schools (Application of the Principle of Secularity). These symbols included large crucifixes, the Muslim veil, and the kippah. The Report had 2 objectives.

Firstly, it aimed to promote secularism. Secondly, it wanted to ensure that Muslim girls were not coerced to wear the headscarf by their families and religious bodies. Chirac agreed to implement this suggestion and thus on March 3, 2004, the French senate gave their approval to implement the law. The policy itself did not prohibit the wearing of religious symbols in public places, universities, or private schools. It specifically applied to only French public schools. More specifically, the law was “concerning, as an application of the principle of the separation of church and state, the wearing of symbols or garb which show religious affiliation in public primary and secondary schools” (République Française). Although the bill did not explicitly target any religion, it has primarily impacted Muslims and the wearing of headscarves. This is because Christians do not wear crosses often and Sikhs wear a simple under-turban. Jewish people can also enrol their children in specific private Jewish schools. The law was said to concern two clothing items: the headscarf and the veil. However, the bill does not explicitly mention these and simply says “ostentatious symbols”. The vagueness of the law resulted in it being open to interpretation in schools. Consequently, sizeable crosses and hijabs were prohibited but diminutive symbols like pendants or the stars of David were not. The appropriateness of each religious symbol was left to the discretion of the headmasters.

While the bill was made intending to uphold the foundations of secularism, it received strong criticism. Critics argued that the ban violated human rights by preventing facilitation of freedom of religious worship (Human Rights Watch, 2004). It was also claimed that the bill was a form of discrimination as it was predominantly targeted towards Muslims and therefore may have reflected anti-Islamic sentiments. These sentiments and the republican insistence on forced assimilation were argued to be

rooted in the belief that Muslims are inherently different and considered as the “other”. The bill was also criticised for disproportionately affecting Muslim women and hindering their education (Lyon and Spini, 2004).

Additionally, there were immediate implications for education. The bill may have negatively impacted the education of Muslim girls that did not follow it, and thus influenced their participation in the workforce (Abdelgadir and Fouka, 2019). As a result, there could have been less economic integration in the French workforce. Further, the bill could have socially isolated students who did not adhere to and follow the ban. However, it may have increased identification with French culture among students who adhered to the ban.

Moreover, it also encouraged similar policies that forced assimilation. The French Immigration Minister Eric Besson said that he wanted “the wearing of the full veil to be systematically considered as proof of insufficient integration into French society, creating an obstacle to gaining French nationality” (Seattle Times, 2009). Following this, a new law went into effect in April 2011 which banned the burqa and other full-face veils in all public places (BBC, 2018). These places included streets, private businesses, entertainment areas, and public transportation. However, they excluded places of worship. Political debate regarding the separation of Islam from the state quickly intensified. In 2021, France implemented an “Anti-Separatism” bill that aimed to fight radical Islam (New York Times, 2021). Support for this bill increased after several terrorist attacks. It was proposed to strengthen secularism and focused on reducing home-schooling, religious funding, and online hate speech.

Literature Review

Social scientists have long questioned the formation and implications of prejudice and discrimination; why are particular groups marginalized and oppressed? Psychologists and philosophers have attempted to answer this question through a socio-cultural perspective, explaining attitudes, perceptions and cognition relating to a group perceived as the “other”. The idea of the other was first introduced by the philosopher and political activist Simone de Beauvoir (1949). By introducing separation in the concept of the other, the notion of the “self” was created. Since then, “othering” has been a focal area in political, social, and economic inquiry. Othering has been defined by the cultural geographer Crang (1998) as a “a process through which identities are set up in an unequal relationship.”

Psychologist Henry Tajfel explained the act of othering and its consequences by devising the social identity theory (Tajfel et al, 1971). He proposed that the theory could explain inter-group conflict and the psychological mechanisms behind the act of discrimination. According to the theory, an individual is not simply their “personal self” but rather several social selves that translate to group membership. It explains that there exist two types of identities: the “social identity” and the “personal identity”. There is an assumption that individuals are consistently motivated to improve their self-esteem through their social identities. The first mechanism is categorization through which people categorize themselves into groups based on similar characteristics, giving rise to an in-group and out-group. Next, there is social identification through which an individual adopts the identity of the groups to which he or she identifies. There is then social comparison of groups during which the value of the in-group is evaluated in

comparison to that of the outgroup. Ultimately, this leads to in-group favouritism and out-group discrimination to establish positive personal identity. Consequently, minority groups may be discriminated against based on their race, nationality, or religion in several countries, including France. Such discrimination and othering impact the lives of several minority groups in France, particularly immigrants. Professor Marie-Anne Valfort at the Paris School of Economics found that religious Muslims are discriminated against in the French workforce. Religious Muslims apply for twice as many jobs as Christians to receive a call-back (Marie-Anne Valfort, 2020).

Native attitudes towards immigrants are often shaped by views on the implications of immigration on culture, wages, and crime rates. A study conducted by the Institute for the Study of Labor (IZA) on 12 Organisation for Economic Co-operation and Development (OCED) countries found that natives from countries with predominate refugee migrants may negatively perceive immigration due to social issues like crime rather than wage rates or employment, whereas natives in regions that have economic migrants could disfavouably view immigration due to economic concerns like job loss. However, it is important to consider that natives were found to view immigration positively if immigrants were selected based on the needs of labour markets. Therefore, attitudes towards immigration and the reasons for those attitudes are complex and vary, but immigration can be largely threatening to natives in most countries. In France, for example, natives are considerably concerned about immigration.

The non-profits More in Common and Purpose Europe commissioned a report to investigate attitudes towards immigrants and refugees in France (Beddiar et al, 2017). The report found that the French believe that levels of immigration have dramatically

increased in the past 5 years, even though the allotment of distribution permits has been largely stable. Further, 56% of the population felt that immigration has a negative impact on the country. In particular, 38% of respondents believed that following Islam is not compatible with identifying and being loyal to France and its ideologies. Similarly, it has been discovered that Muslim immigrants are favoured less than other religious groups (Bansak et al, 2016), are seen as threatening to the values of the West (Sniderman et al, 2004), and are perceived as having difficulty to assimilating (Bisin et al, 2008). Such views have shaped policies on immigration and particularly immigrants and their religious beliefs. One such policy is the 2004 Bill on religious symbols like the headscarf. The law suggests that that “one cannot be [both] a pious Muslim and a good French citizen, or even that Muslims are not welcome in France” (Human Rights Watch).

While this bill was intended to combat Islam’s perceived oppression of women, it had several adverse socioeconomic repercussions. The attempt at forced assimilation negatively impacted the mental health of Muslim women (Syed, 2020). Moreover, it was criticised for not only violating human rights, but also forcing women, who did not adhere to the law, to stay at home and isolate themselves from social and economic activity. These impacts may have severely hindered the productivity of Muslim women and girls. Political Science researchers, Aala Abdelgadir and Vasiliki Fouka, from Stanford University attempted to empirically quantify the effects of the 2004 French headscarf ban (Abdelgadir and Fouka, 2019). They found that it temporarily reduced educational attainment of Muslim girls and, consequently, their economic integration and participation in the workforce. However, it can be argued that the ban may have had some positive consequences in terms of assimilation. While discrimination may

lead to more identification with the minority group to mediate emotional stress (Turner and Tajfel, 1986), it may also lead to greater identification with and assimilation to the majority group and culture (Schildkraut 2005). This increased assimilation of the Muslim community following the headscarf ban could have led to larger native support for immigration, resulting in liberal immigration policies and increased immigration to France.

Immigration has significant economic implications. A prominent debate among economists is the impact of immigration on native wages. It has been suggested that immigration lowers the wages of native workers (Borjas, 2003). However, in the United States, it was found that the impact of an influx of immigrants had a negligible effect on native wages (Card, 2009) and largely does not influence the wages of native workers (Borjas and Katz ,2012). The interaction between immigration and native outcomes also depends on the skills of the workforce. Increased immigration would reduce the wages of “competing” native workers who are workers that possess the same skills as the immigrants. On the other hand, it would increase the wages of “complementary” workers or workers who have skills that complement those of incoming immigrants (Edo, 2018).

Research on France, in particular, has found that immigration largely does not influence native wages because of rigid market structures such as minimum wage (Edo, 2015). There may be a perception that immigrants lower native wages because they are willing to work for much lower wage rates. However, due to the strict labour laws in France, this does not occur, and wages could be mostly unaffected. Even so, French native workers who are on short-term contracts, which are not subject to wage rigidity, do find

their wages reduced due to immigrants. On a macroeconomic scale, immigration is beneficial for France. Immigrants, especially immigrants who arrive in families, increase France's GDP per capita (Albis, 2016). Families who arrive from developing countries also reduce the unemployment rate. An analysis of a cointegration relationship between immigration, wages, GDP, and unemployment found that there is no increase in unemployment due to immigration in the long run (Fromentin, 2013). While these direct economic outcomes of the 2004 bill are significant, it is important to note that immigration also has cultural implications that in turn further affect the economy.

Due to a negative perception regarding immigrants, mass immigration may adversely affect feelings of national solidarity (Collier, 2013). On the other hand, it has also been claimed that immigration does not adversely impact national solidarity and could potentially result in a more robust and prosperous social fabric (Nowrasteh and Powell, 2020). The interaction between national solidarity and the welfare state is notable for its economic and social outcomes. Professor Alberto Alesina, from Harvard University, found that simply by thinking of immigration, respondents displayed lesser support for redistribution (Alesina et al, 2018). He also discovered that France, Germany, and Italy were the least supportive of immigration and redistribution. Support for redistribution does influence redistributive economic policies and consequently inequality. A report by the International Monetary Fund found that inequality is linked with poor economic growth and thus redistribution policies promote the growth of the economy (Ostry et al, 2014). However, inequality has also been found to facilitate growth in rich countries (Barro, 2000). Consequently, the 2004 ban on headscarves may have had important

consequences for natural solidarity and support for redistribution, impacting the growth of the French economy.

Economic Analysis

Effect of Headscarf Ban on Education Outcomes

Probability of having a Baccalauréat or higher degree by birth cohort for French-born women

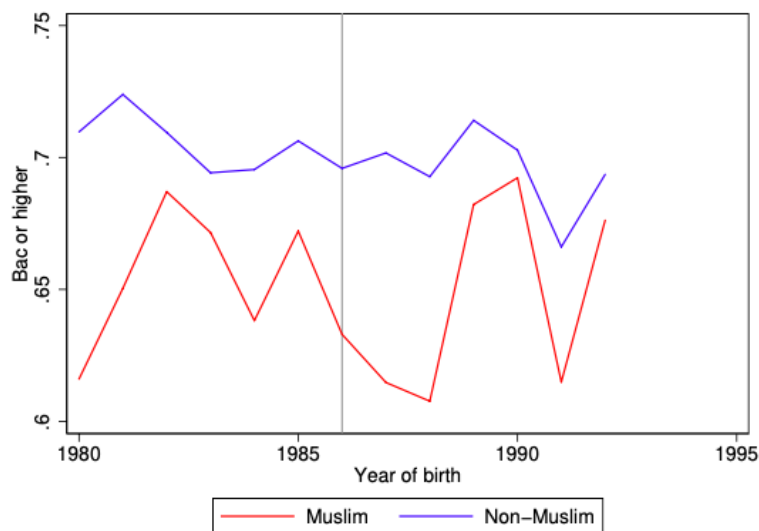


Figure 1: Source – “Political Secularism and Muslim Integration in the West: Assessing the Effects of the French Headscarf Ban” Abdelgadir and Fouka 2019

The graph above depicts the proportion of Muslim and Non-Muslim women that obtained a bac¹ in France between the years 1980-1995. The vertical line is 1986, the year of the first birth group affected by the headscarf ban. The results show an initial drop in attainment of a

¹ French national examination written at the end of high school

vocational or bac degree for the birth batch impacted by the headscarf ban. Women in vocational training may have had part-time jobs, making it easier to drop out of their educational program. The adverse effect on education would have resulted in reduced economic integration of Muslim women to the French workforce. This would have led to inequal outcomes for the Muslim women who did not adhere to the ban. However, as displayed in Figure 1, while there was a short-term impact, the effects on long-term educational attainment were not as significant. The overall trends of the acquirement of the baccalaureate for Muslim women were similar to those of non-Muslim women, portraying the lack of notable long-term implications of the headscarf ban.

High school graduation rates for women reaching puberty around the 2004 law issue

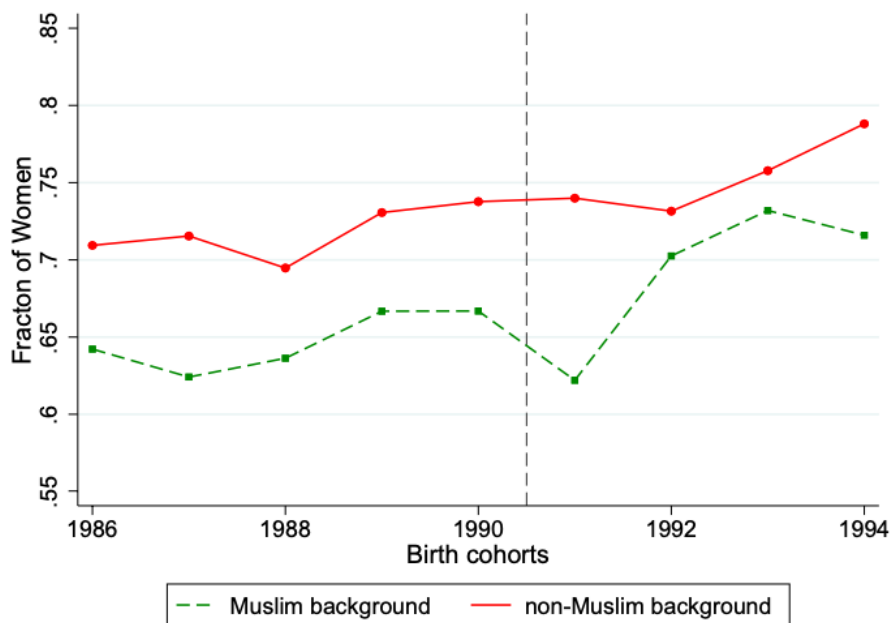


Figure 2: Source – “Behind the Veil: The Effect of Banning the Islamic Veil in Schools” Maurin and Navarrete 2019

The given graph shows the fraction of women graduating high school between the years of 1986-1994. The dotted vertical line represents the birth cohort that reached puberty during the 2004 headscarf ban in France.

An important distinction to make regarding the 2004 ban is that a circular regarding the veil in schools was already passed in 1994 by the Ministry of Education. Consequently, the 2004 ban would have only impacted those schools where the circular was not sufficient to prevent the wearing of veils. Thus, the law would not have had a largely notable effect. Although the proportion of Muslim women graduating high school temporarily drops for the birth cohort reaching puberty in the year 2004, the overall increase in the fraction of women graduating high school for both the Muslim and Non-Muslim women between the cohorts of 1986 and 1990 are greatly similar. This, again, portrays that the law did not have a notable effect on the attainment of high school education for Muslim women.

While the 2004 ban would have had a negative effect on students who did not adhere to it or were pro-veil, it may have benefitted Muslim students who did not want to or were forced to wear the veil. Furthermore, according to the 'Ministère de l'éducation nationale de l'enseignement supérieur et de la recherche', in 2004 630 students wore the veil and around 7% could not complete their education. 80% of students removed their veil and 11% chose to partake in distance education. Therefore, the ban did hinder the education of Muslim students, but only marginally. However, it is important to note that this data does not account for the psychological implications of the ban on Muslim students and the consequent effects on education.

Consequences of the Ban for Immigration and Wages

The 2004 Headscarf Ban promoted or forced the assimilation of Muslim immigrants. French natives may be open to immigrants and immigration if they believe that immigrants assimilate into French society. As a democracy, laws on immigration in France are directly or indirectly shaped by native perceptions of immigrants. Therefore, the headscarf ban could have positively influenced native views on immigration due to greater assimilation of Muslim women, encouraging more liberal immigration policy. Such liberal immigration policy would have led to an influx of immigrations which would have had consequences for labour market wages and surplus.

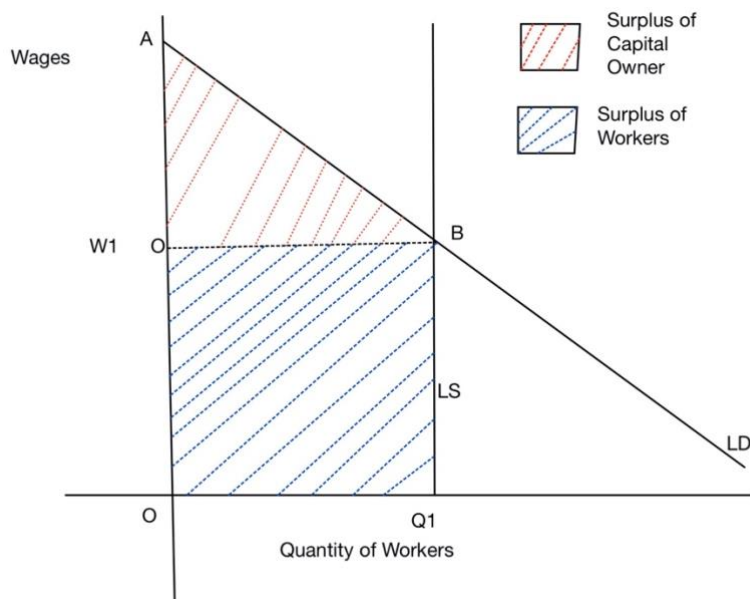


Figure 3: Labour Market in France

As depicted in Figure 3, the supply and demand curves for France's labour market has been shown. The supply curve, LS, is vertical as the assumption is that French workers in the economy are largely willing to work at any wage. The wage rate is W1, and the quantity of

workers is Q_1 . The surplus of the capital owners is shown by the area AW_1B . The surplus of the French workers is depicted by the area W_1BQ_1O . The total or social surplus is AOQ_1B .

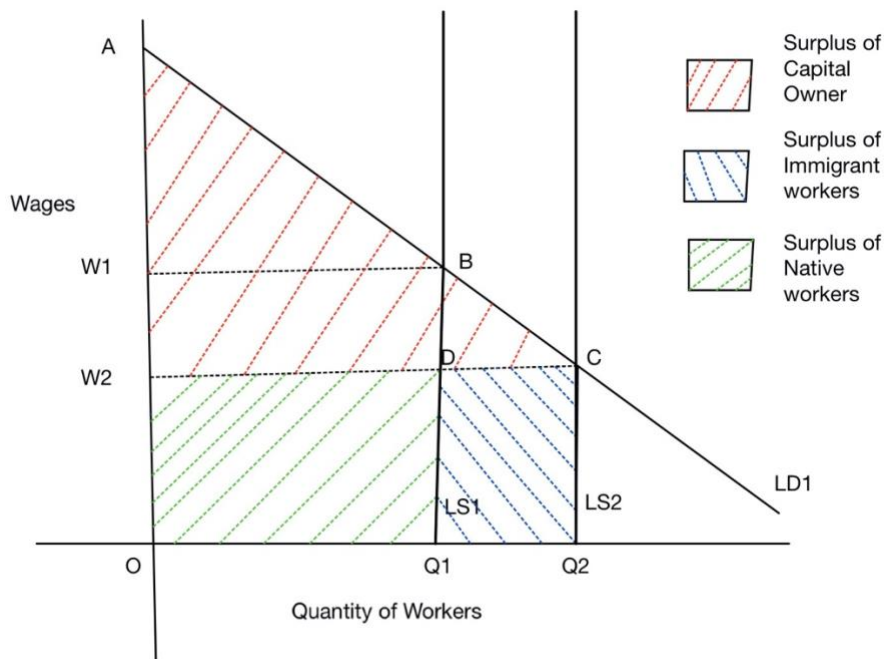


Figure 4: Labour Market in France with Immigration

Following the ban and its forced assimilation, native support for liberal immigration policies would have increased the inflow of immigrants to France, increasing the supply of workers in the labour market. In Figure 4, the supply curve LS_1 has shifted to the right as LS_2 due to the influx of immigrant workers. The given figure assumes that the demand for labour does not change. The quantity of workers increases from Q_1 to Q_2 . As there is a greater supply of workers, firms have more power to reduce wages and the wage reduces from W_1 to W_2 .

The new surplus of capital owners is AW_2C while the surplus of native workers is W_2DQ_1O and that of immigrant workers is DCQ_1Q_2 . Capital owners have gained the surplus W_1BCW_2 . On the other hand, native workers have lost the surplus represented by the area W_1BDW_2 . The labour market as a whole has gained the additional surplus shown by the area BCQ_2Q_1 .

However, it is important to note that, in practise, France has extremely strict labour laws and it could be unlikely that the wage rate reduced. According to Expatica France, in 2019, over 10% of workers in France were earning minimum wage, a significantly higher figure than most other countries. In the case that wages are inflexible, there would be unemployment for both natives and migrants. In order to prevent increasing costs, firms would hire Q_1 workers even though Q_2 supply would be available. Consequently, the social surplus would remain ABQ_1O . On the other hand, this unemployment is likely to be short-term. Not all immigrants would work in sectors with minimum wage. Furthermore, the value of minimum wage in the long-term would decrease with increase in inflation. Lastly, employers may find other means to reduce their costs. As a result, it is possible that there may be short-term but not long-term unemployment due to immigration following the headscarf ban.

The consequences of the 2004 ban and its impact on increased immigration can be evaluated on the basis of certain criteria. While the economic outcome is not a pareto improvement as to increase total surplus native workers were at a disadvantage, it is Kaldor-Hicks efficient as the total surplus or gain has been maximized.

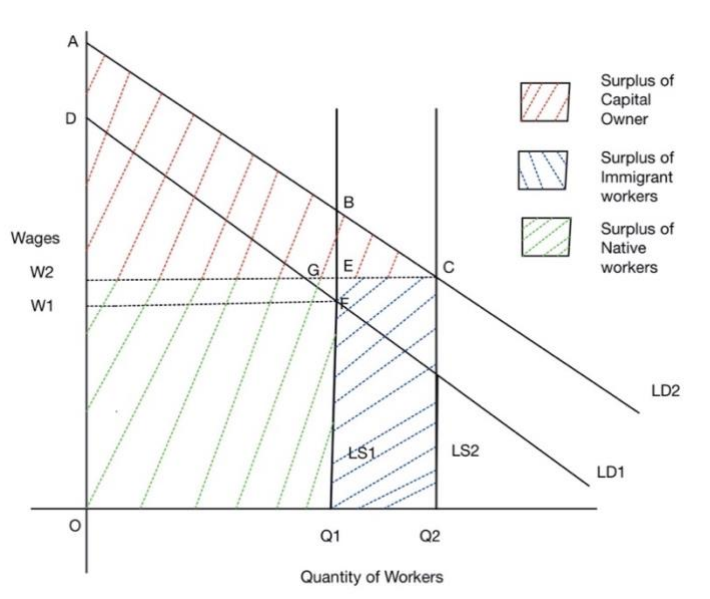


Figure 5: Labour Market in France with Immigration and shift of demand curve

While the 2004 bill may have resulted in an increased supply of workers to the labour market, it would have also increased the demand for labour. The increase in labour demand is because the influx of immigrants would have increased aggregate demand for goods and services in the economy. To produce the goods and services to satisfy such demand, French firms would have desired a greater number of workers, shifting the demand curve for labour, LD1, to the right at LD2. Thus, the increase in supply and demand for workers would have increased the wage rate from W1 to W2 and the quantity of workers from Q1 to Q2. The new surplus of capital owners is AW2C while that of native workers is OW2EQ1 and immigrant workers is ECQ2Q1. Capital owners gain the additional surplus ADGC, and native workers obtain the surplus W2EFW1. Immigrant workers receive ECQ2Q1 as their surplus. The French labour market has gained a surplus of ACQ2Q1FD.

Evaluation based on both Pareto Optimality as well as Kaldor Hicks Efficiency portrays that the 2004 headscarf ban may have had positive economic outcomes for the French labour market. There is a parteo improvement as surplus is increased without rendering any group worse off. Moreover, in the economic analysis, the bill leads to Kaldor Hicks Efficiency as the overall surplus is maximised.

Consequences of Ban for Immigration and Gross Domestic Product

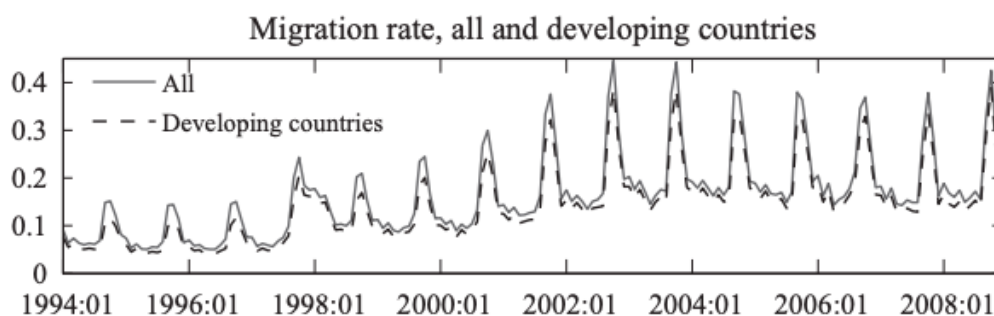


Figure 6: Source – “Immigration policy and Macroeconomic performance in France” Albis et al 2016

As discussed, the headscarf ban aimed to promote assimilation and may have increased support for and feasibility of more liberal immigration policy in France. To understand the economic outcomes for GDP caused by an influx of immigrants, economic growth in the years 1994 to 2008 can be analysed. Figure 6 depicts the migration rate of immigrants to France from all countries as well as developing countries. The migration rate range is from 0-4%. As shown in figure 5, during this period, there was a significant mass immigration of refugees, students, and families.

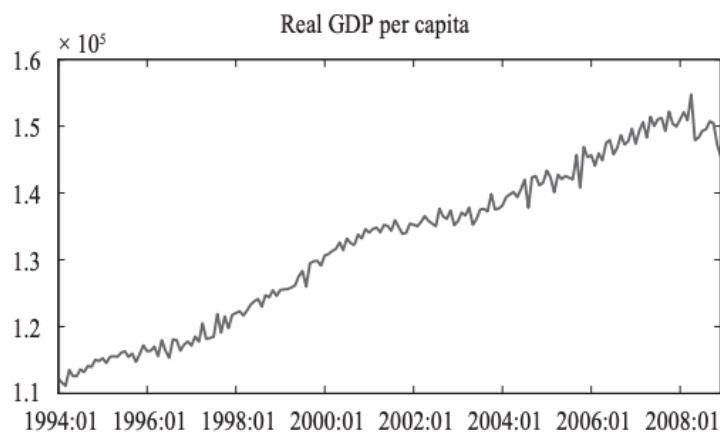


Figure 7: Source – National Institute of Economics and International Studies

Figure 6 depicts the increase in Real GDP per capita in France across the years 1994 to 2008. The Gross Domestic Product notably increases during this time of significant immigration, portraying that immigration may have had a positive effect on the GDP per capita of France. Therefore, when the 2004 bill resulted in greater support and implementation of liberal immigration policies, it may have stimulated the growth of the French economy.

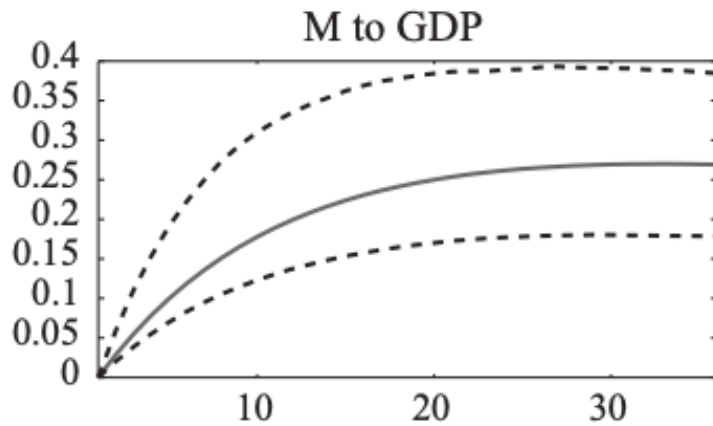


Figure 8: Source – “Immigration policy and Macroeconomic performance in France” Albis et al 2016

To understand the relationship between migration and the GDP of France, researchers have evaluated the logarithm of GDP per capita and the logarithm of immigration. The y axis represents the change in GDP while the x axis indicates the number of months. The shocks are scaled to depict one unit of change related to the variable. There is bi-directional causality between GDP per capita and migration. The effect of immigration on GDP per capita in France is positive, as seen in figure 7, are significant for 3 years at the least after the shock. Therefore, the headscarf ban may have had positive economic outcomes for French GDP per capita if it promoted immigration.

Such effects on GDP may have occurred due to several reasons. Firstly, the influx of immigrants to France could have increased demand for goods and services as immigrants contribute to the overall demand in the economy. Secondly, agglomeration would have led to increased productivity of firms. Lastly, firms may have employed more workers by switching to labour-intensive technology due to increased availability to workers. The reduced unemployment may have further increased demand in the French economy.

Consequently, it can be understood that if the 2004 headscarf ban led to greater allowances for immigration in France, it would have resulted in higher wages, increased social surplus, and stimulated GDP per capita.

Implications for Redistribution and Inequality

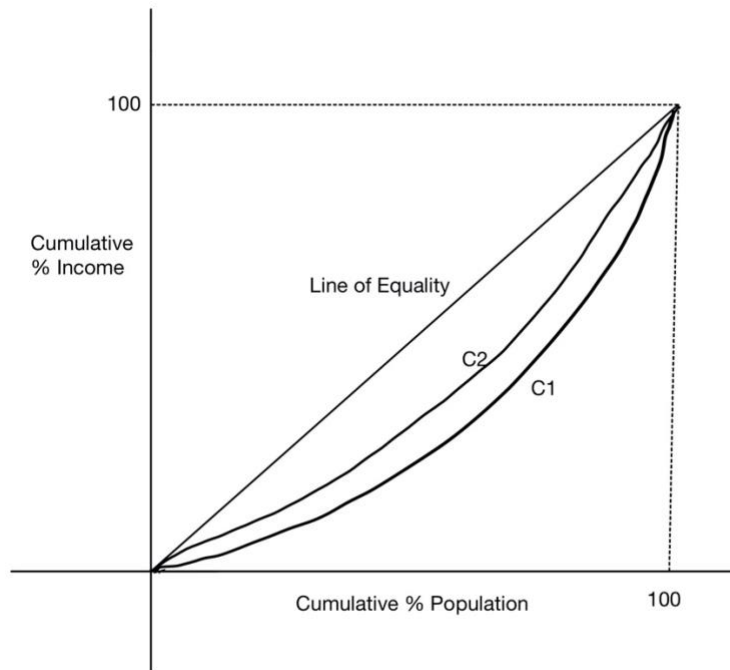


Figure 9: Lorenz Curve for France

Alesina et al. (2021) found that when natives think of immigration, they are less supportive of redistribution policy. This is because immigration may reduce feelings of national solidarity. However, when natives perceive immigrants to be assimilating to the culture of the host country, they may experience stronger national solidarity and thus support more redistributive policies.

Consequently, the 2004 ban on the headscarf and its enforcement of assimilation could have encouraged redistributive policy in France. Such redistribution policies would lead to reduced

inequality and a lower Gini Coefficient. In Figure 8, the initial Lorenz curve is C1. After greater redistribution policies like free education and redistribution of income through taxation, the inequality in France decreases and the curve moves to C2, closer to the line of equality.

Greater equality in France could promote economic growth. As investment in human and physical capital increases, the productivity of French workers and their ability to contribute to the economy by joining the skilled labour force also increases. Therefore, enforcement of redistribution policies due to native support would have led to long-term economic growth in France. On the other hand, it is important to consider that greater redistribution of income may have also led to workers losing incentive to work and thus a decrease in worker productivity. Moreover, attempts to redistribute income may lead to greater taxes or budget deficits, inhibiting economic growth.

Therefore, forced assimilation caused by the 2004 bill may have strengthened national solidarity in France, promoting support for redistribution. Greater redistribution would decrease income inequality and, as a result, have important positive and negative effects on the growth of the French economy.

Effect of Ban on Welfare

$$W_S = U_1 + U_2 + U_3 + U_4 \dots U_{N+1}$$

Figure 10: Standard Welfare Function

While it can be speculated that the implications of the headscarf ban on immigration and social surplus are positive, the consequences for the utility of French natives and immigrants cannot

be ignored. Following the law, the utility, U1, of French natives who felt that the Muslim headscarf did not represent French values and the principle of secularism may have increased. On the other hand, the ban may have validated anti-Islamic sentiments. By imposing a ban on “ostentatious” religious symbols, natives prejudiced against Muslims could have believed that it was within their rights to harass or discriminate against those in the Muslim community, particularly women who did not adhere to the ban. As a result of such sentiments, those who follow the Islamic faith could have felt upset and tried to rebel against forced secularism. The tensions between natives and the Muslim community would have resulted in social conflict and overall decreased welfare.

Secondly, the fact that the law not only targeted the Muslim community but also may have promoted Islamophobia could have had severe psychological implications for the Muslim community in France. Such emotional stress could have led to lowered productivity and involvement in French society, harming the economy. Moreover, Muslims in France may have felt that because they were not free to practice and embrace their religion, their human rights were being violated. The negative psychological implications for their sense of self and identity would lead to their utility, U2, decreasing.

Thirdly, the ban specifically impacted Muslim women in France. The law could have benefited Muslim women forced to wear the hijab by their families, increasing their utility, U3. However, most Muslim women may have felt outraged and oppressed by the ban. For many women, the hijab is a symbol of humility and religious obligation. By communicating to the female Muslim community that they are not truly French by wearing the hijab, the state would have alienated them and reduced their utility, U4. The ban also disproportionately impacted the psychological and economic outcomes for Muslim women, increasing inequality.

Finally, the law had long-term effects on the welfare of the French. It could have created an atmosphere of division. It is possible that instead of assimilating to French culture, the Muslim community segregated themselves into ethnic enclaves. The headscarf ban may have prevented long-run social cohesion between religions. In the years following the ban, the state introduced several similar laws, leading to severe conflict and racism in France.

Conclusion

The paper analyses the “Application of the Principle of Secularity” bill through an economic lens. The implications of the bill for Muslim women sparked great protest and controversy. Critics argued that the bill counteracts the very motivation of laïcité in France – freedom of religious worship. While the ban on headscarves in public schools has frequently been evaluated through a human rights perspective, the economic implications have not been explored in existing literature.

This paper suggests that the ban negatively affected attainment of education for Muslim female students, although this impact was marginal. Secondly, it asserts that the forced assimilation and secularism enforced by the bill could have led to greater support for immigration, leading to overall benefits for the French labour market and immigrants at the expense of native workers. Thirdly, it predicts positive outcomes for Gross Domestic Product. Fourthly, it portrays that the ban could have led to greater support for redistribution and thus reduced inequality, promoting long term economic growth. Lastly, it argues that the ban could have reduced overall welfare in France and negatively impacted the utility of the Muslim community. While the economic analysis provides a new dimension to assess the bill, it is

largely theoretical and cannot offer certainty of the law's economic outcomes. Moreover, a significant portion of the implications outlined assume that the ban increased national solidarity and facilitated assimilation, which may not have been the case.

Moreover, although some economic consequences suggested by the paper are positive, it is important to note that the true implications of the ban are complex and greatly impact the psychological lives of Muslim immigrants in France. The human rights issue of the ban cannot be ignored and must be considered.

Therefore, the paper does not pass judgement on whether the policy was "right" but rather provides a more holistic view. Such economic analysis of politicised policies relating to human rights may better inform public views and shape future policy decisions.

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