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# Transnational Economic Behavior of Muslim Diasporas in the West: The Case of French Muslims

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## Abstract

The number of international migrants is estimated to be almost 272 million globally (IOM, 2020), with nearly two-thirds being labor migrants. A significant proportion of these migrants are Muslims who have left their native countries to live in the West. For the specific case of France, this population ranges between 4.7 to 5.1 million according to recent surveys, i.e. about 8% of the total population of the country. This paper is concerned about the present and future of these communities and aims at answering the specific question of their changing transnational economic behavior in today's world economy. The paper hypothesizes that the international economic decisions of migrants are no longer explained by origin and destination country pairs only but also in relation to other countries with both higher and lower wages. A simple microeconomic framework is proposed to explain how these migrant populations make rational choices about their decision to permanently stay, migrate back to their country of origin or migrate to a third country. The model identifies successive waves of migrants with differentiated economic behavior. In particular, a specific class of migrants is identified for which wage differentials are not the main driver of migration or remigration decisions due to the inelasticity of their labor demand to wages. These migrants rather seek to create and manage their own companies and invest in a better comfort of living in countries other than France. Descriptive statistics demonstrate the potential for such framework to explain simultaneously the observed increasing migrations of French Muslims to high-income countries driven by wage differentials, a rapidly expanding migration to Turkey and Malaysia, and a resurgence of migration to former colonies which had previously experienced a consistent reduction in migration flows since the 1980s. The paper also estimates the economic impact of remigrations of Muslims from France, which represents today a minimum of €5.5 billion on annual basis, and calls for more research in these hybrid migration decisions to better analyze and map the future economic behaviors of Muslim populations in the West.

**Keywords:** Migrations, Diaspora, Transnationality, Hybrid Migrations, French Muslims

**Jel Codes:** F22, J15, O15

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## Introduction

According to IOM (2020), the number of international migrants is estimated to be almost 272 million globally, with nearly two-thirds being labor migrants. At 3.5% of the world's population, immigration remains, therefore in absolute terms, an exception to the general rule where the vast majority of people globally (96.5%) are estimated to be residing in the country in which they were born. Yet, due to the perception of an inevitable wave of international migrants from developing to developed countries since decolonization (and to the pressure of extreme-right groups), international migrations have been at the heart of many political debates and crises in the developed and developing world in the last decades. Recent events such as the Syrian Refugee Crisis, the deadly shipwrecks in the Mediterranean Sea, the Rohingya crisis in Southeast Asia or the massive movements of the population across war-torn countries in Africa (e.g. South Sudan, Central African Republic) and the outbreak of violence against migrants (e.g. in South Africa) have brought the topic to the top of the international development agenda in recent years. And with the economic recession due to the COVID-19 pandemic, causing numerous foreclosures and massive unemployment in developed and developing economies the populist pressures to crack down on migrants are heightening. Ronald Reagan, president of the United States, famously stated in 1984 that "A nation that cannot control its borders is not a nation." More than three decades later, in January 2017, the then US President Donald Trump signed an unprecedented executive order banning entry to immigrants from seven Muslim-majority countries. More recently French President Emmanuel Macron and his government voiced their support for the introduction of immigration quotas in contrast to all previous immigration policies in the country. And the European Union is going through one of the deepest crises of its political existence due to dissent between member countries over the control measures to be adapted to curb illegal immigration flows to the continent.

Economists on the other hand, traditionally support migrations as one of the most effective solutions to mass poverty in the world, and free movement of labor as the most evident path to socioeconomic justice. For example, 50 years ago, the landmark Harris-Todaro model of two-sector analysis demonstrated the economic gains from migration between labor-rich and industrialized countries, or even within the same country between urban and rural areas, (Harris and Todaro, 1970). In 1979, Galbraith stated that

*"Migration is the oldest action against poverty. It selects those who most want help. It is good for the country to which they go; it helps break the equilibrium of poverty in the country from which they come. What is the perversity in the human soul that causes people to resist so obvious a good?" (Galbraith, 1979:7).*

Dozens of models have been developed since, as reviewed for example in De Haas (2010), to analyze the generic factors driving the equilibrium supply and demand of migrant workers, and these models are instrumental in demonstrating how migrations benefit both individuals deciding to migrate (and their households) and the destination countries receiving them.

Beyond the debate on whether or not destination countries benefit from migrations, it is fairly consensual that push factors to migration, whether at the level of individuals or households, provide a sound basis for understanding why migrants live in their country at the onset to look for better employment opportunities elsewhere. Islamic ethics support such attempts, under specific conditions, for individuals to rove the earth in search for the provision and this is undebated in traditional or modern scholarly opinions. What is debated, however, is the duration and permanence of such migration status and the conditions for people to live their native lands, especially in the case of migration to non-Muslim majority areas.

This paper is not concerned about the scholarly debates on migrations to the West from native Muslims in Muslim-majority countries. As will be discussed, the quantum of migrants over the last decades to the West in general, and to France in particular, which is taken as case study, is important enough to adopt a positive rather than a normative position on these massive economic migrations throughout recent history: they have happened and are causing a unique situation of the significant presence of migrants and their families in countries that have been shaped and are driven until today by non-Muslim traditions and ideologies. This paper is concerned about the present and future of these communities and aims at answering the specific question of the transnational economic behavior of Muslim migrants in today's world economy. In other words, migrants and their offspring have a permanent presence in the West but do have marked transnational economic behavior in relation to their countries of origin, to other Muslim countries and in general to the world that is worth analyzing and studying. To our knowledge, with the exception of an extant literature on remittances that analyses the specifics of monetary flows to countries of origin, there has been no attempt to analyze and map other economic flows, in particular, transnational flows to other countries than the country of origin.

The paper is structured as follows: the first section will provide an overview of classical development economics and Islamic economics perspectives on migrations. The second section will provide a brief overview of the presence of Muslim migrants and their offspring in Western countries and will briefly discuss, in the context of France, the main current and future issues posed by this presence. The third section will propose a simple theoretical model to understand the push factors to migration for the original migration decision of Muslim migrants or their parents, and from this model, derive possible extensions for the main question that this paper attempts to answer: how current Muslim populations in the West make rational choices about the decision to permanently stay or invest in their current country of residence or in other countries including their country of origin. The fourth section will apply the model to the case study of France over different time horizons to map the possible aggregate outcomes for the destination countries as well for France in various macroeconomic scenarios. Finally, the conclusion will propose some areas for future research in this promising field.

## **1. Economic Migrations: An Overview of Classical Development Economics and Islamic Economics Perspectives**

### 1.1. Brief Overview of Contemporary Theories of Migration Decisions

Immigration remains year after year one of the most debated topics in social theory and in political economy, with high demand for theoretical models and empirical research from the development community, the politicians and even the general public to interpret the causes, impacts and dynamics of this complex and transnational social phenomenon. Several reviews and assessments of the international migration theories can be found in the recent economic literature. According to Thieme *et al.* (2007:36) put it:

*“there is at present no single, coherent theory of international migration, but rather a fragmented set of theories, sometimes segmented by disciplinary boundaries”.*

Massey *et al.* (1993) is arguably one of the most comprehensive attempts to classify contemporary migration theory into main streams of research. It starts by looking at the models which interpret the initiation of the international movement, or in another words, what drives individuals to decide to leave a country in search of a better living in another country. Here the neoclassical models of rational decision-making by individuals seeking to maximize their income work well, and the main approach is to look at differentials in wages and employment conditions between countries with due consideration of migration costs. A more recent approach along the same lines is to look at the migration decision not as a rational decision by a single individual but rather as a household decision, to minimize risks on family income and overcome capital constraints on productive activities. This is generally referred to as “new economics of migration”. A leading author in this field forcefully describes the decision making of individuals along these lines (Stark, 1984).

At the macro-level then, theories have been developed to look at the migration flows not from an individual decision perspective but rather as an equilibrium of supply and demand markets of international labor. Massey *et al.* (1993) mention for example, the dual market theory or the world systems theory. In fact, the oldest attempts to derive a theoretical macroeconomic framework of international migrations along these lines can be attributed to Lewis (1954) or Ranis and Fei (1961), and they both consider geographic distance as a proxy for the costs of movement while wage differentials are the leading predictor of the equilibrium demand and supply. Several attempts have then more recently been made to refine these models, and for example it is *the expected* earnings gap, not the absolute real-wage differential that Todaro used in his landmark two-sector model (Todaro, 1969).

### 1.2. Main Generic Drivers of Migrations

In his seminal work on the Theory of migration, Lee proposes a framework of generic factors which affect the decision to migrate whereby four categories of factors are defined: factors associated with the area of origin (push factors), factors associated with the area of destination (pull factors), intervening obstacles, and personal factors (Lee, 1966). These four categories of factors do not operate independently for a given pair of origin and destination and, individual migration decision is rather driven by the perception of these factors rather than the perfect information about them. If one was to characterize the main focus of economic research on migrations for the subsequent half-century after Lee (1966), however, one could easily state

that most researchers have in fact attempted to propose a theory or analysis of the way in which these four categories of generic factors jointly determine an equilibrium supply of migrants from a given origin country to a given destination country. And arguably, as De Haas (2010:228-9) puts it after a comprehensive review of alternative theories of migrations, it is likely that the observed

*“discursive shifts in the scholarly and policy debate on migration and development reflect more general paradigm shifts in social and development theory”.*

In other words, research on migrations has adopted different analytical frameworks to interpret the interplay of these generic factors not only from an objective theoretical standpoint, but also possibly to reflect *“like a pendulum”* the overall trends in social sciences

*“from neoclassical and highly optimistic theories of the 1950s and 1960s, to neo-Marxist pessimism over the 1970s and 1980s, towards more nuanced and pluralist views in the 1990s”* (De Haas, 2010:227).

This paper will adopt a framework close enough to the simple neoclassical setting where the individual rational actors decide to migrate after cost-benefit calculations of the possible gains from international migration (Massey et al., 1993). The paper focuses on push factors rather than pull factors or intervening obstacles because the estimation of the stock of migrants in the destination country or the equilibrium conditions are not the main interest of this research. This research is rather concerned by the forecasted economic behavior of Muslim migrant populations years or even decades after their migration decision has been initially taken. And in doing so, understanding the drivers of the original decision to move is very informative as will be discussed in the next sections.

### **1.3. Literature Review: An Islamic Perspective of Economic Migration**

Another set of generic factors which is very important and which has been arguably understated in the literature on migrations refers to the fourth set of generic factors in Lee's taxonomy: the personal factors (Lee, 1966). And more precisely, the ethics and behavior of the individual decision-maker, which in this case is defined as a believer in the Islamic faith. From an Islamic economics perspective, where the behavioral guidelines of the individuals play a major role, it is important indeed to wonder whether or not the traditional starting point of economic theories of migration whereby the individuals travel away from their countries and families in search of better wages and employment conditions is in line with the normative behavior of individuals in the Islamic ethical framework. (Noor & Hafiz Zafar, 2019) and Islamic ethics recognize then that migration can be due to pull or push factors.

Push factors typically involve difficult conditions that the migrants would flee away from, such as famine, drought, shortage of jobs or war (with restrictions). On the other hand, pull factors include better employment opportunities, enhanced way of living, search of knowledge, or diversification of risks at the level of the community or the household. The latter is the most relevant consideration in the context of this paper focusing on economic migrations. It is important to wonder then whether or not an expected temporary or

permanent improvement in economic condition justifies in itself the initiation of migration at an individual level. In Islam,

*“Men and Women are encouraged to move around the entire earth and seek sustenance from the resources that Allah bestowed upon them”* (Kahf, 2019:162).

This is reflected in multiple Quranic and Prophetic injunctions including in particular Verses (73:20) or (2:273) recognizing, whether in the context of constraints to the continuous prayer and reading of the Quran or eligibility for charity, that humans are in principle free to rove in the Earth to seek sustenance:

*So recite ‘in prayer’ whatever you can from the Quran. He knows that some of you will be sick, some will be travelling throughout the land seeking Allah’s bounty, and some fighting in the cause of Allah. So recite whatever you can from it [73:20]*

*‘Charity is’ for the needy who are too engaged in the cause of Allah to move about in the land ‘for work’. [2:273]*

Both on a normative and positive way therefore, Islam characterizes therefore temporary economic migrations as desirable when economic and social conditions justify it to seek the “bounty of God”. But the main question pertains to migrations set to be permanent which fall under known restrictions to that general rule. Traditionally, these restrictions go back to a dichotomy of geographic boundaries of the Muslim States and Non-Muslim states within the known concepts of *Dar Al-Harb* and *Dar Al-Islam* used by Jurists to define territoriality of the Islamic Law (Abou Ramadan, 2017). Interestingly, as discussed in Abou El Fadl (1994), the juristic discussions on the legality of residence in the non-Muslim territory in the first Islamic centuries were cryptic and ambiguous. Ismail (2000) posits that voluntary immigration was not adequately discussed by Islamic historians because it was not a pressing issue at the time. This probably justifies why the discussions on the permanent residency of Muslims in non-Muslim states, which is prevalent today where almost one in five Muslims in the world lives as a minority in a non-Muslim majority country, as discussed in the next section, have been surprisingly scarce among juristic circles. The classical position of scholars on this issue has been consistent over centuries as summarized by Noor & Hafiz Zafar (2019): validity of the migration is conditional upon the freedom to practice Islam in the destination country, whereby Muslims can only live in a country where they can freely and honorably practice their religion.

If we were, however, to model these ethical restrictions to economic migrations on an individual basis, we could arguably turn to two alternative options which reflect differences of view amongst *Shari’ah* scholars: an approach whereby there is an exogenous threshold effect, objectively measurable, reflecting what objective conditions of freedom of faith prevail in the destination country. Below this threshold, migration is not possible, above this threshold, migration is allowed. This would follow the position of *Māliki* or *Hanafi* scholars, for example. An alternative way to model these ethical restrictions, which would be more relevant for *Shāfi’i* scholars, would be to have freedom of religious practice as an endogenous variable in the demand function of the individual. In other words, given the status of the individual, his knowledge, practice, expectations, etc., the “quantity” of religious freedom

required to allow for an economic migration in the destination country would be changeable. But to have a more comprehensive Islamic Economics' specification on this demand function for the push factors of the migration decision, one would be compelled to associate this ethical perspective of religious practice to the other central considerations of income expectations, security and quality of life which drive the migration decisions.

## **2. Overview of the Presence of Muslims in Main Western Countries**

### **2.1. Contemporary Muslim Presence in the West: Challenges to an Accurate Mapping**

The Muslim presence in the West dates back to the first century of the Islamic calendar. As early as 710, Muslims settled in the Iberian Peninsula and created a province of the Caliphate. The presence of Muslims in the Iberian Peninsula is not the only presence of importance during this era. (Wenner, 1980) reports, for example, other historically important presences tend to be forgotten by historians, including, for example, the presence of Muslims in Sicily, in Southern France or the control of Alpine passes for three centuries at least after the Battle of Poitiers (1356). But these presences were discontinued by military events and it is not far from reality to report that Muslim presence was marginal and almost negligible throughout the 16<sup>th</sup>, 17<sup>th</sup>, 18<sup>th</sup> and 19<sup>th</sup> centuries in what we simplistically qualify in this paper as the West.

As discussed in the sections above, it is then pull factors mainly that triggered demand for migrants from Muslim majority countries throughout the 20<sup>th</sup> century in the context of major historical events: the colonization (and decolonization) of African countries with Muslim majorities by Western European powers, the succession of the two Great Wars during which the supply of soldiers from these colonies would prove decisive, and the reconstruction era and booming economic development of Western countries during the second half of the 20<sup>th</sup> century which would trigger a vast demand for imported labor from former colonies or from Turkey and the Balkans.

The detailed mapping of Muslim presence in the West in modern days is an arduous task for three reasons at least: (i) the ethnical and religious statistics are not allowed in many recipient countries with significant presence of Muslim migrants (e.g. Italy or France) due to historical discrimination against Jews in the early 20<sup>th</sup> century; (ii) there has been successive migration waves and under various administrative conditions (labor migrants, family reunification, asylum seekers, refugee waves, etc.) along the last five decades in each country, and the mixing of new migrants, with generations of migrants and their offspring who have previously settled and acquired for the most part the nationality makes the statistical accounts complex and relative to each country context; and (iii) the legal systems pertaining to migration vary from country to country, in particular for nationality rights (at birth or by lineage) and refugee/asylum status, in addition to the illegal migrants that are accounted for using different standards in each country. There is also no consensus in the demographic studies about the account of 2<sup>nd</sup> or 3<sup>rd</sup> generation migrants, and in particular with the varying prevalence of mixed marriages in different communities. In this context, the most pertinent studies of Muslim presence in the West tend to be country-specific, such as the fascinating set of essays in (Haddad, 2011) covering Britain, France, Germany, Switzerland, Norway, Sweden,



Denmark, Italy, the Netherlands. The U.S., Canada, and Mexico. Critical topics that emerge from such reviews, beyond a simplistic majority-minority perspective on the relationships between Muslims and their environment, or the question of statistics, are the central question of multiculturalism, the issue of institutional racism, the role of education and campuses, particularly relevant in North American context for example, and the questions of professional and social mobilities. These sociological and political questions remain however beyond the scope of this economic paper on the economic behavior of Muslim diasporas.

## 2.2. Insights from Recent Surveys

While methodological and data availability challenges prevent a consistent accounting of Muslim presence in the West, this section will report some statistics from recent studies that provide satisfactory approximations for the purpose of this study. Starting with the United States, the top destination country for world migrants with 50.7 million international migrants today (IOM, 2020), Pew Research Center estimates that there were about 3.3 million Muslims of all ages living in the United States in 2015, i.e. about 1% of the total U.S. population (Mohamed, 2016). According to Pew Research Center's database on The Future of World Religions<sup>2</sup>, three Western European countries, Germany, France and the United Kingdom, with 4.76 million, 4.71 million and 2.96 million Muslims respectively, have larger Muslim populations than the United States. On a relative basis, these populations amount to 6%, 8% and 5% of the national populations (see table 1). Six other Western European countries (the Netherlands, Spain, Belgium, Greece, Austria, Sweden and Switzerland) are reported to have Muslim populations representing 5% of their population or more.<sup>3</sup>

**Table 1: Main Muslim populations in European and North American Countries**

Country	Muslims (Mn)	Total (Mn)	% of Muslims
Russia	14290000	142960000	10%
Germany	4760000	82300000	6%
France	4710000	62790000	8%
United Kingdom	2960000	62040000	5%
United States	2770000	310380000	1%
Italy	2220000	60550000	4%
Kosovo	1660000	1770000	94%
Netherlands	1000000	16610000	6%
Spain	980000	46080000	2%

<sup>2</sup> Accessed at <https://www.pewforum.org/2015/04/02/religious-projections-2010-2050/> on December 12, 2020. This dataset contains the estimated religious composition of 198 countries and territories for 2010 to 2050

<sup>3</sup> It is worth noting that for all these countries, the Pew Research Center database does not make a distinction between migrants and native Muslims and therefore statistics about Muslims in general in the population of these countries is only an approximation of the Muslim migrant populations. In fact, from a methodological point of view, this paper will not discuss religiosity and transmission of religion from generation to generation. According to Wormald (2015), Islam in the US "loses" for example as many native Muslims (through secularization or conversion to other religions) as it "gains" from conversion of citizens or residents who were not born in Muslim families.

<b>Canada</b>	710000	34020000	2%
<b>Belgium</b>	630000	10710000	6%
<b>Greece</b>	610000	11360000	5%
<b>Austria</b>	450000	8390000	5%
<b>Sweden</b>	430000	9380000	5%
<b>Switzerland</b>	380000	7660000	5%
<b>Denmark</b>	230000	5550000	4%
<b>Norway</b>	180000	4880000	4%
<b>Finland</b>	40000	5360000	1%

**Source: Pew Research Center, The Future of World Religions 2010**

In many of the countries listed in Table 1 (e.g. France, Italy, Spain, Belgium, etc.) religion or ethnicity of origin are treated as “sensitive data” that cannot be used for sampling or demographic surveys according to data protection laws (Simon, 2007). Such laws generally go back to the 20<sup>th</sup> century discriminatory practices that led to massive genocides in Europe. Consequently, it is not easy to grasp the practice of Islam among Migrant populations in France. However, a landmark study by the National Institute of Demographic Studies (INED) using an innovative data collection method and called “*Trajectoires et Origines*” (Trajectories and Origins) provides a fair understanding of the demographic “dynamics” within the French population across several factors, including religious practice and identity (Beauchemin *et al.*, 2016). and it is considered a reference study for such endeavors. In its most recent edition (2008 data), the study provides the following picture of Muslim presence in France: 43% of migrants in France declare themselves as Muslims (which confirms the dynamic migration flows from former Muslim colonies) and 45% of the descendants of migrant couples (both parents migrants) also declare themselves as Muslims. However, only 8 percent of the descendants of couples with a single migrant parent declare themselves as Muslims, and only 1 percent of the descendants of couples of two native French parents declare themselves as Muslims (see table 2): the assumption that we can assimilate Muslims and Muslim migrants of 1<sup>st</sup> or 2<sup>nd</sup> generation (descendants of 2 migrant parents) hold well in France. Overall, this study estimates that 8% of the total French population in 2008 was Muslim i.e. 5.12 million people. This is 8-10 % higher than the Pew Research Center estimate mentioned above.

**Table 2: Self-Declared Religious Affiliations of Migrants and Descendants of Migrants in France**

%	Migrants	Both parents migrants	One parent migrant	Native parents	Total
<b>No religion</b>	19	23	48	49	45
<b>Catholics</b>	26	27	39	47	43
<b>Orthodox</b>	3	1	0	0	0.5
<b>Protestants</b>	4	1	1	1.5	2
<b>Muslims</b>	43	45	8	1	8

<b>Jews</b>	0.5	1	2	0.5	0.5
<b>Buddhists</b>	2.5	1	0.5	0.5	0.5
<b>Other</b>	2	1	1	0.5	0.5
<b>Total</b>	100	100	99.5	100	100

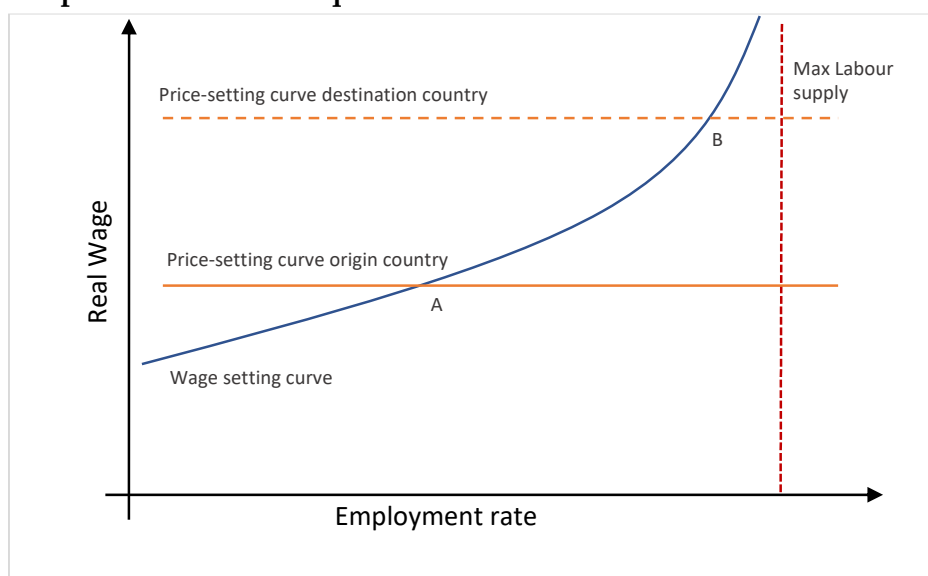
Source : Trajectoires et Origines 2008, INED

### 3. A Simple Macroeconomic Model of Push Factors for Economic Migration and Subsequent Transnational Economic Behavior

This section is concerned with labor migration and the study of the push factors that lead individuals (mostly men) to leave their country and family to look for better employment opportunities overseas. Since the study is specifically about Muslim migrants, the behavioral and ethical considerations of Muslims in taking such decisions will be modeled.

The wage-setting curve in Figure 1 reflects wage demand from workers and the price-setting curve reflects wages offered by the employers in the economy by profit-maximizing employers, which is simplistically assumed exogenous to the labor supply (horizontal curve) in a labor-rich country setting. Equilibrium labor supply before migration is at **A**, reflecting the intersection of supply and demand. When migration opportunities arise, the labor price (real or expected) offered for the same profession is much higher in the destination country and theoretically, in a fully flexible labor market, all workers from the origin country with wage expectations below this price would massively migrate to the destination country, leading to equilibrium **B**.

**Figure 1: Labor price and demand equilibrium**

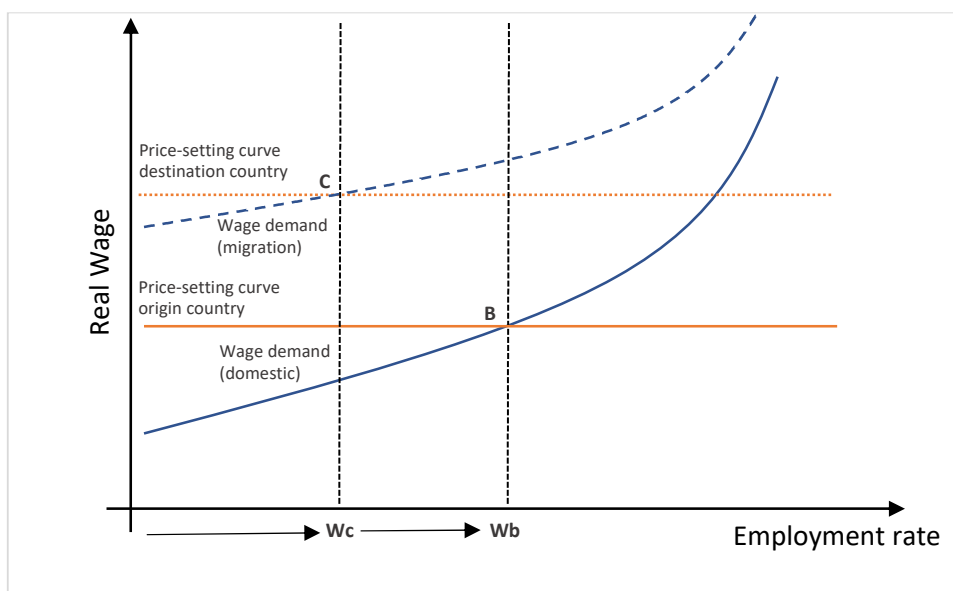


Source: Author

In practice, however, wage-demand from workers in a migration scenario is much different from wage demand in a domestic employment scenario. The disutility associated with traveling away from home, as discussed in section 1, and expectations about additional income related to the migration decision drive the demand higher, which is reflected in a wage demand for migration jobs much higher than in domestic jobs (see figure 2). In such a scenario,

the labor supply is cleared through two successive dynamics: an initial supply of  $W_c$  jobs captures the migration job opportunities as long as they meet minimum wage demand. Beyond point C the price offered in the destination country does not suffice to push any additional worker to migrate, but an amount of  $(W_b - W_c)$  workers are still happy to work for lower wages until point B in their own country.

**Figure 2: Labor Price and Demand Equilibrium with Disutility Associated for Migration**



Source: Author

Let  $P_c$  be the wages offered in the destination country and  $P_b$  the price offered in the domestic market. The total wage at equilibrium is therefore

$$P_c \times W_c + P_b \times (W_b - W_c) .$$

### 3.1 Push Factors for Remigration

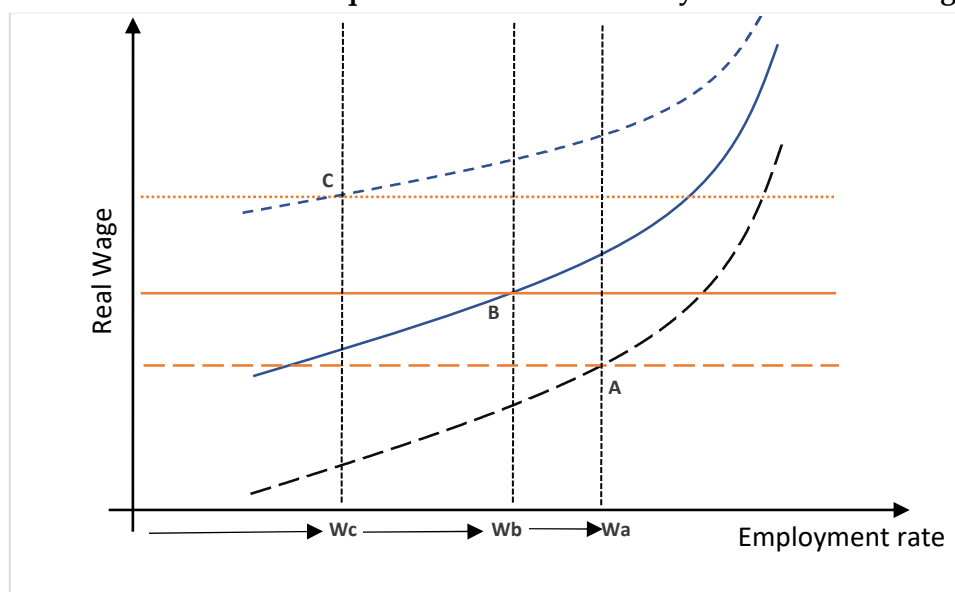
This paper is concerned with the transnational economic behavior of Muslim diasporas in the West. If the analysis is limited to labor migration decisions, three main decisions can be modeled in a simplified set-up for Muslim diasporas residing in the West and confronted with potential remigration choices (return migration or migration to another country):

- (i) The decision to remain employed in the country of residence (other economic behaviors will be discussed in next sections) despite remigration opportunities;
- (ii) The decision to migrate from the country of residence to a country of higher wages (e.g. GCC countries, other developed countries); and
- (iii) The decision to migrate from the country of residence to a country of lower wages, (including the country of origin).

The decisions (i) and (ii) are similar to the original migration set-up discussed in 4.1. The decision to remigrate to a destination country with wages below wages in the country of

residence is counterintuitive and drivers of this decision must be modeled. Two simplified set-ups may be assumed.

**Figure 3: Labor Price and Demand Equilibrium with Disutility Associated for Migration**



**Source: Author**

In the first setup, which assumes that the individual decision-maker primarily looks at the wage differentials to decide where to work and live, the labor supply clears in three successive waves: an initial supply of  $W_c$  jobs capture the migration job opportunities with salaries above the country of residence, beyond point C, an amount of  $(W_b - W_c)$  workers remain in the country of residence for the second-best wages, then an amount of  $(W_a - W_b)$ , not interested in working for a wage below  $P_B$  in the country of residence, are still interested in working for a lower wage in a third country (whether the country of origin or another country) where lower wages may still be associated with a better comfort of living (for family or religious considerations in particular as will be discussed in section 5). The total wage at equilibrium in this setup is therefore

$$P_c \times W_c + P_B \times (W_b - W_c) + P_A \times (W_a - W_b) .$$

This framework fails to explain, however, why workers employed in their current country of residence are still interested in some instances to leave their jobs and country of residence to remigrate to countries with lower wage supply, in particular the country of origin. This is explained by a second setup whereby workers' decisions are influenced by their level of savings and remittances. The relationship between savings, remittances and the decision to return to the home country (remigration, also called return migration) has been the subject of several economic works in recent decades. For example, (Delpierre & Verheyden, 2014; Merkle & Zimmermann, 1992) demonstrate that employment decisions upon returning to the home country vary considerably according to the levels of remittances and the expected savings

upon the original migration decision. However, the inter-linkages are complex and vary significantly depending on the duration of the migration.

Intuitively, going back to the simple setup pictured in Figure 3, a migrant consistently sending remittances back home for a number of years has more propensity to decide to return home despite the wage difference between his current country of residence and his home country than a migrant who has not prepared his comeback. In general, as discussed in Delpierre & Verheyden (2014), such migrants become employers (owner-managers or self-employed individuals) when they remigrate to their country of origin and therefore, the wage differential is no longer the main driver of migration or remigration decision.

However, analyzing precisely the individual situations of migrants in the West and their remigration decision, recent research such as (Olivier-Mensah, 2017; Quartey et al., 2019) have found multiple other situations also conducive to remigration or transnational migration decisions less dependent (or even independent) from wage differentials between the country of origin and country of destination.

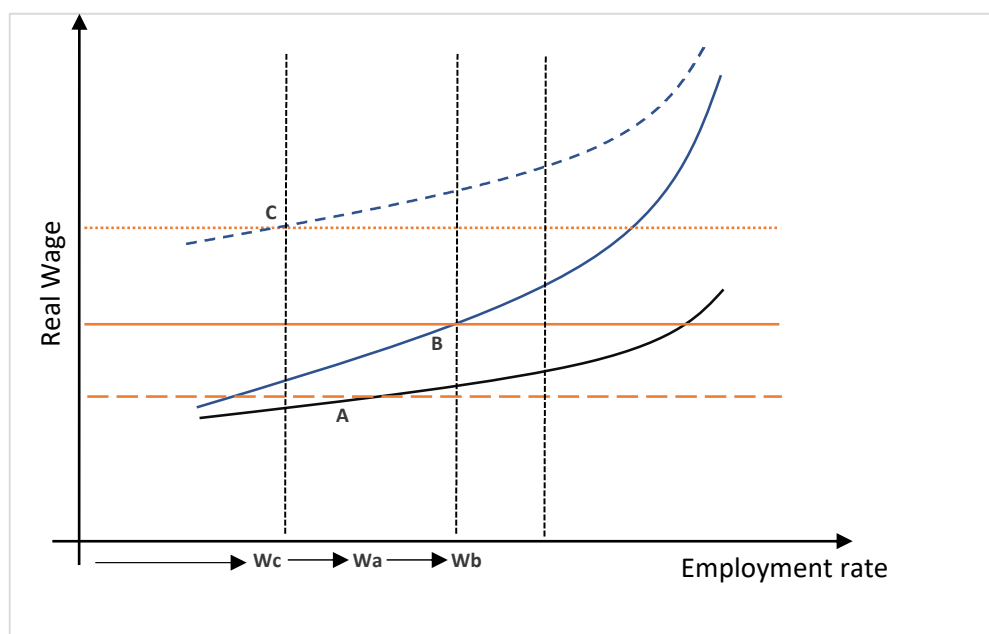
*“The traditional one-dimensional understanding of moving out and coming back loses its empirical basis in a globalized world. Return processes are characterized by and constructed through hybrid migration movements. Highly individual decisions and various forms of transnational mobilities, hybrid identity constructions, and transnational positioning can shape those processes. Therefore, remigration is increasingly a “transnational return.” (Olivier-Mensah, 2017:2-3)*

In such context, the menu of options available for Muslim migrants and pictured in Figure 3 can be adjusted as presented in Figure 4 below: wage demand curves for the current country of residence and for countries offering higher salaries are assumed unchanged, but for a specific set of countries meeting the “hybrid migration” demand of the Muslim migrants in question, despite lower wages, demand becomes inelastic to wage variations, and has a much lower gradient.

The labor supply is therefore still assumed to clear in three successive waves but no longer in the same order:  $W_c$  job seekers still capture the migration job opportunities in the higher income country until point C, but as second-best an amount of workers ( $W_a - W_c$ ) prefers to migrate to another country with lower wages rather than staying in the current country of residence, until equilibrium point A. Another supply of workers ( $W_b - W_a$ ) finally accept job offers for wages above their demand until reaching equilibrium B. The total wage at equilibrium in this setup is therefore

$$P_c \times W_c + P_A \times (W_a - W_c) + P_b \times (W_b - W_a)$$

**Figure 4: Labor Price and Demand Equilibrium with Hybrid Migration Countries**



Source: Author

## 4. Case Study, the Muslim Diaspora in France

### 4.1. Evidence of Hybrid Migrations

Due to the data collection challenges mentioned in section 3 above, there is no available database to our knowledge matching migration data with the country of origin for French citizens/residents. In other words, it is not possible to segregate among French migrants those who originate from countries other than France and those who do not.

The Global Bilateral Migration database from the World Bank<sup>4</sup> is used to identify the bilateral migration flows between France and other countries and characterize these migrations against two typologies: (i) migration to high-income countries (GNI per capita 2019 higher or similar to France) and (ii) migration to countries with lower income “Hybrid migration” as discussed in the previous section.

Data in Table 3 below confirms the early conclusions of the previous section: out of the 20 top destinations of French migrants in the year 2017, 91% are estimated to be migration of the first type (high-income) while 9% only are of the second-type (hybrid migrations). In addition, countries of destination for the second-type of migrations are primarily countries of remigration such as Morocco, Turkey, Poland or Mali.

The data further confirms the relevance of the model for Muslim migrants: with the exception of the UAE, migration flows to Muslim-majority countries in the top 20 list (Morocco, Turkey, Mali) cannot be justified by the wage differentials, which are very significant: average salaries in France, with a GNI per capita in 2019 of USD 42,400, are much higher than in any of these countries. The remigration model, with hybrid considerations related to family, culture,

<sup>4</sup> Accessed at <https://databank.worldbank.org/reports.aspx?source=global-bilateral-migration#>

religion or comfort of living, is a better explanation for the return migrations than the simple wage-labor equilibrium.

Table 3 also provides interesting insights into the dynamics of the remigration flows from France. Migrations from France to high-income countries have been fairly stable between 2013 and 2017 for the 14 high-income countries listed, with a growth of only 0.41% in aggregate flows. On the other hand, the hybrid migrations for the 6 countries listed have surged by an impressive 70% over the same period. In particular, the number of migrants to Morocco and Mali alone has increased by more than 6 times over the 4-year period.

**Table 3: 1990-2017 Bilateral Migration Data from France to the 20 Top Destinations in Year 2017**

Destination Country	2017	2013	2000	1990	GNI 2019	Migration Type
<b>Spain</b>	202,792	221,500	126,435	132,217	42,300	High-income
<b>Belgium</b>	184,310	179,200	113,542	93,350	47,350	High-income
<b>United States</b>	175,250	179,531	198,061	171,151	65,760	High-income
<b>United Kingdom</b>	164,000	139,259	116,631	54,189	48,040	High-income
<b>Switzerland</b>	158,619	149,737	65,553	56,141	85,500	High-income
<b>Germany</b>	130,915	162,976	112,171	70,276	48,520	High-income
<b>Italy</b>	128,402	146,537	46,629	65,596	44,580	High-income
<b>Canada</b>	105,159	100,896	78,675	61,528	46,370	High-income
<b>Portugal</b>	93,781	93,781	93,565	60,844	23,080	High-income
<b>Israel</b>	57,000	42,578	31,949	14,884	43,290	High-income
<b>Australia</b>	40,270	32,803	17,107	14,500	51,560	High-income
<b>Luxembourg</b>	38,384	32,752	18,733	13,509	77,570	High-income
<b>Morocco</b>	36,129	4,961	24,973	27,278	3,190	Hybrid
<b>Turkey</b>	28,507	23,658	15,948	10,160	27,410	Hybrid
<b>Poland</b>	27,991	27,991	36,937	39,300	32,710	Hybrid
<b>Netherlands</b>	25,160	23,561	18,274	13,621	53,200	High-income
<b>Thailand</b>	22,489	22,489	2,125	656	7,260	Hybrid
<b>Mali</b>	19,165	2,695	2,491	3,009	880	Hybrid
<b>United Arab Emirates</b>	17,302	9,958	474	276	43,470	High-income
<b>Gabon</b>	15,308	15,308	7,510	4,935	7,210	Hybrid
<b>Total (20 top destinations)</b>	<b>1,670,933</b>	<b>1,612,171</b>	<b>1,127,783</b>	<b>907,420</b>		



**Total high-income**    1,521,344    1,515,069    1,037,799    822,082

**Total hybrid**            127,100            74,613            87,859            84,682

**Source: World Bank**

Despite the absence of individual data on migration decisions, the aggregate data on bilateral migrations can also be matched to the bilateral remittance flows to test the assumption that individuals most prone to remigrating are those who have prepared their comeback by sending money home. In the absence of a long history of remittance flows, this can be approximated by observing current remittance flows as pictured in the top 10 destinations of remittances from France in 2010, according to the World Bank<sup>5</sup>. Primary destinations of remittance flows are confirmed to be primary destinations of (return) migrations, with only a few exceptions such as Algeria, Tunisia or Lebanon, which could be analyzed further.

**Table 4: Bilateral Migration Data (2000) for 10 Largest Remittance Destinations from France in 2010**

	Net Remittances (2010)	Rank 2010 Remittances	2017 Migration Flows	Rank 2000 Migr. Dest.
<b>Belgium</b>	3,109	1	184,310	4
<b>Spain</b>	2,794	2	202,792	2
<b>Morocco</b>	1,812	3	36,129	15
<b>Algeria</b>	1,552	4	1,116	84
<b>Portugal</b>	1,232	5	93,781	9
<b>Tunisia</b>	989	6	8,784	37
<b>Italy</b>	873	7	128,402	7
<b>Germany</b>	623	8	130,915	6
<b>China</b>	535	9	15,087	26
<b>Lebanon</b>	526	10	127	124

**Source: World Bank**

#### 4.2. Stay or Return: The Growing Trade-off

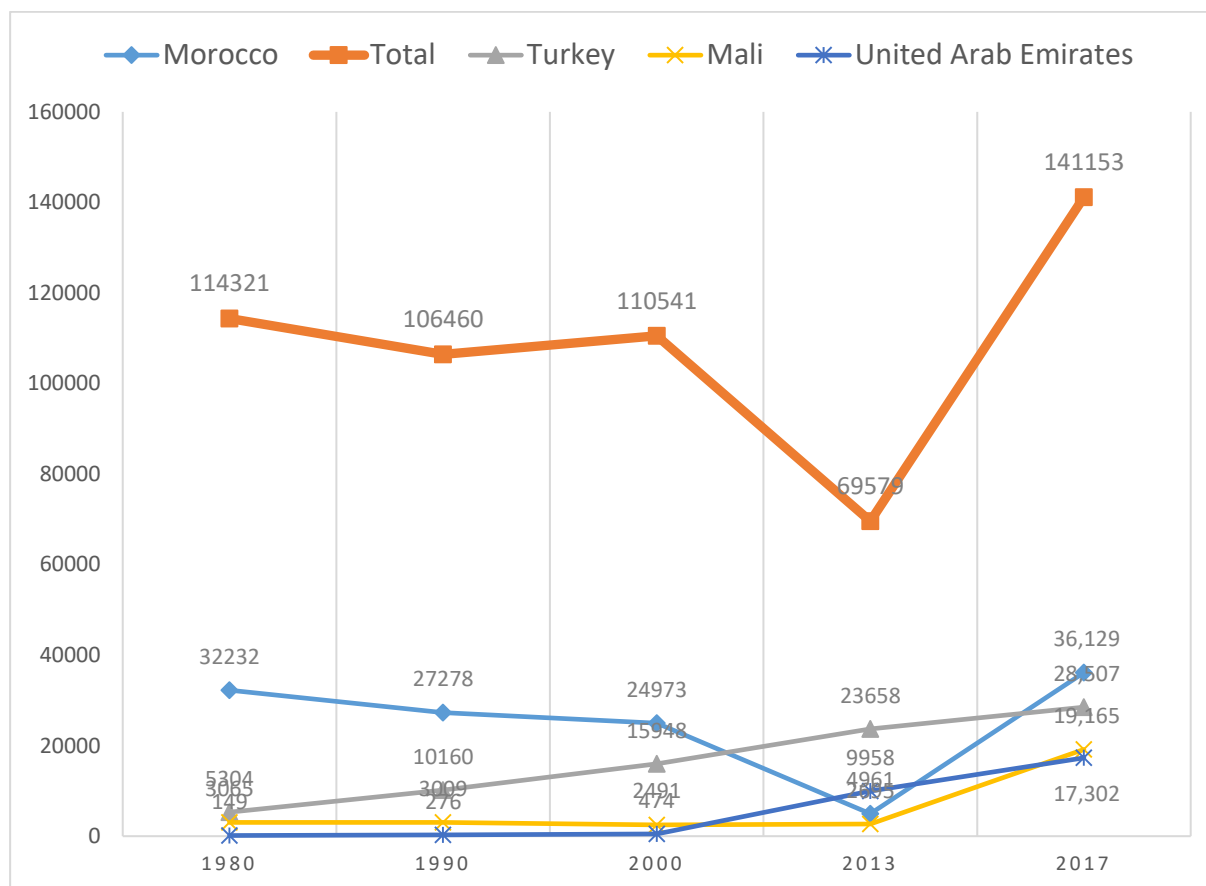
A second important consideration derived from the theoretical model presented in the previous section is the trade-off between remaining in France with the current wage conditions or remigrating, for lower wages but in line with hybrid migration push factors that have been growing rapidly in recent years. A demand function could be derived from the push factors in hybrid migration scenarios to try and map the demand for migration in further research, but for the purpose of this paper, only descriptive statistics will be presented.

The Figure 5 below shows that the total number of migrants from France to the Muslim majority countries has been slowly decreasing over the period 1980-2013 with a major dip since year 2000. But after that the number of migrants has boomed and doubled between 2013 and 2017 for the 16 main destinations of French migrants within Muslim majority countries. This

<sup>5</sup> Accessed at <https://www.worldbank.org/en/topic/migrationremittancesdiasporaissues>

would strengthen the assumption that due to increased Islamophobia in France and increased religiosity among French Muslims, the French Muslims are increasingly looking forward to relocating generating transnational migration flows that remain to be studied in detail.

**Figure 5: Total Migration to Muslim Majority Countries and Top 4 2017 Migration Destinations from France in 1980-2017**



**Source: World Bank**

The tabulation of the data helps identify some growing trends:

- (i) The massive growth of migration to GCC countries and Malaysia (UAE, Kuwait, Oman, Bahrain, Qatar) with growth from 8 times (Malaysia) to more than 100 times (UAE, Bahrain) in the annual outflow of migrants from France between 1980 and 2017;
- (ii) The return to annual volumes slightly higher than in 1980 for former colonies such as Morocco, Tunisia or Chad, with the noticeable exception of Algeria that shows a major reduction in the number of migrants in recent years;
- (iii) The massive growth of Turkey as a destination for French migrants, with 28,507 migrants to Turkey in 2017 i.e. more than 5 times the 1980 number;
- (iv) The significant growth of number of migrants to Morocco since 2013 which could be interpreted as a growth in return migrations or as a growth in new migrants, especially among retired French citizens and industrial employees.

Henceforth, despite the lack of disaggregate data that would help test further the strength of these trends, data shows that the decision to migrate to Muslim majority countries, driven by alternative factors that we pool into hybrid migration push factors, is gaining momentum. The next section will discuss the subsequent economic implications of this trend.

**Table 5: Annual Number of Migrants to Main Destinations amongst Muslim Majority Countries (1980-2017)**

	1980	1990	2000	2013	2017
<b>Morocco</b>	32232	27278	24973	4961	36,129
<b>Turkey</b>	5304	10160	15948	23658	28,507
<b>Mali</b>	3065	3009	2491	2695	19,165
<b>United Arab Emirates</b>	149	276	474	9958	17,302
<b>Tunisia</b>	6461	3872	3648	3305	8,784
<b>Kuwait</b>	467	469	443	2551	5,241
<b>Libya</b>	10515	15489	18545	4928	5,139
<b>Malaysia</b>	389	1250	2588	3138	3,138
<b>Mauritania</b>	3498	1343	1484	3018	3,018
<b>Oman</b>	96	279	411	1583	2,951
<b>Mauritius</b>	1848	1898	2479	2878	2,878
<b>Egypt, Arab Rep.</b>	2994	2728	5426	2069	2,691
<b>Bahrain</b>	19	12	12	919	2,080
<b>Qatar</b>	188	1015	1843	2014	2,014
<b>Algeria</b>	46294	36496	28772	1116	1,116
<b>Chad</b>	802	886	1004	788	1,000
<b>Total</b>	<b>114321</b>	<b>106460</b>	<b>110541</b>	<b>69579</b>	<b>141153</b>

Source: World Bank

#### 4.3. Economic Implications: An Untapped Economic Potential for Destination Countries

In 2017 alone, more than 140,000 French citizens or residents have migrated to the 16 Muslim-majority countries listed in Table 5 above. This figure was up from about 70,000 in 2013. The economic implications of that massive outflow of migrants can be studied from the perspective of the recipient country or from the perspective of the origin country. The main focus of the literature on the economic impacts of migrations on the countries of origin is on the impact of remittances which are a recognized development channel for poor countries, sometimes exceeding foreign direct investments (FDI) or international aid.

The impact of remittances on economic growth is demonstrated in some econometric works such as (Meyer & Shera, 2017) But other studies present contradictory findings and challenge the real impact of remittances on long-term economic growth, in particular in countries with a developed financial infrastructure (Catrinescu et al., 2009; Sobiech, 2019). The argument of this stream of research is generally that attracting migrants' transfers is a good palliative to address poverty issues in the short term but that in the long run, it might be more beneficial for governments to develop the financial sector.

The literature is less extant, however, on the economic impacts of remigration or return migrations. In particular in the case of return migrations from developed economies. Countries such as Morocco, Jordan or Turkey have developed over the years support programs to facilitate investments and return from their expatriated citizens, but the full economic impact of these investments, in particular the spillover effects on the rest of the economy, are yet to be fully understood.

A simplified evaluation of the economic potential of the remigrations of Muslim diasporas in the West to Muslim majority countries could be attempted by looking at the average savings of these populations and the related investment capacity. In France, for example, Arrondel & Coffinet (2019) reports a median wealth of € 113,300 per household. The 4.7-5.2 Million Muslims in France (assuming an average of 2.9 persons by the household as reported by INSEE<sup>6</sup>), could hence have an accumulated wealth of € 183 to € 203 billion in 2019. If the transnational remigration assumption is confirmed for the majority of the 141,153 annual migrants from France to the Muslim majority countries reported in Table 5, the potential repatriation of the savings of these migrants to their new country of residence could reach € 5.5 Billion on an annual basis (€1.4 billion and €1.1 billion for Morocco and Turkey alone).

But this primary channel vastly underestimates other economic behaviors that can be expected from Muslim migrants in the West or their descendants remigrating to their country of origin or to other countries due to hybrid migration push factors. As discussed in section 2, it is expected indeed that the migrants in such scenarios would not seek wage jobs due to the important wage differential between France and the lower developed countries, but rather seek to create and manage their own companies. This multiplier potential due to intense entrepreneurial activity would need to be studied in detail and case studies of successful entrepreneurs in their country of origin are frequently reported in the media.

A third channel, which also requires further studies, pertains to selective knowledge transfers from developed economies to developing countries. Choudhury (2016), for example, explores this channel for return migrants in India in technology sectors and finds fascinating potential for these migrants acting as a “bridge” between multinational enterprises and local workers.

## Conclusion

According to IOM (2020), the number of international migrants is estimated to be almost 272 million globally, with nearly two-thirds being labor migrants. The bulk of these migrations happens in one direction, as has been the case for decades or even centuries: from labor-rich poor countries to developed economies offering them better jobs at better wages. The scholarly debates that these important migration flows have encouraged are many: debates about the drivers of migrations (push factors and pull factors), debates on the economic impacts on the recipient countries and the countries of origin, or even debates, within Islamic juristic circles, about the validity of such migration attempts from Shari’ah perspective in the context of Muslims leaving Islamic countries to live in the West.

<sup>6</sup> <https://www.insee.fr/fr/statistiques/2381486>

This paper is not concerned about these scholarly debates on migrations to the West from native Muslims in Muslim-majority countries. This paper is concerned about the present and future of these communities and aims at answering the specific question of the transnational economic behavior of Muslim migrants in today's world economy. In other words, migrants and their offspring have a permanent presence in the West but do have marked transnational economic behavior in relation to their countries of origin, to other Muslim countries and in general to the world that is worth analyzing and studying.

An overview of classical development economics perspectives on migrations leads to the conclusion that the basic theoretical models concerned about labor supply and demand equilibrium fall short of some observed behaviors of migrants leaving countries of high-income to work and live in countries of lower-income, whether these countries are their country of origin or not. Against this backdrop, the paper presents a simple theoretical framework whereby remigration decisions are hybrid migration decisions not driven by wage differentials but rather by a mix of push factors that tend to render the migration demand inelastic to wage offers in the destination countries. When applied to recent statistics of migrations from France over the decades 1980-2020, the theoretical assumptions offer good potential for explaining growing remigration flows observed since 2013.

On the other hand, an overview of classical or contemporary works on Islamic ethics sheds light on the wide range of possibilities, whether from a positive or normative perspective, that Islamic law offers with regards to migration decisions and which would need to be developed in a structured framework analyzing push factors and conditions for migration but also on the long term conditions and incentives for an extended or permanent stay in the country of destination or a remigration as observed in reality. The implications for millions of Muslims living in the West today and being concerned about the future of their families are determinant.

When looking at the specific case of France, with a population of Muslims ranging between 4.7 to 5.1 million according to recent surveys, i.e. about 8% of the total population of the country, data suggests that new migration behaviors have recently developed among this population, in particular with selective migration to high-income countries (including booming migration flows to GCC countries), a rapidly expanding migration to Turkey and Malaysia, and a resurgence of migration to former colonies which had previously experienced a consistent reduction in migration flows from France since 1980s. Overall more than 140,000 people are migrating to Muslim majority countries from France every year today, and that flow of permanent or temporary migrants offers a wide range of economic potentials that ought to be studied further.

Traditionally remittances have been the main subject of the specialized economic literature on the subject. But at least three other channels deserve scholarly attention: the investment behaviors of these new "hybrid migrants", their entrepreneurial behaviors and the knowledge transfers to the recipient countries. Such channels could considerably multiply the economic

impact of remigrations of Muslims from France, which represents today a minimum of €5.5 billion on an annual basis.

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