

# Economic Assimilation of Immigrants: Adverse Effects of an Integration Program

(Preliminary draft. Please do not circulate.)

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## Abstract

Integration programs play a key role to increase the economic assimilation of immigrants. However, these programs might affect also labor market outcomes of people who are not directly involved in the program through peer effects. This paper studies whether a language training program has adverse effects on labor market outcomes within peer groups. To do it, I take advantage of a natural experiment in France where immigrants are more likely to attend a language training if they fail a French language test. I exploit the discontinuity in the labor force participation of program takers at the cut-off within each peer group to identify the peer effects. Exploiting the discontinuity of the language training assignment, I solve the issues of reflection and correlated unobservable variables. Results show that an increase in peer labour force participation has a negative effect on the probability to participate in the labor force and to be employed.

JEL: J15, J18, J61, J68, Z13

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