

# Never on Sunday! The impact of public holiday legislation on non-core groups' status & identity\*

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## Abstract

Do nation-building policies affect non-core groups' socioeconomic status and survival strategies? This paper examines how an ethnoreligious outsider, the Sephardi community of Salonica, responded to a particular policy of national homogenization: the Sunday bank holiday. Using novel data on entrepreneurship and name choices, I provide empirical evidence on the effect of nation-building on social status and assimilation efforts. I show that the policy has differential effects on the community. When the policy is solely perceived as a threat to the religious status, it heightens ingroup identity. Yet, socioeconomic degradation moderates the backlash.

**Keywords:** nation-building, ethnoreligious minorities, identity, assimilation, group strategies

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\*I thank the Chamber of Commerce & Industry of Thessaloniki for the kind concession of the business registries' archive.

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From intergroup competition to the enactment of pro-majoritarian policies, *non-core groups*<sup>1</sup> often contend with social and institutional discrimination. The latter could take many forms, such as bans of religious symbols, language prohibitions, or educational and employment restrictions. The common denominator of such policies is enforcing restrictive laws to monitor or assimilate ethnoreligious groups. Yet, existing research shows little consensus on whether this is true. While some scholars see minorities' oppression as part and parcel of national homogenization (Alesina *et al.* 2013), others reject the melting pot theory, emphasizing the backlash effects of such policies (Carvalho 2013). The paper adds to this debate by leveraging the enactment of a specific state policy, the Sunday closing law, at the expense of a particular group. Most importantly, it does so by looking at the different dimensions of threat the law caused to the non-core group.

In this context, the paper examines how the Jewish community of Salonica responded to Sunday closing. In 1925 the Greek state introduced the Sunday bank holiday in Salonica. This happened just two years after the settlement of a large population of Greek-speaking, Orthodox refugees from Asia Minor in the city. Seen through the lens of nation-building, making Sunday the official day of rest was paramount since it signalled the city's Christian character. In this context, using religion as a tool and a marker of the *imagined community*<sup>2</sup>, Greek nation-builders enforced new legislation, repealing the pre-existing Saturday closing law. Sunday closing had multiple implications for the Jewish community. First, it challenged its religious status. In a city with a long, vibrant Jewish history and a large Sephardic population, abolishing the Sabbath could be seen as a direct confrontation with the Jewish community. Second, the new policy forced Jew shop owners to keep their stores closed two days a week, Saturday and Sunday. Hence, for the part of the community involved in trade and business activities, Sunday closing meant something more than just a religious confrontation. It posed a direct economic threat. In this context, the paper examines Jews' responses to the policy by focusing on changes in the community's social stratification and the latter's effect on the assimilation effort. Most importantly, this study overcomes endogeneity regarding group behaviour and discrimination, using the Sunday closing as an adverse shock.

To study the impact of this policy on Jewish social stratification and the strategies developed by the population under study, I use two measures: business records and birth certificates. The first archive provides information about the business universe from the late 19th century to WWII. Using owners' names, I classify the business based on the owners' religious background, while I account for collaboration between individuals of different ethnoreligious communities. In addition, using an occupational stratification coding scheme, I classify business based on their social class. The second data source involves Jewish inhabitants' birth certificates, including information on infant and family names and the father's occupation.

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<sup>1</sup> Following Mylonas (2013), as non-core groups, I define populations not perceived by the state and the majority society as national community members. I avoid the term minority since the community under study is quite large.

<sup>2</sup> An imagined community is a concept proposed by Anderson (1983) to capture the emergence of nationalism. According to Anderson, nations should be perceived as socially constructed entities imagined by those who constitute their members.

Hence, it allows us to study the assimilation effort of different occupational sub-groups of the Jewish population proxied through first name choices.

The empirical evidence suggests that the policy had a large negative effect on Jews' economic status. To reinforce this evidence, I use a regression discontinuity design to identify differences in the community's economic status before and after the implementation of the policy. The results confirm the policy's effect. While Sunday closing caused a considerable drop in Jews' status, it left non-Jew business and shop owners unaffected. Next, focusing on co-joint business, the paper shows that collaboration between different ethnoreligious communities decreased after the implementation of the policy, a finding that could also be linked to the drop in Jews' status. Turning to identity choices, I find a backlash effect on the community as a whole and for Jews not involved in businesses and trade. This is not the case when restricting attention to business and shop owners. The results suggest that a collective threat in the religious rather than the community's economic status leads to the reinforcement of ingroup identity, while the combination of cultural and economic threats moderates the backlash effect.

My study relates to a growing literature on how non-core groups respond to discriminatory state policies. Previous research shows that veil bans hinder Muslims' assimilation, strengthening religious identity (Carvalho 2013; Abdelgadir and Fouka 2020). Hence, discrimination on religious grounds causes backlash, having long-term consequences for the targeted group's labour market performance. Conversely, economic payoffs tend to incentivize minorities, reinforcing assimilation (Carvalho and Koyoma 2016). This mixed evidence indicates that while cultural policies seem to inhibit assimilation, economic ones point in the opposite direction, calling for attention to the type of policy in place. Yet, it is usually the case that nation-building policies affect non-core groups uniformly, leaving little room for ingroup variation. This paper surmises this obstacle by using a policy that raised differential stakes for different subgroups of the non-core community. In particular, while for a large part of the Jewish population, Sunday closing was seen as solely a religious, and therefore cultural, threat, Jews involved in trade and business were also faced with the negative economic consequences of the policy. This heterogeneity on Sunday's stake allows us to test the mechanism through which assimilation effort or backlash occurs.

The paper is also linked to the literature on identity, particularly research on identity change through naming decisions. Extensive literature in economics (Abramitzky *et al.* 2020; Bazzi *et al.* 2020), sociology (Bloothoof and Onland 2011), and social psychology (Twenge *et al.* 2010) uses name choices as a measure to test individual attitudes and assimilation effort. Names choices signal divergent decisions. In particular, the choice of distinct names by minority members indicates distancing from and disaffection to the majority society (Arai *et al.* 2009). In contrast, the choice of majoritarian names signals the intention to assimilate. The latter is true, especially where minorities expect economic penalties (Algan *et al.* 2022). This last piece of evidence reinforces the paper's theorization, according to which negative economic impacts of nation-building policies moderate backlash.

Further, my research connects to the literature on nation-building. Being the terrain of nation-state formation, interwar Europe witnessed widespread nationalistic projects aiming at state

homogenization (Mylonas 2013). Yet, there is little consensus on how homogenization could be achieved, especially regarding ethnoreligious non-core groups. While some states worked in an assimilationist direction, others adopted a differentialistic concept of nationalization (Brubaker 1996), approaching cultural differences as axiomatic. These distinctively different understandings of nation-making led to divergent policies aiming at assimilation, accommodation, or exclusion (Mylonas 2013). The paper discusses a case of institutional discrimination in a broader context of accommodation, studying whether a threat to the status of a non-core group drives assimilation efforts even when the latter is not seen as a desirable subject of the imagined community by the state and the majority society.

Lastly, the paper is connected to class and social status literature. Ever since Weber, scholars have attempted to explain how class and status drive social stratification. Yet, there is little consensus on whether the two factors constitute distinct analytical categories or features of a single dimension. The Weberian vantage point suggests a clear distinction between the two, with the former connecting to solely labour market dynamics and the latter capturing social relations between groups and individuals. In contrast, the Bourdieusian (1984) framework sees class and status as strictly intertwined, with the latter constituting a symbolic dimension of the former. Other scholars interpret the two terms as equivalent (Lipset and Bendix 1959). This study is placed between the Weberian and Bourdieusian standpoints, approaching status as a “degree of social honour” (Chan and Goldthorpe 2007, p. 514) tied to imputed group characteristics. In this context, class could largely influence status in newly industrialized, not fully egalitarian societies. In this case, a shift in lower classes directly affects the community’s socioeconomic status in the modernizing Salonica. Thus, what the measure captures is not limited to class but also has social status connotations.

### Salonica: from Sephardic to Greek

Salonica has been a shelter for Jewish populations since the 15th century. Under the Ottoman rule, the city was a refuge for Sephardi expellees who fled Spain in 1492. Imperial consociationalism made Ottoman lands safe for Sephardi Jews who, after settling in key urban centres, served the imperial economy for over three centuries (Mazower 2006). The Sephardim had a lasting contribution to the development of Salonica, transforming it from a destroyed city to a top-class financial centre.

The dismantlement of the Ottoman Empire and the emergence of competing nationalisms, peaking during the Balkan Wars, drastically changed the social landscape of Salonica. In 1912 the city was annexed to Greece, an event that paved the way for the community’s gradual transformation from a vibrant majority to a marginalized ethnoreligious minority. Having a distinct religious affiliation and linguistic background, Sephardi Jews were never seen as desirable members of the emerging imagined community (Doxiadis 2018). Therefore, they were targeted with an array of policies. Although the Greek state granted the community an autonomous legal status to incorporate it in civic terms and maintain peace in the unstable new

lands (Naar 2016), the direction of its policies gradually changed, especially after the end of the Greco-Turkish war in 1922.

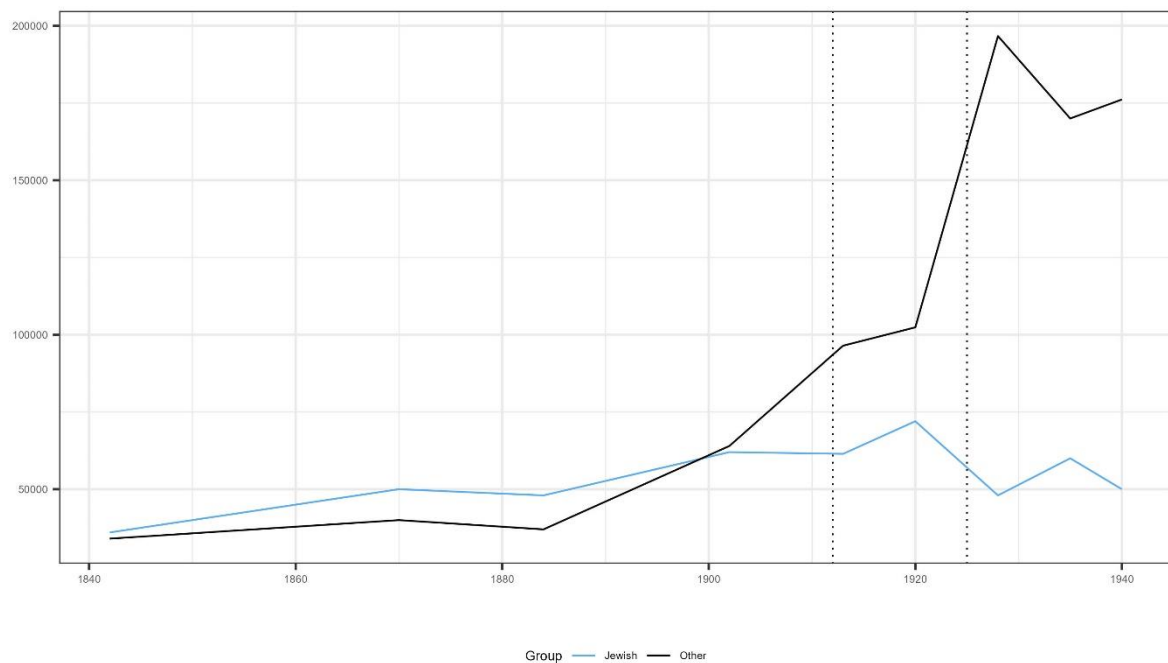
The 1922 Greco-Turkish war marked the abrupt end of Greek irredentist nationalism. Confronted by Turkish expansionism, Greek aspirations to breathe the so-called “Great Idea” into life ended with the mass deportation of the Christian Orthodox populations dwelling on the Turkish coast. The paramount humanitarian implications of the destruction of Smyrna led to the signing of the Lausanne convention in 1923 that settled the conflict between Greece and Turkey, providing for the simultaneous expulsion of Muslims dwelling in Greece and Orthodox living in Turkey. The deportations and the subsequent treaty led to significant population unmixing based on subjects’ religious identities. Hence, 1922 was a turning point regarding the making of the Greek nation-state. State-builders abandoned the idea of a great country extending beyond the existing border. The national homogenization of the existing lands was the new stake. For this, the Greek state capitalized on the arrival of 1.2 million Anatolian refugees. The city of Salonica became home to some 100,000 of them. As shown in Figure 1, refugees’ settlement drastically changed the city’s demographic composition, reinforcing intergroup competition and animosity (Doxiadis 2018). Hence, the population exchange offered the Greek state a welcome opportunity to develop its nation-building efforts while severely challenging the Jewish community’s standing. The direction of Greek nation-building after 1922 was clear; Jews would no longer enjoy equal rights with the Christian inhabitants of Salonica. Against this background, making Sunday the official day of rest functioned as the ideal signal that Salonica had become a Christian city. This inevitably raises the question of how Sunday closing affected the decisions made by the city’s Jewish population.

## Theory

To understand Jews’ strategies, we first need to put the Sunday closing law in a nation-building framework. In this paper, nation-building is construed as a public good (Alesina *et al.* 2017). The provision of services and benefits to the citizenry is a prerequisite for the emergence of centralized states. At the same time, the national character of the modern state implies that the dispensation of public goods occurs along national lines. This means the nation-state consists of two overlapping dimensions: the national and the statal. Who belongs to the nation-state depends on the form of nationalism in place. Essentially, the literature on nationalism has identified two forms of nationalism: the ethnic and the civic (see Kohn 1945). While the former approaches ethnicity as a prerequisite for inclusion in the nation-state and differences among ethnicities as axiomatic, the latter builds upon a more inclusive framework, defining the people based on civic and political elements (Brubaker 1992). In this context, the extent to which nation-building policies prioritize the interests of a particular ethnic community is associated with the role that ethnicity plays in the formation of the nation-state. Yet, it is very often that the citizenry holds different-even competing- ethnoreligious identities. This could cause a considerable mismatch between citizenship and inclusion in the imagined community, especially when we look at cases of ethnic nation-building such as the one at hand. Greece

constitutes an interesting example concerning the implications of this mismatch regarding nation-building policies and the treatment of non-core groups. This is because, in Greek nation-building, nationality was defined in narrow terms, with ethnicity, religion, history, and culture being of paramount importance for belonging to the national community (Kalyvas 2015; Kostis 2018). At the same time, among many others, Salonica was predominantly inhabited by groups that did not qualify as Greek. How did the Greek nation-builders tackle this mismatch?

Figure 1: Evolution of the population of Salonica



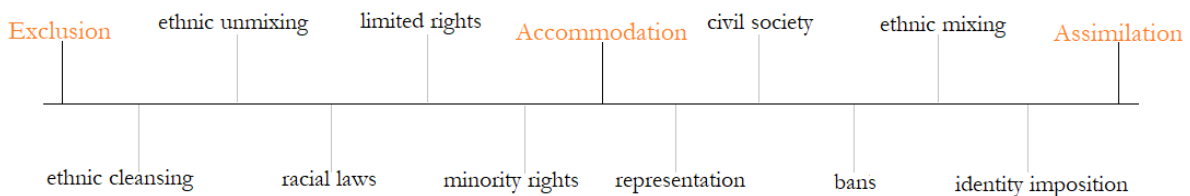
Notes: The grey vertical lines mark Salonica's annexation to Greece in 1912 and the enactment of the Sunday closing law in 1925.

In essence, nation-building targets non-core groups with an array of policies, the direction of which is driven by state elites' desirable outcome. In this paper, I follow Mylonas's (2013) classification, according to which nation-building can be broadly divided into three categories. These are exclusion, assimilation, and accommodation. The first category refers to a violent form of nation-building aiming at eliminating ethnic diversity through expulsion and mass killing. Assimilationist nation-building aims to incorporate non-core groups in the national community, involving a broad range of -often oppressive- policies. Lastly, the central premise of accommodation is the retention of ethnoreligious outsiders in the state and the grant of minority rights. Here, nation-builders are not interested in the assimilation of the non-core group, neither they attempt to remove it from the national lands. Thus, this last category could be seen as a grey zone between assimilation and exclusion. In principle, the state is expected to respect the cultural diversity between the national community and the outgroup. However, the implemented policies could have either positive or negative impacts on the non-core community's status. For instance, the political representation of national outsiders by

minoritarian parties is expected to influence the standing of non-core communities positively. In contrast, making the outgroup vote in different polling stations could threaten the free expression of political preferences. This distinction between the three different nation-building forms is vital to understand nation-builders' rationale and, most importantly, to assess non-core groups' assimilation decisions.

Before moving to how groups respond to different forms of nation-building, an important clarification should be made. In Mylonas's work, the three types of nation-building are seen as distinct categories. Here, I suggest a slightly different conceptualization. In particular, this paper uses exclusion, accommodation, and assimilation as parts of a nation-making continuum. This variant helps us better understand shifts in nation-building policies over time. For instance, institutional accommodation could entail policies closer to the exclusion side of the nation-building spectrum, such as enacting laws that restrict employment in the public sector for non-core groups. In a similar vein, implemented policies could point in the opposite direction. This is true for policies with assimilationist elements that do not aim to include the outgroup in the imagined community fully. Below, I explain why Sunday closing falls within the latter typology in the sense that it had assimilationist characteristics but occurred in an accommodating framework. Figure 2 displays a graphic representation of the exclusion-assimilation continuum seen through the lens of state elites.

Figure 2: Nation-building: state elites' perspective



Turning to the people, the question naturally arises: How do different groups respond to nation-building strategies when the national community is defined in ethnoreligious terms? This narrow understanding of the nation implies differential utility for core and non-core groups. Simply put, the expected utility of nation-building is much higher for the groups that constitute part of the nation and the citizenry. Being part of both means higher levels of symbolic state ownership, public goods provision, and interest prioritization. In the running example, the nation-state represents the Greek national community, and the latter is defined along ethnoreligious lines. Hence, the Greek-speaking, Orthodox population is expected to enjoy higher benefits, increasing its expected utility of nation-building. In contrast, non-core groups' interests are expected to be trivialized or even trampled, especially when they conflict with those of the core group. This is in line with the relational theory, which has been widely used in the nation-building literature to capture power configurations between core and non-

core groups and the state (Brubaker 1996; Wimmer 2018). This asymmetry in access to public goods is expected to drive non-core groups' identity choices.

The argument builds upon the literature on economics and identity and how expected payoffs drive identity change (Akerlof and Kranton 2000, Laitin 1998). Bringing identity change to a nation-building framework, we expect non-core groups to perform cost and benefit calculations to decide whether the payoff of assimilation overturns the cost of abandoning their ethnoreligious identity and vice versa. Yet, one underlying precondition exists for this utilitarian identity framework to work. This is the type of nation-building policy with which the nation-state targets non-core groups. Needless to say, that, under massive violence and expulsion, as is the case in exclusionary nation-building, although desirable, identity change is, with few exceptions, unfeasible. Thus, considering the form of nation-building is necessary to study non-core groups' strategies. Under an institutional accommodation framework, non-core groups enjoy, although likely limited, nation-building benefits. Most importantly, access to nation-building public goods is conditional on their minoritarian status.

Simply put, non-core groups are granted minority rights, and through this institutional recognition, they obtain institutional representation and public goods. Seen through the lens of a utilitarian framework, under accommodation, non-core individuals are expected to perceive themselves<sup>3</sup> as non-core and act accordingly. At the same time, the state's actions are expected to be in the same direction, treating them as non-core. In contrast, in assimilationist nation-building, the state's actions drastically change because non-core groups are no longer accommodated. Hence, to increase nation-building utility, they must adjust their identity. Figure 3 shows the expected utility for non-core groups under different conditions of nation-building without accounting for any assimilation effort. However, the shift in the direction of state strategies changes the utility equilibrium for non-core individuals. In what follows, I briefly present the treatment, explaining how this shift from accommodation to assimilation is expected to affect different non-core individuals' identity choices.

### Sunday closing

Overall, nation-building policies targeting the Jewish community fall into the accommodation category. Yet, the accommodation of the Jewish community should be divided into two distinct periods interrupted by the 1922 population exchange. Until the refugees' arrival, the Greek state could afford to accommodate Jews fully, probably given the low numbers of people qualifying as the core nation. As a result, the city, to some extent, kept its Jewish character, with the community continuing uninterrupted its activities. In that sense, accommodation did not negatively affect the non-core group under study. However, the population exchange changed the reality drastically, making ethnic homogenization of the recently acquired lands and imposition of a strong centralized state the central stake. This could explain Greece's gradual shift from fully accommodating to gradually discriminating against its

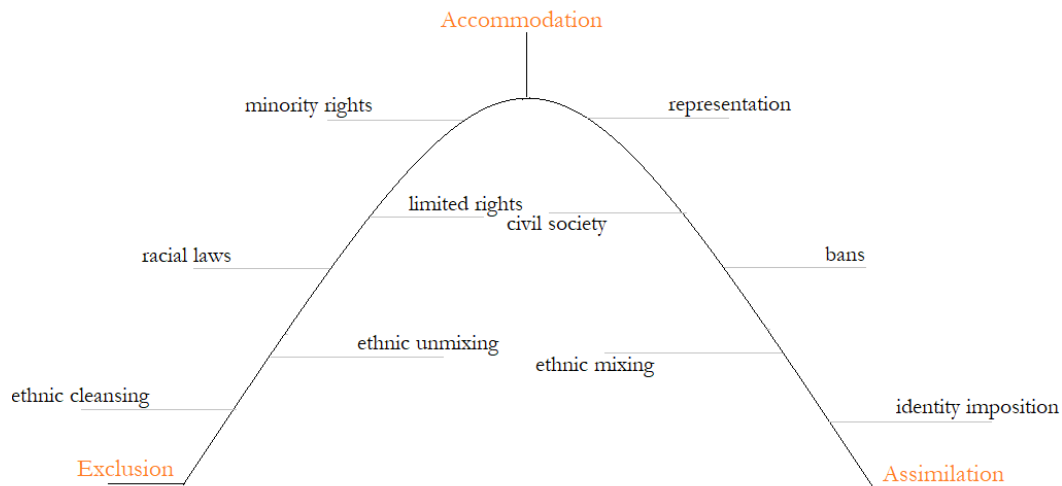
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<sup>3</sup> Self-perception is based on a set of given characteristics corresponding to the ideal group characteristics and group status.



Jewish population. The arrival of a new ethnoreligious group, perceived as culturally closer to the national community, changed the pre-existing balance<sup>4</sup>. The Greek state's desire to fully incorporate the newcomers led to a new era of nation-building, where the refugees' interests were prioritized, and Jews' accommodation became less and less desirable. It was in this context that Sunday closing was introduced in the city in 1925.

Figure 3: Nation building: non-core groups' perspective



In June 1924, the Greek state decided to enforce Sunday closing in Salonica, giving Jew shop owners a seven-month window to adjust to the new reality. The policy was set in motion only four years after the 1920 law, allowing Jews to keep their stores closed on Saturdays instead of Sundays (Mazower 2006). Prime Minister Papanastasiou described Sunday closing as a measure of religious emancipation, calling the Jewish community to align with the new reality (Mazower 2006). The community's responses were fiery, with prominent Jewish merchants involved in public debate to override the law, something which was eventually not averted. Not surprisingly, the policy was actively supported by the city's refugee population (Doxiadis 2018), which saw an opportunity to prevail in the city culturally and financially. Seen through the lens of the relational theory, Anatolian refugees and the old national community had much higher levels of symbolic state ownership than the Jewish community. Thus, the broader framework within which the policy was enacted reveals higher stakes than the so-called Jews' emancipation. Rather, the law came as the affirmation of the city's Greekness. The use of religion as a domestic policy instrument is not rare in the making of nations. Especially in the Balkans, nation-building capitalized on Christianity, incorporating religious faith as part of the national identity, and Greece was no exception (Beaton 2019; Kalyvas 2015). In this context,

<sup>4</sup> For the role that the arrival of a new outgroup plays in the social recategorization of existing minorities, see Fouka, Mazumder, and Tabellini (2022).

Sunday closing directly threatened the Jewish community, which was now experiencing an attack on its group status in cultural and economic terms.

Looking at the cultural dimension, the Sunday closing directly confronted the Jewish religious identity. The policy functioned as a national marker, indicating that Judaism was no longer the official religion of Salonica and Jewish religious practices, such as the Sabbath rest, would no longer influence the city's life. However, the impact of Sunday closing is not limited to the community's religious confrontation. Focusing on the logic behind this policy, one identifies a crucial economic dimension. By keeping their stores closed for two days a week, Jewish merchants and shop owners were now facing a new reality that could potentially have severe implications for their economic status. To use the words of the President of the Zionist Religious Organization, "The Jews of our city have been faced with a dilemma of whether to rest twice a week, thus suffering excessive financial loss, or to violate their religious feelings by working on Saturday" (Constantopoulou and Veremis 1999, p. 147). Seemingly, this second aspect disproportionately affected the community, leaving individuals not involved in trade and business unaffected. From a utilitarian perspective, this change implies differential utility equilibriums for different community members.

In particular, for Jews not involved in business and trade activities, religious discrimination policies, such as the Sunday closing law, only triggered a cultural threat. The socioeconomic status of this subgroup remained unaffected, while the state's actions implied hostility towards their community, expressed through undermining their religious identity. From a utilitarian perspective, this is translated into a higher cost of abandoning Sephardic identity. This is in line with the group identity theory, arguing that external threats reinforce identification with the ingroup (Bobo 2004). Simultaneously, the expected benefit of assimilation is not going to increase. This is true for two reasons. First, even if they had aligned with the new reality, signalling their intention to assimilate, they would not have regained any tangible benefit given that they had not experienced any financial loss due to the policy in the first place. Second, given the considerable cultural distance between the majority society and the Sephardic community, Jews were well aware that even if they had tried to assimilate, there was a slight chance that they would have succeeded. Hence, the paper theorizes that non-core groups are expected to backlash under cultural threat. This expectation is reinforced by empirical research on the effect of restriction of religious practices on migrants' behaviour, showing that religious discrimination leads to disassimilation (Abdelgadir and Fouka 2020; Carvalho 2013).

Turning to community members involved in business and trade, we must consider a second threat dimension: the economic. Here, Sunday closing exceeds religious confrontation, posing a straightforward dilemma that comes down to Misrachi's abovementioned words; for Jewish merchants, becoming Greek means that they could regain or maintain their socioeconomic status. This tangible benefit of assimilation is expected to change the nation-building utility for this subpopulation. Hence, the increased cost of abandoning their non-core identity, posed by exposure to a cultural peril, is accompanied by an increased benefit of assimilation due to the restoration of their prior socioeconomic status. Hence, the paper theorizes that economic threats moderate the effect of cultural perils, potentially leading to assimilation efforts. This is

in line with Shayo's (2009) pioneering work, according to which lower-status groups tend to adopt higher-status, overarching identities. Further, previous empirical work on minorities shows that providing individuals with financial incentives prevents backlash (Carvalho and Koyama 2016).

Overall, the paper argues that the type of threat a nation-building policy causes explains variation in non-core individuals' responses. In brief, exposure to a cultural threat is expected to lead to backlash, given that individuals maintain their economic status but experience a direct collective threat that undermines the cultural status of their community. Yet, the interplay of economic and cultural degradation is expected to yield different responses. Individuals who experience economic losses are more incentivized to move away from their ethnoreligious community to regain their socioeconomic status. These different levels of exposure allow us to assess whether threats in the economy or the culture drive identity change. In this context, the paper leverages the Sunday closing law, which was in place from 1925 to 1930, to capture heterogeneity in the Sephardic community's responses.

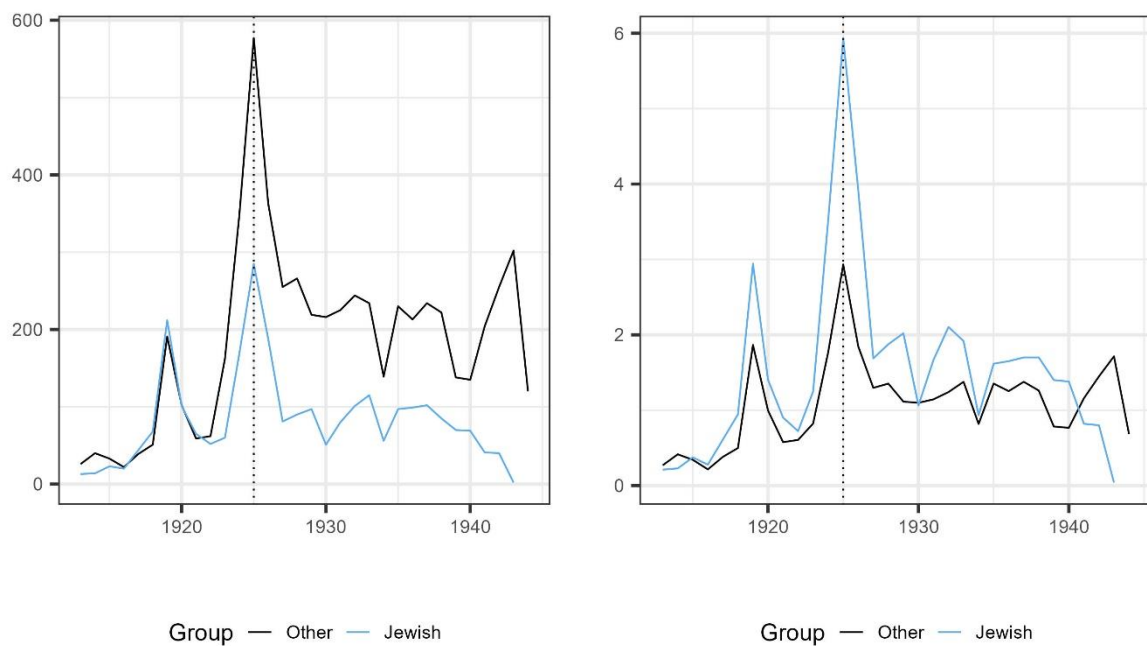
### Measuring group status and assimilation effort

For my analysis, I make use of two novel data sources: the records of the Chamber of Commerce & Industry of Thessaloniki and the archives of the birth registry office of the Municipality of Thessaloniki. The data consisted of multiple volumes corresponding to different years. In the first data source, the earliest available volume was for 1919, when CCIT began its operation. Yet, since entrepreneurs could register an already existing business, the observations span a more extended period, starting from the late 18th century. The vast majority of the observations cover the period between 1900 and 1975. However, I restrict attention between 1912 and 1943, corresponding to the annexation of Salonica into Greece and the city's occupation by the Nazis, respectively. The data includes the business's name, address, and start and end dates. They also include qualitative information regarding the sector and the activity of registered firms, as well as the owners' names. This novel dataset constitutes the only systematic information regarding business activity in Salonica from the early 20th century to WWII. Needless to say, that archival data are often damaged, leading to data missingness. Further, the collection and processing of the data revealed some inconsistencies, particularly regarding the business's deletion dates. It seems that on many occasions, CCIT deletes registries massively when reviewing its database. For my analysis, I have used data amounting to 8,673 business registrations. Figure 4 displays the annual frequency of new registries and registries conditional on population size.

For my analysis, I classify information based on owners' and business names and business activity. Owners' names are used to classify the business as Jewish, other, and mixed. Since Sephardi Jews have distinctively different names, coding the data based on the ethnoreligious group is straightforward. However, to confirm the coding of this variable, I use other

qualitative sources, including extended lists of names of Jewish inhabitants of Salonica<sup>5</sup>. Further, leveraging the qualitative information regarding the business activity, I compute a new social class variable. I rely on the Historical International Standard Classification of Occupations (HISCO) for this task. HISCO is a social stratification scheme for occupations in the pre-industrial and industrializing eras. It classifies occupations based on their social standing in multiple country contexts, returning a seven-digit code corresponding to different categories. These codes are translated into HISCLASS. The latter constitutes a direct measure of social class. This new variable constitutes the main outcome of interest for the analysis of Sunday's effect on social status. Table 1 displays the descriptive statistics for this dependent variable.

Figure 4: Evolution of new business



*Notes:* The right and the left panels of the graph display annual number of new business and annual registries per population size for each group, respectively.

Table 1: Social status

	N	Mean	St. Dev.	Min	Max
Full sample	8,673	5.51	1.09	0	8
Jew	2,622	5.31	0.91	0	8
Other	5,820	5.58	1.12	0	8
Joint	231	6.27	1.54	0	8

<sup>5</sup> For this, I used Salem's (2022) archival research on the lost Jewish kids of Salonica.

To measure identity choices, I use Jew inhabitants' birth certificates<sup>6</sup>. The earliest available information starts in late 1914. Again, registries consist of multiple volumes corresponding to different years. A family member, usually the father, had to register the birth in the respective office of the municipality. The birth certificates include the parents' full names, the name given to the newborn, the home address, and the father's occupation. Yet, it is often the case that some of this information is missing. For my analysis, I drop all the observations where either the infant's first name or the father's occupation was missing. This leaves me with 9,537 observations spanning between January 1915 and December 1926. Since birth registration was voluntary for female infants, their male counterpart is overrepresented in the sample.

Newborns' names are classified into four broad categories: Hebrew, Ladino, Greek, and other. The first and the second categories correspond to names that indicate direct links to Judaism and the Sephardic community<sup>7</sup>, respectively. The category "other" stands for European and Turkish names. For the classification, I used a name-coding scheme provided by an expert in the Seraphic community of Salonica. I classify observations as a merchant and other to account for heterogeneous effects within the Sephardic community due to the Sunday closing law. The two groups involve different types of occupations located in various socioeconomic strata. For instance, industrialists, entrepreneurs, small shopkeepers, and haberdashers are classified as merchants. Similarly, "other" comprises individuals employed in the public sector, scientists, and workers. Hence, the classification captures a sectorial rather than a socioeconomic division. Table 2 displays the number of names for each of the four name categories based on the father's type of occupation.

Table 2: First names

	Full sample	Business owners	Other
Hebrew	6,381	3,004	3,377
Ladino	1,820	868	952
Greek	570	286	284
Other	766	425	341
Total	9,537	4,583	4,954

## Disentangling the Sunday's effect

In this section, I present a preliminary analysis of the collected data. I first test the effect of the Sunday closing law on Jew merchants' socioeconomic status. Once I establish the negative impact of the policy, I turn to test its effect on identity choices.

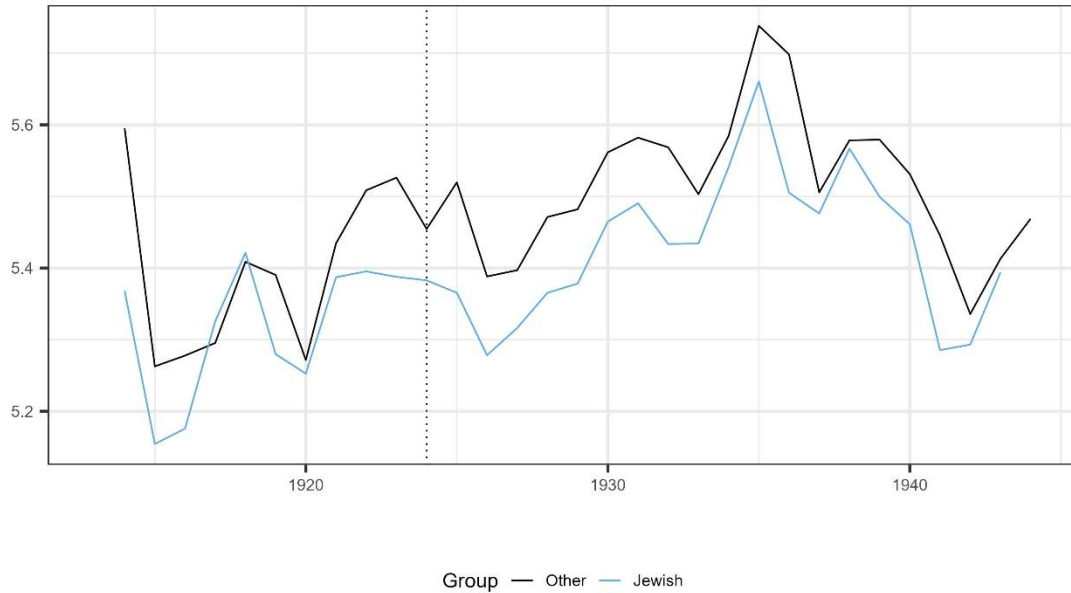
Figure 3 displays the average socioeconomic status of the Jewish and Christian business owners for the period under study. As shown, Jew merchants have on average lower socioeconomic

<sup>6</sup> I identify Jewish entries using the information on whether the infant was baptised and the newborns' and family names.

<sup>7</sup> Ladino is a Judeo-Spanish language widely used by Jews of Spanish origin- Sephardi-.

status compared to their Christian counterparts. Interestingly, the enactment of the Sunday closing law caused a drop in both groups' socioeconomic status. Yet, this drop was more evident in the case of Jewish firms.

Figure 3: Socioeconomic status



To examine the extent to which Sunday closing affected the socioeconomic status of Jew entrepreneurs, my empirical strategy amount to a fixed-effects specification of the following form:

$$Y_{bct} = \alpha + \beta t_{bct} + \lambda_c + \theta_t + \zeta_s + X_{bt} + \varepsilon$$

where  $Y$  stands for the outcome of interest, namely social class of business  $b$  owned by merchants of community  $c$  in time  $t$ .  $T$  represents and indicators of the treated observations; those are Jewish business between 1925 and 1930, the years that the policy was in motion.  $\lambda$ ,  $\theta$  and  $\zeta$  are ethnoreligious community, year and business sector fixed effects, respectively. The  $\beta$  coefficient captures the differential impact of the Sunday closing law on socioeconomic status. Lastly, the standard errors are clustered at the ethnoreligious group level.

Table 4 displays the main results for the first part of the analysis, comparing the socioeconomic status of Jew and Christian business with and without the policy under study. In essence, Jew merchants and shop owners indicate lower socioeconomic status for the whole period under consideration. This could be because there are primarily involved in auxiliary traded activities and moneylending, which are classified as lower-status occupations according to the used occupational stratification scheme. The interaction coefficient is also negative, capturing a further increase in the difference between the socioeconomic status of Jew and Christian merchants for the period that the policy was in place. The effect of Sunday closing is robust under different model specifications.

Table 4: Socioeconomic status

Dependent Variable	Social class				
	(1)	(2)	(3)	(4)	(5)
Jew	-0.26*** (0.02)	-0.26*** (0.03)			
After 1925	-0.03 (0.03)				
Jew: After 1925	-0.10** (0.05)	-0.09* (0.05)	-0.11** (0.05)	-0.12** (0.05)	-0.12*** (0.05)
Observations	8,873	8,873	8,873	8,873	8,873
R-squared	0.02	0.03	0.04	0.19	0.22
Year FE	N	Y	Y	Y	Y
Group FE	N	N	Y	Y	Y
Sector FE	N	N	N	Y	Y
Controls	N	N	N	N	Y

*Notes:* After is an indicator of the years 1925-1930 that the policy was in place. Significance levels: \*\*\* $p < 0.01$ , \*\* $p < 0.05$ , \* $p < 0.1$ .

To closer look at the effect of the policy on the two groups socioeconomic status, I implement a regression discontinuity design. To do so, I estimate the following equation:

$$Y_{bt} = \alpha + \beta(X_b - c) + \tau D_b + \gamma D(X_b - c) + u_b$$

where  $Y$  is the outcome variable of interest, namely social class, and  $b$  denotes business entries at time  $t$ . Time is measured in years and normalized to 0 in 1925, the year the policy was enacted.  $\tau$  captures the effect of the policy on the outcome of interest. I perform the same analysis for the Jewish and the Christian samples. Figure 4 visualizes the effect of the policy for the two groups under study, plotting local polynomials around the cut-off point. As shown in the graph, while the policy enactment caused a sharp discontinuity in the socioeconomic status of the Jewish group, it left Christian entrepreneurs unaffected. Table 5 displays the regressions' results for first and second-order polynomials. The models use triangular kernels, which assign larger weights to the observations close to the cut-off point and robust bias-corrected confidence intervals.

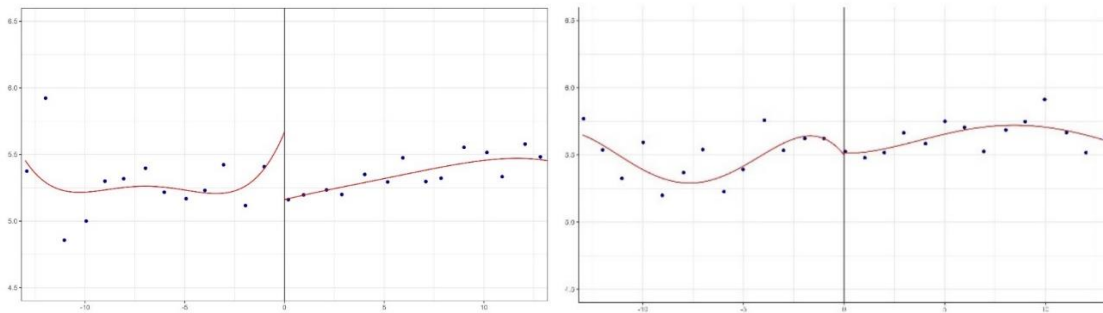
Table 5: The effect of Sunday closing on social status

Dependent Variable	Class			
	Jew		Other	
	Linear (1)	Quadratic (2)	Linear (3)	Quadratic (4)
Sunday	-0.346*	-0.621**	-0.139	-0.185
	(0.142)	(0.247)	(0.125)	(0.228)
Mean Dep. variable	5.31		5.58	
Observations	2,682		5,782	

Kernel: Triangular  
Method: Robust

Notes: Significance levels: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

Figure 4: Socioeconomic status by business foundation year

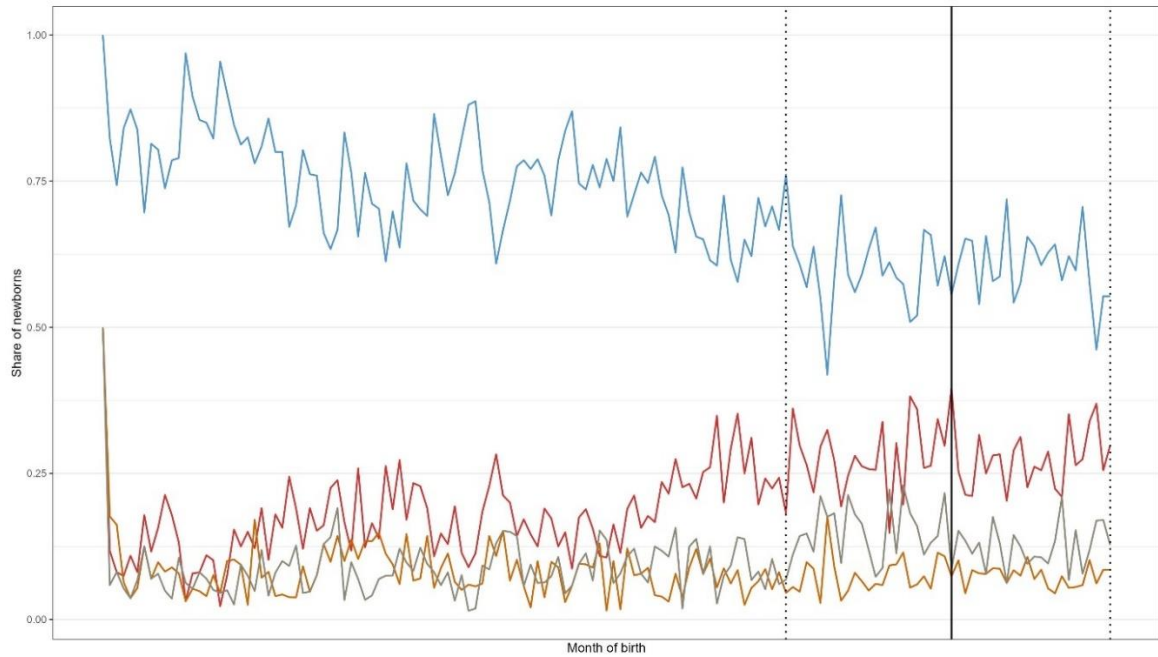


Notes: The figure plots bins of new business (dots), local linear non-parametric smooths fitted separately in the two sides of the cut-off point. The first and second graphs focus on the Jewish and Christian samples, respectively.

After providing empirical evidence concerning the effect of the Sunday closing law on the Jew entrepreneurs' socioeconomic status, the paper examines how this negative economic shock explains identity choices proxied through naming decisions. Using raw data, Figure 5 visualizes the monthly frequencies of the four name types (Ladino, Hebrew, Greek, and Other). The solid line represents the day that the policy was enacted. The grey dashed lines amount to the bandwidths used in the analysis. The blue and red lines represent Hebrew and Ladino names, while the orange and green lines represent the frequency of Greek and Other names. In the analysis, I present results for all four types of names. Yet, I theorize that backlash is better captured by using Ladino names. This is because Ladino names represent the language and culture of the Sephardic community. In contrast, Hebrew names are related to Judaism in a broad sense.



Figure 5: Monthly frequency of the four name types



Notes: The solid black and the dashed vertical lines mark the day that the policy was enacted and the used bandwidths, respectively. Blue, red, orange and green lines represent Hebrew, Ladino, Greek, and Other names.

For the analysis of name decisions, I estimate the following equation

$$[Y_{it} = j] = \alpha + \beta(X_i - c) + \tau D_i + \gamma D(X_i - c) + u_{it}$$

where  $i$  captures newborns' entries,  $t$  denotes time and  $j$  stands for the name type.  $t$  is time in days, and it is normalized to zero on the date that the policy was enacted (January 1<sup>st</sup>, 1925).  $\tau$  captures the effect of the policy on name choices, under the assumption of continuous potential outcomes. The standard errors are clustered at the date of birth level. The models use triangular kernels, which assign larger weights and robust bias-corrected confidence intervals. Table 6 shows the regressions' results for first and fourth order polynomials.

Panel A corresponds to the entire sample, the Jewish community. The frequency of Ladino names increases by about 24% among infants born before and after the enactment of the Sunday closing law. This jump is large relative to the pre-policy mean, shown in Table 6. Yet, the results are statistically significant only when we use a higher-order polynomial. Similarly, there are no statistically significant changes in any of the rest name types. Panel B restricts attention to the subsample of Jewish families involved in business and trade. As shown, all results are non-significant. Finally, Panel C looks at Jewish individuals not involved in business and trade activities. This subgroup shows a discontinuous increase in the frequency of Ladino names before and after the policy implementation. Focusing on the regression coefficient of the fourth-order polynomial, we observe an increase of approximately 50% in the likelihood of giving an infant a Sephardic name, a very large jump given the pre-policy mean. This indicated that the non-business subgroup mainly drives the increase in the frequency of Ladino

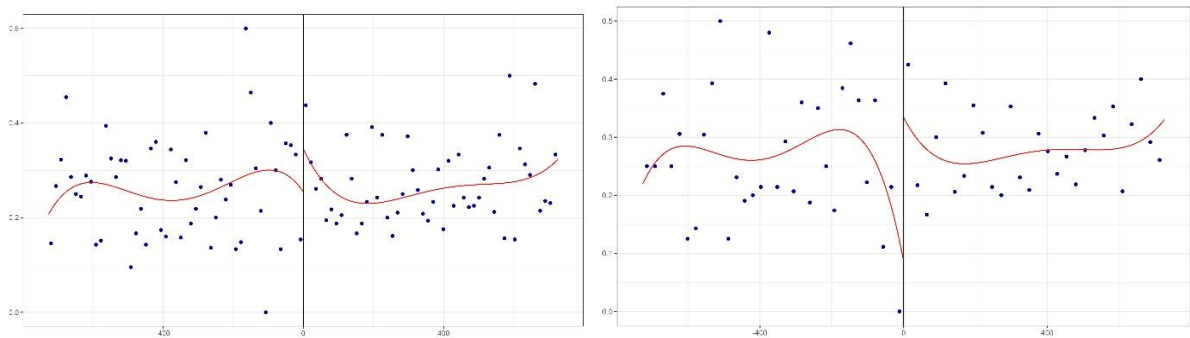
names observed in panel A. Figure 6 visualizes the discontinuity in Ladino names for Panels A and C.

Table 6: The effect of Sunday closing on name choices

Dependent Variable		First names							
Panel A									
Ladino		Hebrew		Greek		Other			
Linear	Polynomial	Linear	Polynomial	Linear	Polynomial	Linear	Polynomial	Linear	Polynomial
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(7)	(8)
0.103	0.243*	-0.030	0.009	-0.000	-0.051	-0.047	-0.182		
(0.080)	(0.139)	(0.089)	(0.167)	(0.035)	(0.087)	(0.065)	(0.120)		
Mean DV 1923-25	0.26		0.59		0.06		0.13		
Observations	3,182		3,182		3,182		3,182		
Panel B									
0.038	0.103	-0.097	0.035	0.006	-0.046	-0.005	-0.111		
(0.118)	(0.213)	(0.129)	(0.233)	(0.060)	(0.075)	(0.050)	(0.116)		
Mean DV 1923-25	0.24		0.59		0.07		0.14		
Observations	1,443		1,443		1,443		1,443		
Panel C									
0.224**	0.489**	0.020	-0.099	-0.000	-0.084	-0.169	-0.463*		
(0.114)	(0.191)	(0.110)	(0.229)	(0.060)	(0.133)	(0.114)	(0.259)		
Mean DV 1923-25	0.28		0.60		0.05		0.12		
Observations	1,739		1,739		1,739		1,739		
Kernel: Triangular									
Method: Robust									

Notes: Standard errors in parentheses, clustered at the date of birth level. Significance levels: \*\*\* p< 0.01, \*\* p< 0.05, \*p< 0.1.

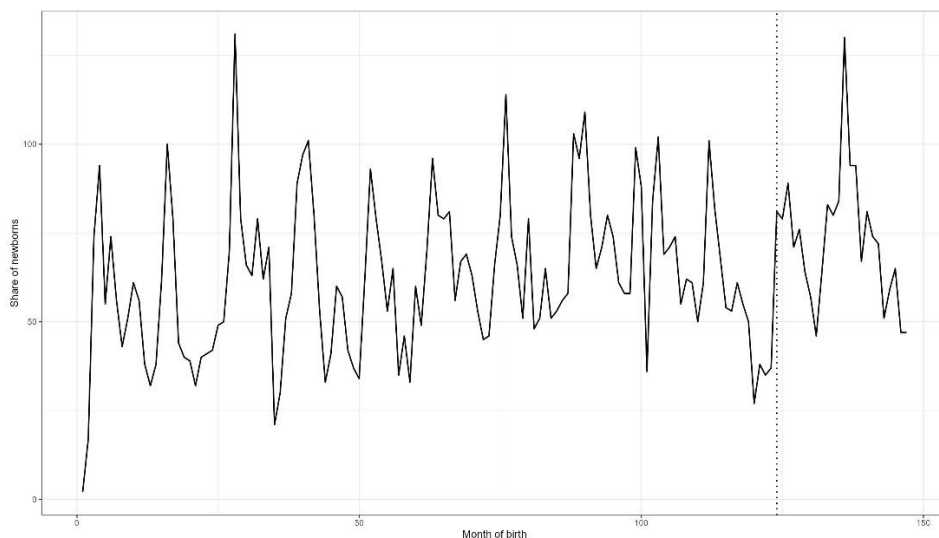
Figure 6: Frequency of Ladino names by birth date



Notes: The figure plots bins of infants with Ladino names (dots). The data are restricted to infants born between 1923 and 1926. The top and the bottom graphs of the Figure visualize the discontinuity for the total sample of Jews and Jews not involved in business and trade, respectively.

The results suggest that Sunday closing had a backlash effect on the Jewish community, especially for individuals that did not experience any financial loss. Regarding business owners, the economic shock moderated backlash. Yet, the results could be biased by increased outmigration due to the enforcement of the policy. To address this concern, I calculate the monthly total of births plotted in Figure 7. As shown in the graph, in the post-policy period, the number of births does not decrease. However, one identifies a drop in the birth registrations right before the policy enactment, which could bias the regression discontinuity results. Thus, further robustness tests are required to claim that the observed effect is causal.

Figure 7: Monthly totals of Jewish births, 1915-1926



*Notes:* The dashed vertical line marks the date of the enactment of the Sunday closing law.

## Concluding remarks

Nation-building policies threaten the status of non-core groups in various ways. These differential threats could yield divergent responses by non-core individuals. In an attempt to disentangle the effect of nation-building policies on non-core communities' identity responses, I look at the case of the Sephardic population of Salonica, a group that gradually transformed from a vibrant majority to an ethnoreligious outsider after the city's annexation to Greece. In this paper, I explore the differential effect of Sunday closing on different Jewish individuals based on their occupation. The paper first provides empirical evidence of the negative impact of the policy's enactment on the Jewish population, using data on socioeconomic status. It then turns to group responses to this exogenous shock, using naming decisions as a proxy of identity choice. The results suggest that group responses diverge depending on the type of threat in place. Sunday closing led to backlash for individuals who only experienced a cultural threat due to the policy. This is captured through the sharp and considerable increase in the frequency of Ladino names. As mentioned, the Jewish community of Salonica was of Sephardic origin and spoke Ladino. Therefore, choosing first names linked to the community

signals further disassimilation when the community's religious status is challenged. In contrast, the interplay of cultural and economic shocks yields different results. Jews that simultaneously experienced religious and financial degradation do not backlash. Hence, it could be argued that threats to socioeconomic status moderate the backlash effect caused by cultural confrontation.

However, these are very preliminary evidence. Further data collection and analysis are necessary to reinforce the paper's results. In particular, I will perform further analysis of business registry data to identify which businesses were most heavily affected by the policy. This will allow me to test identity choices, comparing individuals that experienced different levels of economic degradation. Further, I plan to continue collecting birth certificate data for the period that the policy was in place (1925-1930). This will allow me to test for differential overtime responses by individuals with different forms of occupation by leveraging a difference-in-differences estimation strategy. Lastly, name choices are only one proxy of identity change. Yet, the literature has identified many signals of assimilation and disassimilation with language to be of paramount importance (Laitin 1998). For this, I plan to complement my study by collecting data on school registries. Sephardim could choose between Greek, Jewish, and French schools, each using a different education language. Hence, school choice could be another proxy for identity choices.

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