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Help Refugees Help Themselves

Let Displaced Syrians Join the Labor Market

Alexander Betts and Paul Collier

There are now some 60 million displaced people around the world, more than at any time since World War II. The Syrian crisis alone, which has created the largest refugee shock of the era, has displaced some ten million people, around four million of them across international borders. In recent months, Western attention has focused almost exclusively on the flood of these refugees to Europe. Yet most of the Syrian refugees have been taken in not by Western countries but by Syria's neighboring states: Jordan, Lebanon, and Turkey, whose capacity has been overwhelmed. Lebanon, with a population of around four million and a territory smaller than Maryland, is hosting over a million Syrian refugees. Young people are over-represented in the refugee population, so that more than half of the school-aged children in Lebanon are now Syrian.

International policy toward the Syrian refugee crisis is both antiquated and fueled by panic. It is premised on the same logic that has characterized refugee policy since the 1950s: donors write checks to support humanitarian relief, and countries that receive refugees are expected to house and care for them, often in camps. The panic comes from Europe, where debate has focused on how to fairly distribute hundreds of thousands of new arrivals, from both Syria and elsewhere, across the European Union and how to prevent asylum seekers from

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attempting the perilous journey across the Mediterranean or through the western Balkans.

This boats-and-camps approach misses the core of the problem. As European countries struggle with what to do about the influx of people displaced by violence in the Middle East who have arrived in Europe in recent months, they should work harder to address the refugee crisis closer to its main source: Syria. Indeed, only around four percent of displaced Syrians have attempted to reach Europe; around 60 percent of the displaced, or more than six million people, remain in Syria, many unwillingly—because since 2014, Jordan and Lebanon have effectively kept their borders closed. Of those refugees who have left Syria, a large majority have gone not to refugee camps or to Europe but to Amman, Beirut, and other Middle Eastern cities to work, often illegally and for low pay. Some 83 percent of Jordan's refugees live in cities—around 170,000 in Amman alone. Their situation is clearly unsustainable: without access to international or state assistance, children grow up without education and families deplete their savings. The fate of the refugees who stay in the camps is similarly unfortunate: there, displaced Syrians languish under extreme dependency. Lacking access to work, teenage girls are sometimes lured into prostitution, and teenage boys are lured back to Syria to join armed gangs.

To avoid such outcomes, donor states and international organizations such as the UN have urged the governments of Jordan, Lebanon, and Turkey to permanently integrate Syrian refugees into their societies. But leaders in those countries are deeply resistant to that idea, because they perceive refugees as a threat to domestic employment and a drain on stretched budgets. Nor are Syrian refugees easily incorporated into the fragile ethnic and sectarian balances that are crucial for maintaining stability in all three countries.

The need for a fresh approach to the crisis is obvious. To properly care for the displaced, policymakers must first understand the concerns of the states that host them. An effective refugee policy should improve the lives of the refugees in the short term and the prospects of the region in the long term, and it should also serve the economic and security interests of the host states.

Jordan offers one place to begin. There, a reconsidered refugee policy would integrate displaced Syrians into specially created economic zones, offering Syrian refugees employment and autonomy, incubating businesses in preparation for the eventual end of the civil

war in Syria, and aiding Jordan's aspirations for industrial development. Such an approach would align the interests of a host state with the needs of refugees and might prove broadly applicable to refugee crises elsewhere.

THE ZONAL DEVELOPMENT MODEL

The Syrian refugee crisis has been an economic and security nightmare for Jordan. The government estimates that more than one million Syrian refugees have arrived in Jordan (the UN Refugee Agency estimates a smaller refugee population, of around 630,000), and officials fear that large concentrations of Syrians in urban areas will destabilize the country, flooding domestic labor markets and pushing Jordanians out of their jobs. Even without the refugee crisis, Jordan faces significant economic obstacles. The country's leaders have long hoped to make the difficult transition to a manufacturing economy. At present, however, Jordan cannot compete with low-income countries for cheap labor, nor can it compete with advanced economies on technology and innovation. And crucially, it lacks clusters of firms collectively reaping the benefits of economies of scale: the common pools of skilled labor, supply chains, and buyers that come with the geographic concentration of firms. To industrialize, then, Jordan needs a small number of major businesses and a large number of skilled laborers to relocate to manufacturing clusters.

The refugee crisis offers Jordan the chance to make this transition. Refugee camps and some urban areas could be reconceived as industrial incubator zones, where displaced Syrians could gain access to education, training, and the right to work. The international community could encourage, through financial incentives and trade concessions, two types of businesses to set up operations in these zones: international firms that would employ both Syrian refugees and Jordanian nationals in defined proportions and Syrian firms unable to operate in their country of origin, which might be permitted to employ exclusively refugees. Should there be peace in Syria, these firms could relocate. But they would not need to stop operating in Jordan. In helping Syrian refugees gain employment and mobility, such a policy would thus help Jordan achieve a central national goal. And it would do so while addressing Jordanian concerns about domestic employment. Syrians would not be in competition with Jordanians for existing jobs: their presence would be jobs-generating.



No direction home: Syrians in Jordan's Zaatari refugee camp, January 2013

Syrian refugees and businesses are ideally suited to participate in such an initiative. Many displaced Syrians already have industrial skills. Many are well educated. And almost all share a common language with their Jordanian hosts. A number of international firms that used to do business in Syria—including Royal Dutch Shell and KFC—are no longer able to operate there; neither can many Syrian companies, of course. With the proper incentives, such businesses might choose to relocate to Jordan, where they could employ the displaced. What is more, the broad recognition of the devastation of the Syrian civil war gives Amman the leverage it would need to push Western governments to provide these incentives.

The European Union, which has been embarrassed by its failed response to the migrant crises in the Balkans and the Mediterranean, could recover some reputational ground by backing such a scheme. Like the United States, it has a strong stake in the promotion of regional stability. By offering trade concessions, subsidies, and other incentives to firms operating in Jordanian development zones, participating countries could encourage businesses that are already donating labor and

supplies to refugee agencies, such as Ikea and Hewlett-Packard, to take the additional step of employing the displaced; other international and Syrian firms could follow. To be sure, Jordan's domestic politics present some obstacles: Amman, for example, currently places significant restrictions on refugees' right to work. But as key ministries recognize the economic and security benefits of so-called zonal development, perhaps through the successful implementation of pilot programs, those barriers could dissolve.

Fortuitously, Jordan has already established several special economic zones (SEZs) in the same areas that are now inundated with refugees. There is a huge and nearly empty industrial zone in the eastern Mafrqa Governorate, around ten miles from the Zaatari refugee camp, the largest one in Jordan. Amman has already spent some \$140 million

When it comes to refugee policy, compassion and enlightened self-interest are not mutually exclusive.

to connect this zone, called the King Hussein Bin Talal Development Area (KHBTD), to national road and power networks. Although the KHBTD has the capacity to employ 100,000 people, it now employs only around 10,000, for lack of both local labor and Jordanian businesses willing to set up shop there.

The KHBTD could employ every worker in the Zaatari camp and still be only half full. It would be an ideal place to launch a development-based approach to the Syrian refugee crisis. Jordanian authorities could also establish SEZs in cities that would employ both refugees and Jordanians, perhaps in defined proportions.

SEZs have developed a poor reputation among human rights activists, who fear that they enable the exploitation of low-wage workers. Yet there is no reason why the development of such zones cannot be consistent with ethical labor practices. Properly managed, SEZs should take advantage of economies of scale, not people. Indeed, the employment of refugees in such zones should not be coercive: it should be premised on the evident desire of most refugees for autonomy, and it should provide legal opportunities for employment.

Such a policy would have the additional benefit of qualifying Jordan for a far greater amount of international assistance than it currently receives. By incubating a Syrian economy in exile, Amman could not only tap into resources designated by aid and development organizations for humanitarian relief, as it does now, but also

gain access to assistance designated for peacemaking and postconflict reconstruction in fragile states. The United Kingdom alone has committed 30 percent of its aid budget, or around \$5.2 billion, to development efforts in fragile states; those funds, and those of other wealthy governments invested in the humanitarian relief of fragile countries, could become a resource for Jordan.

In pursuing a development-based approach to the Syrian refugee crisis, Amman could not fairly be accused of cynically exploiting a tragedy. Jordan has an unparalleled record of helping refugees, from Armenians and Circassians to Iraqis and Palestinians, and it is now aiding a massive number of Syrians with little international assistance. When it comes to refugee policy, compassion and enlightened self-interest are not mutually exclusive. Eventually, Lebanon and Turkey—which, like Jordan, are struggling to house a large number of Syrian refugees and to integrate them into their economies—might follow Jordan's example. In the meantime, both states would benefit from the reduction in refugee arrivals that would follow from Jordan's establishment of attractive destinations for displaced Syrians.

AN ECONOMY IN EXILE

The brutality of the Syrian civil war has fueled a sense that the conflict will drag on indefinitely. But all wars end, and it is actually not difficult to imagine a scenario in which parts of Syria revert to peace in the next few years. Syrian President Bashar al-Assad's forces have suffered massive casualties relative to his regime's base of support. Syria's ability to pay for the war has deteriorated as its tax base has shrunk, and the country has heavily depleted its foreign exchange reserves. At some point, the leaders of the Syrian ruling establishment will recognize that Assad has become a liability. They will have to choose between jettisoning him and facing total defeat; in all likelihood, they will rid themselves of Assad and push for a negotiated end to the war.

But even once peace arrives, it will likely be insecure. If disempowered Syrians can access employment and educational opportunities in exile, they will be more likely to return to their country equipped to contribute to its postconflict recovery. And they will be less likely to fall victim to the lure of militant organizations that recruit from among the disempowered. By building legitimate sources of opportunity, then, a development-based approach to the refugees in Jordan could help pave the way for a more stable postwar Syria.

Incubating a postconflict economy even prior to peace, moreover, could jump-start Syria's future recovery. It could put pressure on the Assad regime, since providing a safe haven for Syrian firms and jobs for Syrian workers would encourage businesses to leave Syria, further undermining Damascus' tax base. And it could provide a visible incentive for peace: across the border, a Syrian economy in exile would be waiting to return.

Although such a refugee policy might advance the restoration of peace in Syria, its broader benefits do not depend on an end to the conflict. Even if Syria's civil war continues for many years, Syrian refugees would have far better lives in an augmented Jordanian economy than as illegal workers or as "boat people" arriving on European shores. And with stable jobs, they would be less likely to return to Syria to fight in the country's civil war—a dangerous choice that many refugees, faced with dependency and poverty in exile, have already made.

STRESS TESTED

Setting up SEZs to employ refugees would be a dramatically different approach from the dominant model of housing them in camps, but it would not be without precedent. A number of states have successfully employed refugees in the service of economic development, to the benefit of both the displaced and the societies hosting them. In Greece during the 1920s, for instance, the League of Nations High Commissioner for Refugees worked with the International Labor Organization to integrate nearly 1.5 million Greek refugees who had fled Turkey for their ethnic homeland. With loans and assistance from the League of Nations, the Greek government employed the refugee population in the economic transformation of underdeveloped areas of the country. The effects on the Greek economy were dramatic: with international support, primitive farming practices were replaced with modern ones, and agricultural output quickly rose.

Similar schemes were employed in sub-Saharan Africa in the 1960s, when many states faced an influx of refugees displaced by anticolonial struggles and Cold War proxy conflicts. In western Uganda, for example, Oxfam supported the development of the Kyangwali settlement, drawing on Rwandan refugees to support agricultural growth in a previously underdeveloped region. Neighboring countries, such as Burundi and Congo, followed Uganda's lead. The benefits of these

projects were twofold: refugees improved the lot of their host countries and integrated themselves into local economies.

Such approaches were also pursued in Central America around the end of the Cold War. In Mexico's then underdeveloped Yucatán Peninsula, for instance, the International Conference on Central American Refugees employed displaced Guatemalan refugees in agricultural projects, contributing to the region's development and improving the refugees' capacities for self-reliance in anticipation of an eventual return to their country of origin.

These examples all involved agricultural, rather than industrial, development. Nevertheless, they illustrate the potential of refugees, given international support, to contribute to the economic development of their host states, to improve the prospects for long-term regional stability, and to augment their own livelihoods. Zonal development is a flexible approach that can be adapted to a variety of situations. Jordan is not Mexico, but there is no reason why refugees could not work to improve a manufacturing sector rather than an agricultural one.

A CHALLENGE AND AN OPPORTUNITY

The current international approach to refugees dates from the early 1950s, when European nations attempted to shelter and relocate millions of people who had been displaced by the Holocaust and World War II. Now, as then, host states are expected to welcome the displaced so long as they receive funding and symbolic commitment from wealthy nations. This system is based on the idea that when the traditional relationship between a state and its citizens breaks down, either an alternative state or the international community is expected to act as a temporary surrogate.

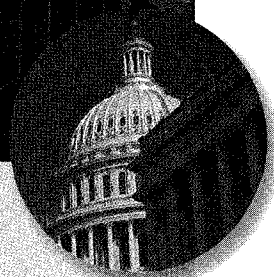
But in the face of a massive volume of displaced people, the international cooperation on which this system is premised has broken down. The Middle East is hardly the only place where the system has failed. Elsewhere around the world, the collapse is also visible: from Myanmar (or Burma) and Bangladesh, where hundreds of thousands of displaced Rohingya refugees languish, to Nauru and Papua New Guinea, which house some 1,600 refugees from Afghanistan, Eritrea, Iraq, and other fragile states whom Australia has refused to accept, to Hungary, which this past summer built a razor-wire fence to keep out refugees on their way to western Europe.

The collapse of the traditional relationship between states and refugees calls for a new policy, one that is financially sustainable and that reconciles the interests of host states with the needs of the displaced. That, in turn, will require the integration of refugees into labor markets. To be sure, economic integration is not a substitute for state protection. But governmental attention, on its own, is insufficient. Refugees need autonomy and opportunity, which only integration into the global economy can provide. Development zones can provide this autonomy, because they can be purpose-built for refugees, and because the jobs they provide can be relocated to postconflict societies in peacetime.

Some 54 percent of the world's refugees have lived in exile for more than five years, often without freedom of movement or the right to work. For such refugees, the average length of exile is around 17 years. These long-term displaced are expected to wait for a so-called durable solution, by which some state, whether their own or another, can reintegrate them into peaceful society. As a result, their lives are put on hold. This need not be the case. By understanding refugees as not only a humanitarian challenge but also a development opportunity, states could do much to sustainably improve the lives of the dispossessed. To suggest that the displaced could contribute to the cost of their own care is not harsh: refugees are already voting with their feet for self-reliance.

Today's refugee policy is a failed vestige of the postwar international system. If the refugee problem had dwindled, this anachronism would not matter. But instead it has exploded, so that states and refugees are under greater pressure than ever before. Allowing Syrian refugees to participate in the market could catalyze the reform of global refugee policy and improve the lives of millions. 🌐

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