

Discussion of:

The Aggregate Effects of Reducing Refugees' Barriers to Work

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Discussing a JMP nowadays

- ▶ Super relevant research question
- ▶ Great data work
- ▶ GE effects through appropriate theory

⇒ It definitely wasn't the case back in the day!

The paper in a nutshell

Refugees face frictions in accessing host countries' labour market

- ▶ How so? Do work permits alleviate misallocation?
- ▶ In turn, how do work permits for refugees affect natives' labour markets?
 - ▶ Context: Syrian refugees to Jordan and 'Jordan Compact' in 2016
 - ▶ Both descriptive and reduced form evidence on the outcomes of Syrians and Jordanians...
 - ▶ ...and GE model of occupational choice

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The main results are:

- ▶ Syrians employment rate \uparrow by 31 p.p. following Jordan Compact and wage gap narrows (10 p.p. in most recent years)
- ▶ Jordanians move to different occupation: selection induces relatively higher wages in high exposed markets
- ▶ Model rationalizes occupational mobility and (so far) allows to quantify frictions (\downarrow for refugees)

A crowded literature on refugees integration and yet...

The paper in the (expanding) literature on refugees:

1. Regarding integration

- ▶ Fasani, Frattini and Minale (JEEA 2021, JEG 2022); Foged, Hasager and Peri (JOLE 2024); Arendt, Dustmann and Ku (Ox.Rev.EP 2022)
- ▶ Not much in developing countries where most refugees are

2. Regarding impact on natives

- ▶ Work permits are introduced after a long period of no integration
- ▶ Non standard model in migration

3. The paper provides a combination of **reduced form & GE** evidence in developing countries

- ▶ Link well two research questions often studied in isolation
- ▶ Policy relevance and new insights from the model

Ways forward

Already a paper with great potential. A few possible ways forward:

1. More nuance about misallocation
2. GE effects and mechanisms
3. A few more checks

1. On misallocation

- ▶ All based on optimal ex ante occupation: is it optimal ex post?
 - ▶ Downgrading could be rational (e.g., demand conditions differ)
 - ▶ Occupational switch are relatively few...
- ▶ Descriptively, show misallocation by profession post Jordan Compact
- ▶ Could we speak also of overqualification? (Although Fasani et al. (2021) find no effect on overqualification of refugees)

2. On GE effects and the model

- ▶ What drives Jordanians to upgrade their occupational skills? Just endogenous factors?
 - ▶ Could incentives to export following the Jordan Compact have a role? Maybe you can test them looking at exporting sectors
 - ▶ What about refugees consumption?
- ▶ Arellano-Bover and San (2024) and Caiumi and Simonsen (2025) show that firms matter for integration
 - ▶ You cannot address this...no questions on firm (e.g., size, tenure) in the LFS?
- ▶ How wages are determined in Jordan? No markdowns for Jordanians?
- ▶ Don't you need home production to have some value?

3. A few more checks

- ▶ Can you test 'standard' mechanisms in the migration literature?
 - ▶ E.g., internal mobility of both Syrian and Jordans? Jordanian women labour supply? Past-presence of Syrians (co-ethnic network)? Return migration?
- ▶ Explore different specifications (occupational shares must change with lift of the ban): probability of employment/non-empl.?
- ▶ Wages are sector-specific: is there really limited mobility across sectors/occupation?

Minor comments

- ▶ Exploit the various component of the Jordan Compact more (e.g., agriculture in 2016)? Other integration policies?
- ▶ In the model, name 'Occupation 1' and 'Occupation 2' (formal/informal, high/low skill)
- ▶ Use distance from the border in your reduced form in an IV framework
- ▶ Exposition:
 - ▶ Formal/informal is a bit lost in the central part of the paper, but could be helpful to the reader
 - ▶ Refugees' gap narrows (it does not close)

Looking forward!

Sarah's JMP looks extremely promising, as do her CV and research portfolio. Good luck!

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But in the meantime, the summer before the JM...

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