

Refugee resources, network economy and property rights

## Going beyond humanitarian aid in addressing refugee issues

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Bonn, 15 April 2024. As a result of increased wars and natural disasters, the number of refugees rises worldwide, and their stay in host countries extends for a long time. With that, politicians become less willing to accept them into their countries, with the voters' shift to the right. However, many host countries, particularly those experiencing demographic shifts (Germany for example), require the labour and economic potential of, both low-skilled and (highly) qualified, refugees. This calls for a more economically feasible and politically acceptable approach.

The approaches currently in use do not work well due to two fundamental reasons. They first see the refu-

gee issue as an external problem, or a matter of international relations. It begins with the arrival of refugees and must be addressed primarily through international policies, with some local policies serving as a complement. This means that the labour and economic potential of refugees is not used effectively and the potential benefit for the host country and the refugees themselves is reduced. Second, refugees have traditionally been viewed through a humanitarian lens, as people in need who should be helped for moral reasons. This necessitates using the host country's limited resources to accommodate the refugees while they wait to return home. Given the redistribution of limited local resources, it is understandable that the general public will react negatively, viewing refugees as competitors. The negative reaction contributes to a negative environment within the institutional frameworks responsible for utilising refugee resources.

Despite recent calls for a development approach based on local people's interests in refugee resources, the humanitarian approach remains dominant. For instance, the refugee policy discussions between the Federal Government and the Länder at the beginning of March 2023 considered integrating refugees into the labour market. However, they assured that "the only way to accommodate and integrate refugees is through human kindness and order in conjunction with management and limits on irregular migration". Furthermore, the World Bank's World Development Report 2023 emphasised refugees' resources, but international relationships and policies remained at the forefront of interest.

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How can people and institutions be incentivised to welcome refugees with greater openness and give them better access to economic opportunities? It may be possible to take a step forward by viewing refugees as a resource within the context of network economy and property rights theory. Network economy may help in stabilising local concerns about the competition with refugees about limited local resources. Property rights are suggested as a better way to deploy the

refugees' resources for the shared benefit of refugees and locals.

Network economy (also known as externalities) is a phenomena in which the value or benefit that a user derives from a good or service is determined by the number of users of similar goods or services. For example, in a phone network with more users, one can use their phone to contact a larger number of people, making the network even more appealing to new users. Even with the possibility that the new users will crowd the network, but push the service provider to invest more money in improving the infrastructure and technology of the network. Similarly, refugee resources are expected to help improve economic opportunities and income levels for locals when involved in economic activities and linked to local resources. The improvement could come from expanding the market and changing the existing division of labour. The most important issue here is to improve the process of recognising refugees' property rights to the resources they bring with them (human, financial and social).

Property rights theory holds that property rights over resources and assets, rather than the resources or assets themselves, are involved in the exchange and division of labour. Property rights, in their broadest sense, determine which resources can be owned, by whom, and how they can be used. For example, if society does not recognise the ownership of an asset (or resource), the owner will be unable to sell it in the market. This results in excluding that resource from economic activities or underestimating its value, ultimately marginalising the relevant owner in the society. As a result, the host social order must recognise refugees' resources and extend respective property rights, which is an important step toward granting them good access to the local economic network and activities. This process includes a variety of procedures, such as residence permits, work permits, skill recognition, diploma equivalence, conflict resolution, business licensing, and so on.

Finally, it is critical to understand that this approach does not diminish the importance of humanitarian efforts, particularly in the early stages of hosting and rehabilitation, but rather complements them by focusing on a more sustainable approach to refugee issues.