

# Youth Exclusion in Syria: Social, Economic, and Institutional Dimensions

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THE MIDDLE EAST YOUTH INITIATIVE  
**WORKING PAPER**



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WOLFENSOHN CENTER FOR DEVELOPMENT

DUBAI SCHOOL OF GOVERNMENT

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# YOUTH EXCLUSION IN SYRIA

A combination of factors contributes to actual or potential economic exclusion of young people in Syria. This paper focuses on three of them: economic, social, and institutional.

## EXECUTIVE SUMMARY

A combination of factors contributes to actual or potential economic exclusion of young people in Syria. This paper focuses on three of them: economic, social, and institutional. Instead of drawing attention to the multidimensionality of youth economic exclusion, our paper highlights the interaction among the contributing factors. We suggest that multiple risk factors associated with youth economic exclusion add to one another so that they have a stronger cumulative effect than they would individually. The paper begins by presenting the Syrian context and then discussing each of the three factors in detail.

Syria is a lower middle-income country with per capita income of \$3,400 in 2003, close to that of Egypt and Morocco. In 2001, the Syrian government began initiating a series of reforms to help move the country away from a public sector-led development model towards a social market economy. The reforms come when Syria is facing many internal and external pressures including the possibility of becoming a net oil importer by 2012.

As with other countries in the Middle East, a demographic wave is moving through the Syrian population creating a “youth bulge.” The share of youth in the Syrian population peaked at 25.4 percent in 2005, presenting challenges in terms of job creation for young people. In 2002, unemployed youth made up 77 percent of the working-age unemployed population in Syria. At the same time, the youth bulge created a window of opportunity for lower dependency ratios to lead to greater savings and higher rates of economic growth (World Bank, 2004). If youth are not able to fully participate in their economic spheres, the country foregoes the chance to benefit from this “demographic dividend.”

Over 98 percent of young men are economically active (in school, employed, or looking for work). Among young women, the inactivity rate increase from 2 percent at age 11, to 24 percent by age 15, to 73 percent by age 29. Labor force outcomes are correlated with educational attainment. Activity rates are near 99 percent for young men (age 15-29) at all levels of educational attainment expect for illiterate persons, who have activity rates of

only 84 percent, possibly due to seasonal jobs. Activity rates among young women (age 15-29) increases substantially with level of educational attainment, from 36 percent for primary-school completers to over 80 percent for post-secondary school completers.

The unemployment rate among youth (ages 15-24) in Syria stood at 26 percent in 2002, close to the Middle Eastern average. What distinguishes the Syrian case is that unemployment rates among youth are more than six times higher than those among adults – the highest ratio among the region’s countries outside the Gulf States. While this high ratio is the result of relatively low unemployment rates among Syrian adults (4 percent) compared to other Middle Eastern countries, it is nonetheless an indication of possible youth exclusion problems in Syria. In addition, young women in Syria are less than half as likely to participate in the labor force compared to young men (30 versus 67 percent) and nearly twice as likely to be unemployed (39 versus 21 percent), stressing the importance of gender in our analysis.

#### **THE ECONOMIC DIMENSION**

Many of the economic elements behind the observed employment outcomes for youth appear due to transient factors not necessarily related to exclusion, including labor supply pressures and government education policies. Other elements are more structural, including skills mismatches, public sector employment policies, and lack of access to affordable housing in urban centers.

A contributing factor to high youth unemployment rates is likely to have been labor supply growth rates of around 5 percent per year between 1983 and 2003, due mainly to demographic trends. The number of young people in the labor force is expected to grow, but by less than 2 percent per year. Thus, labor supply pressures are transitory and arguably do not require long-term policy intervention. However, short-term intervention is required to ensure that today’s unemployed youth do not become tomorrow’s unemployed adults. The full impact of the labor supply pressures was mitigated by the emigration of many young Syrians to other countries.

Another transient factor was a government policy to increase enrolment in vocational secondary

schools during the 1980s and 1990s. This policy increased dropout rates and likely contributed to exceptionally high unemployment rates among vocational school completers. The policy has since been reversed. By comparison, educational mismatch plays an ongoing role in youth exclusion. There is evidence that education system is not providing young people with the skills needed to succeed in the labor market, contributing to long wait times and often requiring young people to accept lower wages and lower quality jobs that do not really match their learned skills.

Another structural factor is public sector employment policies, which offer greater job security, higher benefits and, among young women, higher wages than in the private sector. Syrian youth appear to seek higher educational attainment partly in order to gain access to public sector jobs. Indeed, the share of employment in the public sector increases dramatically with level of educational attainment. Such policies likely contribute to long wait periods and high unemployment rates among youth, especially young females.

#### **THE SOCIAL DIMENSION**

Young Syrians rely heavily on family connections to secure employment and assistance with housing and credit in preparation for marriage. But the availability of strong family support structures also may contribute to high youth unemployment by allowing young people more time to find desirable jobs. Those young people who lack connections are at a disadvantage in terms of obtaining employment, especially good jobs. However, there is also evidence that family connections are not a requirement for obtaining good work. Educational attainment can provide a considerable measure of economic inclusion.

Among young women, there is some voluntary exclusion from the workforce. A majority indicate that their main goal in life is family and marriage. However, family refusal is the most cited reason for economic inactivity behind housework and childcare responsibilities. Family and social pressures to stay out of the labor force may be compounded if access to employment through informal family networks is withheld. It is difficult to

separate involuntary from voluntary exclusion is such cases, as the two are related in complex ways not easily disentangled.

### THE INSTITUTIONAL DIMENSION

The legal framework in Syria presents special challenges for youth in terms of economic inclusion. Rigid labor laws and regulations make private businesses reluctant to hire young people. High wages and benefits in the public sector contribute to queuing for public sector jobs.

One factor often associated with lower levels of youth employment and higher rates of youth unemployment is the minimum wage. As compared with other countries in the region, minimum wages in Syria are low. However, they appear to be binding on over one-third of workforce. A doubling of the minimum wage between 2001 and 2006 will likely make government jobs even more attractive if the private sector fails to abide by and pay the higher wage rates.

Faced with weak labor demand, youth may prefer trying to start their own businesses. Successful start-ups not only improve the livelihoods of young entrepreneurs, they also create jobs. By age 29, over 40 percent of young men in Syria were self-employed or had their own business. But years of heavy regulation of private sector activities contributed to an adverse business climate in the country. For young entrepreneurs, this is reflected especially in terms of the large amounts of capital needed to start a business and limited access to credit through formal sources of finance.

### CONCLUSIONS & FUTURE RESEARCH POSSIBILITIES

Syrian youth face a difficult transition to regular employment. High unemployment rates and long unemployment duration spells among young people are mainly the result of high labor supply pressures, weak labor demand in both the public and private

sectors, and mismatches between the skills and geographic location of youth and the skills demanded by employers and their location. Some of these factors are transitory and are expected to ease in the near future. Access to housing and credit also appear to be limited for youth. Social norms appear to play a role in creating obstacles to the economic inclusion of young women.

Other areas for future research include:

- **Migration:** One of the unexpected findings of this study was lack of hard evidence that economic factors contribute substantially to the economic exclusion of Syrian youth. One reason for this may be that migration may be mitigating some of these factors. The most relevant migrant group is young poorly-educated Syrian workers in Lebanon.
- **Disenfranchised Groups:** It also important to explore the situation faced by groups such as those without citizenship and refugees, like the 1.5 - 2 million recent Iraqi refugees.
- **Good Jobs / Bad Jobs:** Youth exclusion might not be taking place with respect to finding work, but rather to finding good jobs with higher wages and benefits, greater stability, and opportunities for advancement. Future research could focus on this distinction.
- **Voluntary / Non-voluntary Exclusion:** Additional research could help determine why young women exclude themselves from the workforce. Most indicate that marriage and family are the main reason, but familial and social pressures are also cited.
- **Housing:** The inability to afford basic housing has important implications for the delay of marriage and dependency on family and employers and may be associated with youth economic exclusion. Household budget surveys could be used to study this issue.

## I. GROWING UP IN SYRIA

A cursory examination of the employment situation among young people in the Middle East suggests that youth are being excluded from fully participating in the economic activities of their societies. People aged 15-24 in the region have the highest unemployment rates of any region in the world – 26 percent compared to a worldwide average of 14 percent and 20 percent in the next closest region, sub-Saharan Africa (SSA)<sup>2</sup>. Young people in the Middle East have the next-to-lowest labor force participation rates in the world – 39 percent, nearly on a par with the 38 percent in Eastern Europe and Central Asia (EECA) – compared to a worldwide average of 55 percent (Crespi Tarantino, 2004; Kabbani and Omeira, 2007).

Unemployment rates among young Middle Eastern men are the highest in the world, but only marginally more than SSA (23 compared to 22 percent). By contrast, unemployment rates among young Middle Eastern women are by far the highest in the world (33 compared to 20 percent in the next-closest region, EECA). Thus, unemployment rates among young women in the region are 44 percent higher than among young men compared to a worldwide ratio of close to one. Similarly, labor force participation rates of young men in are the next-to-lowest in the world after EECA, 53 percent compared to a worldwide average of 63 percent. By contrast, participation rates for young women are by far the lowest in the world – 24 percent compared to a worldwide average of 46 percent – and less than half the rate for young men. Therefore, young women in the Middle East may be facing economic exclusion both as youth and as women. Given the apparent centrality of gender to the issue of exclusion in the region, we will integrate it throughout our analysis.

These figures suggest that young people in the Middle East are being economically excluded. But youth exclusion must be studied in comparison to adults. If adults were in a similar situation, there would be little point in focusing only on youth. Young people tend to have lower labor force participation and higher unemployment rates than adults because many either still are in

school or are beginning the transition to work. Therefore, the issue is how relative employment outcomes differ across regions. Youth unemployment rates in the Middle East are 3.3 times higher than those for adults, which is cause for concern. But the ratio is less than the worldwide average of 3.5. The labor force participation rate of youth relative to adults is substantially lower than the worldwide average (0.66 compared to 0.79 percent), but not the lowest ratio in the world. The evidence of youth economic exclusion in the region is thus mixed and requires further investigation.

This paper examines youth economic exclusion, focusing on Syria. Unemployment rates among young people in Syria, estimated at 26 percent in 2002, are very close to the regional average (Figure 1-1). What distinguishes the Syrian case is that unemployment rates among youth are more than six times higher than those among adults. This is the highest ratio among Middle Eastern countries outside the states of the Gulf Cooperation Council (GCC). While this high ratio is the result of relatively low unemployment rates among Syrian adults (4 percent) compared to other Middle Eastern countries, it is nonetheless an indication of possible youth exclusion problems in Syria.

In addition, young women in Syria are less than half as likely to participate in the labor force compared to young men (30 compared to 67 percent) and nearly twice as likely to be unemployed (39 compared to 21 percent), further stressing the importance of focusing on gender in our analysis.

Syrian youth face a difficult transition to regular employment. High youth unemployment rates are mainly the result of high labor supply pressures, weak labor demand in both the public and private sectors, and mismatches between the skills and geographic location of youth and the skills demanded by employers and their location. Access to housing and credit appear to be limited for youth. Social norms appear to play a role in creating obstacles to the economic inclusion of young women.

It is worth noting at the outset that one of the main forces affecting economic opportunities for young people in Syria, and in the region generally is a large demographic wave that is moving through the population. In North Africa, the share of youth in the population reached a peak of 21.3 percent in 2002 and has started declining. In Southwest Asia, the share of youth peaked at 23.3 percent in 2004. In Syria, the share of youth in the population peaked at 25.4 percent in 2005. This “youth bulge” presents challenges in terms of creating enough jobs for incoming cohorts of young people. But it also creates a window of opportunity for lower dependency ratios to lead to greater savings and higher rates of economic growth (World Bank, 2004). If the youth population is not able to fully participate in its economic sphere, it foregoes the chance to benefit from this “demographic dividend.”

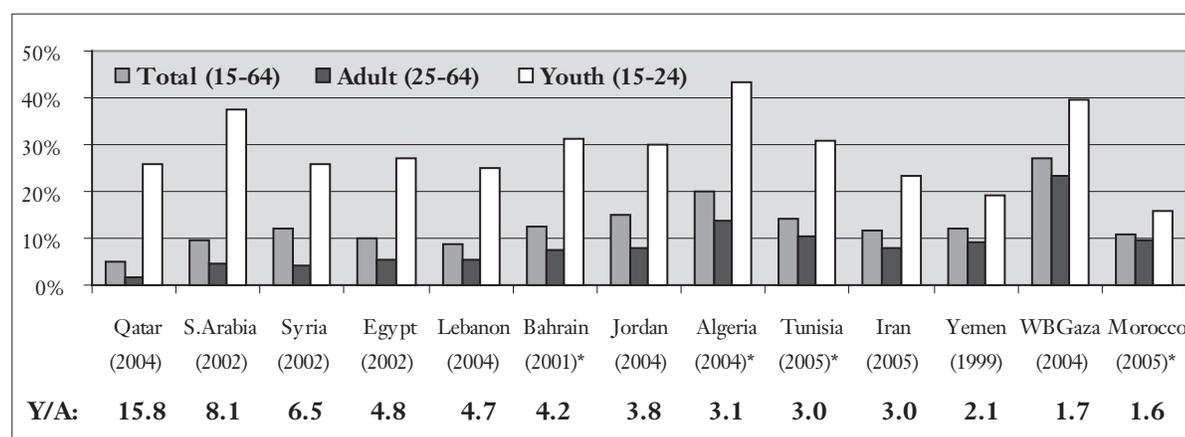
Section II of the paper presents a conceptual framework for our approach. We focus on three categories associated with economic exclusion: economic,

social, and institutional. We argue that exclusion affects employment outcomes more as these dimensions interact. Section III discusses the economic context of Syria and presents key indicators of youth economic exclusion in Syria. We focus mainly on unemployment and inactivity rates.

In Sections IV, V, and VI we discuss each of the three dimensions presented in Section II. Section IV deals with the economic dimension of exclusion, focusing on the labor market. It also deals with access to housing, credit, and social and economic networks. Section V examines the social dimension of exclusion, focusing on personal, familial, and communal and social influences.

Section VI focuses on the institutional dimension, such as access to services, recent government interventions and reforms, and civil society programs that target youth. Section VII concludes and highlights potential areas for empirical research into youth exclusion in Syria and elsewhere.

**Figure 1-1: Youth/Adult Unemployment Rates and Ratios, Middle Eastern Countries**



Sources: Kabbani & Kothari (2005), ILO (2006a), UNDP Lebanon (2007). \* Estimates include age 65+. Unemployment estimates for Qatar, Saudi Arabia and Bahrain are for national workers.

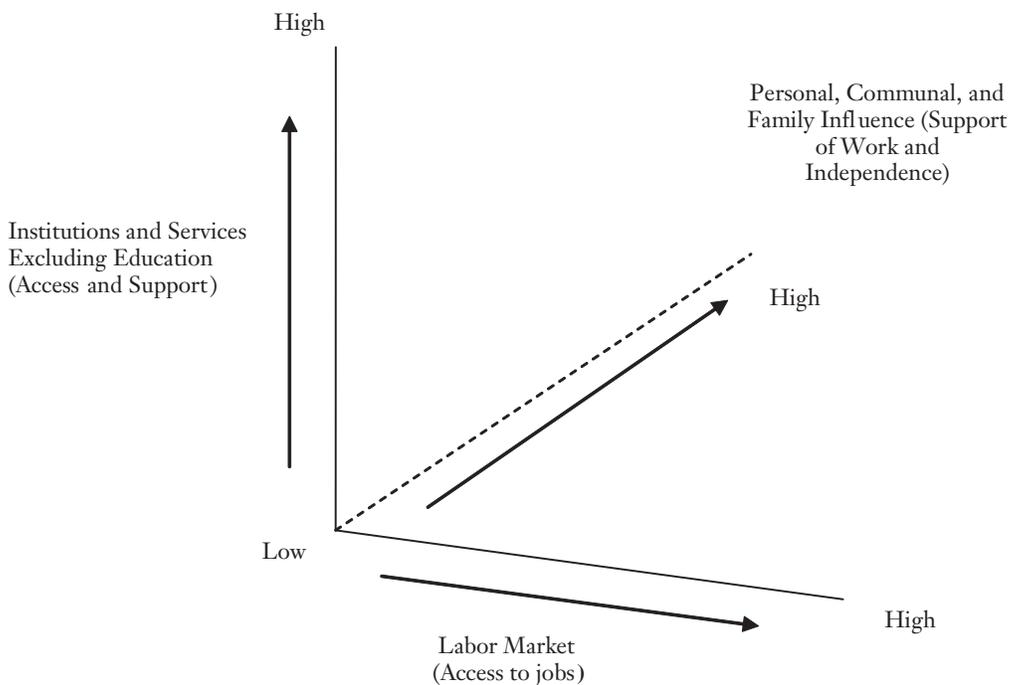
## II. A CONCEPTUAL FRAMEWORK

Exclusion can be defined as the process through which individuals or groups are wholly or partly excluded from full participation in the society in which they live (European Foundation, 1995). Exclusion is an evolving concept in the academic literature, much of which highlights its multidimensional nature (for example, Estivill, 2003). Some note that exclusion is essentially a process. Others have emphasized the distinction between voluntary and involuntary exclusion (Le Grand, 2003; Barry, 1998). Many have focused on the connection between exclusion and inequality and poverty (Atkinson 1998; Gordon et al., 2000; Bossert et al., 2004). In all cases, however, exclusion is a highly contextualized phenomenon. For the purpose of this project, we use the above definition from the European Foundation and examine economic exclusion in the context of youth in Syria. Our approach emphasizes the interaction among these dimensions.

Although the literature has provided a range of definitions of exclusion, there appears to be an agreement on the relative nature of exclusion. For example, Bossert et al. (2004) point out that, unlike poverty, there is no exclusion “line” below which a person is considered excluded. Atkinson (1998, p. 14) cites relativity as one of the basic elements of exclusion, arguing that someone’s exclusion cannot be recognized “by looking at his or her circumstances in isolation.” Throughout this paper, we compare youth to adults (to the extent that data are available) since our concern is the ability of Syrian youth to participate fully in its society’s economy.

A combination of factors contributes to actual or potential economic exclusion. We present a conceptual model that focuses on three dimensions of factors potentially affecting economic exclusion: economic, social, and institutional (Figure 2-1). Instead of drawing attention to the multidimensionality of exclusion,

Figure 2-1: The Determinants of Economic Exclusion (in Three Dimensions)



*Syrian youth face a difficult transition to regular employment. High youth unemployment rates are mainly the result of high labor supply pressures, weak labor demand in both the public and private sectors, and mismatches between the skills and geographic location of youth and the skills demanded by employers and their location. Access to housing and credit appear to be limited for youth. Social norms appear to play a role in creating obstacles to the economic inclusion of young women.*

this model is intended to highlight the interaction among the factors contributing to economic exclusion.

- **The Economic Dimension:** Includes factors related to the labor market that affect the degree to which youth have access to jobs as well as access to good jobs (characterized by high wages, high benefits, and potential for job advancement). Our study examines sector of employment, wage structures, and educational attainment. Access to housing, credit, and poverty issues also are examined. The poor in Syria cannot afford to be unemployed. But they may be driven to accept low-wage, low-quality jobs in the informal sector that perpetuate economic exclusion for themselves and their families.
- **The Social Dimension:** Includes the influence of personal, family, and community support structures on economic exclusion and social roles. Gender issues are particularly evident. Personal priorities and expectations of male and female youth in Syria regarding employment, social status and mobility, and marriage are all important issues linked to economic exclusion. There is little data on the role of these influences, limiting the possibility of a rigorous assessment. While community and neighborhood influences also are expected to have an effect, we have not found a way to assess them.
- **The Institutional Dimension:** Includes social and public institutions that may affect youth exclusion. Syria's legal framework, especially its labor laws, social safety net, and social security are potentially important factors in this dimension. Social institutions, such as religious organizations and unions, poten-

tially also are important. We also consider access to services such as training and credit.

The concept behind this model is that exclusion takes hold when more than one dimension is highly involved. For example, suppose social factors are significant in excluding youth in a particular country. If economic opportunities are abundant and institutions are supportive, then social factors alone may not have much of an effect. But if combined with one or both of the other two factors, the result may be substantial youth exclusion.

Even though education is a central element in the discussion, it seemed to be more of an outcome of exclusion, affected by other factors, rather than an exogenous factor in itself. Indeed, education can be considered as a resource to ease exclusion rather than a risk factor. Thus, we do not include a separate section on education, but rather integrate education and the school-to-work transition throughout the text. We adopt the same approach with gender.

In terms of indicators (outcomes) of economic exclusion, much of the literature focuses on unemployment and long-term unemployment. But high youth unemployment does not necessarily signify a lack of opportunities. It may also result from the availability of strong family support structures which allow young people to take more time to find employment opportunities that offer a good fit for their skills and a good opportunity for advancement (O'Higgins, 2003). This appears to be the case in Middle Eastern countries. We study a combination of employment variables, including unemployment, labor force participation, and inactivity.

### III. KEY YOUTH EMPLOYMENT OUTCOMES

This section serves two functions. First, it presents an overview of the Syrian economic situation and education system, including a description of the school-to-work transition, in order to provide a more tangible context for the study. Second, it highlights key youth employment outcomes in Syria, considered indicators of economic exclusion. The next three sections (four to six) then study the factors associated with the observed indicators presented in this section. Section III is organized into four parts. The first presents a general overview of the Syrian macroeconomic situation and context. The second presents an overview of the school-to-work transition. The third reviews inactivity rates and labor force participation rates for youth. The fourth focuses on the unemployment situation of youth.

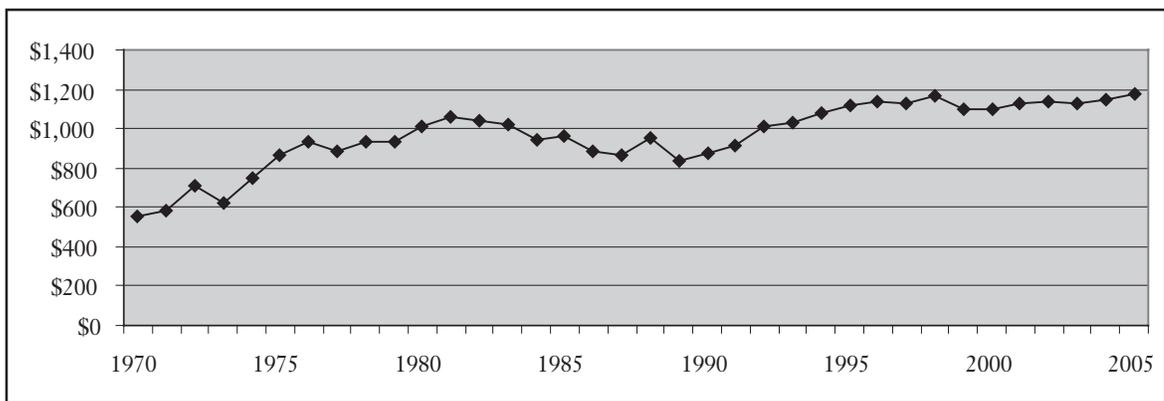
This section relies mainly on aggregate data and findings from the literature. But it also introduces and makes use of the November 2005 School-to-Work Transition Survey (SWTS) that we also refer to in other parts of this paper. The SWTS was developed by the International Labor Organization (ILO) and administered by the Syrian Central Bureau of Statistics (SCBS) to 2,000 young people

aged 15-24. The survey was not nationally representative and so we do not use it to derive prevalence estimates of labor market outcomes. But the data are sufficiently representative and useful for studying some areas of youth exclusion in Syria.

#### THE MACROECONOMIC SETTING

Syria is a lower middle-income country. Adjusted for purchasing power parity, its income per capita was about \$3,400 in 2003. This placed it well ahead of poor countries of the region such as Yemen (\$840) and Sudan (\$1,805) and nearly on par with Egypt (\$3,700) and Morocco (\$3,800), but behind most other countries of the region, such as Iran (\$6,600), Lebanon (\$4,800), and Jordan (\$4,100). In 2003-04, poverty rates were 11.4 percent based on the national poverty measure, 10.4 percent based on the \$2 per-person-daily standard, and 0.34 percent based on the \$1 per-person-daily standard (UNDP, 2005). Even though income per capita was fairly constant between 1996 and 2004, poverty rates based on the national poverty line fell by about 20 percent during this period, from 14.3 percent in 1976-96 to 11.4 percent in 2003-04.

Figure 3-1: GDP Per Capita 1970-2005, Constant US\$ (2000)



Source: World Bank (2007)

Poverty in Syria is fairly low, with nearly 30 percent of the population clustered just above or below the poverty line. Income inequality is comparable to other countries of the region. The Gini coefficient, which measures the inequality of the distribution of income, was estimated at 0.34 in 1996-97, increasing to 0.37 in 2003-04. This estimate was on a par with Egypt (37.4 in 1999) and Jordan (36.4 in 1997) and significantly lower than Tunisia (41.7 in 1995) and Iran (43.0 in 1998). The share of spending by the lowest 20 percent of the population was just under 8 percent in both 1996-97 and 2003-04. The ratio of the share of spending of the richest 20 percent to the poorest 20 percent was 6.3 in 2003-04.

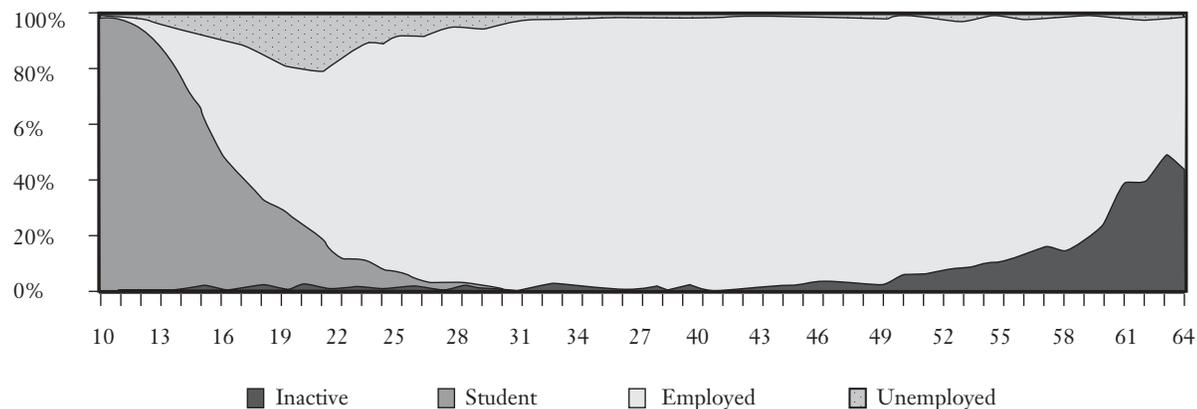
Since the 1960s, Syria has followed a public sector-led development model. After significant growth in per capita income during the 1970s, economic growth stagnated in the 1980s. The discovery of oil reserves and their development contributed to robust economic growth rates during the 1990s, offsetting the stagnation of the prior decade. Nonetheless, by 2005, gross domestic product per capita was close to what it had been 25 years earlier (Figure 2-1). Indeed, economic growth dur-

ing the past 20 years was largely the result of factor accumulation—capital formation in the oil sector and high labor force growth rates. An International Monetary Fund study found that total factor productivity actually declined during the 1980s and 1990s (IMF, 2003).

Over the past five years, the Syrian government has initiated a series of reforms to help the country move toward a “social market economy.” The government has begun introducing public sector employment retrenchment policies, has removed barriers to private sector entry for most industries, has permitted the development of private secondary schools, universities, and banks, and has introduced legislation to reform the country’s rigid labor laws. The government also is considering reducing subsidies on fuel oil and other commodities, but not before putting in place social safety nets. Indeed, the “social” part of the reform effort involves developing a strong network of social services and maintaining a central role for the state.

The government reform effort comes at a critical time. Syria faces a host of internal and external pressures, including the possibility that it will become a

**Figure 3-2: Male Labor Force Status by Age**



Source: 2001 and 2002 Labor Force Surveys in Huitfeldt and Kabbani (2007)

net oil importer within five years. The Syrian labor market also faces substantial pressures as a result of the demographic pressures discussed earlier, sluggish labor demand, and deeply embedded rigidities leading to high youth unemployment and migration rates, with the chief destination for emigres Lebanon and the oil-rich Gulf states. Removing institutional barriers, whether labor laws or regulations of business operations (including access to credit), may increase entrepreneurial activity among youth and hence their ability to participate economically.

The education system in Syria is suspected of contributing to the current employment situation by failing to equip students with the skills demanded in the market. In response to this labor market situation, the Syrian government is considering a host of educational reforms in addition to economic reforms.

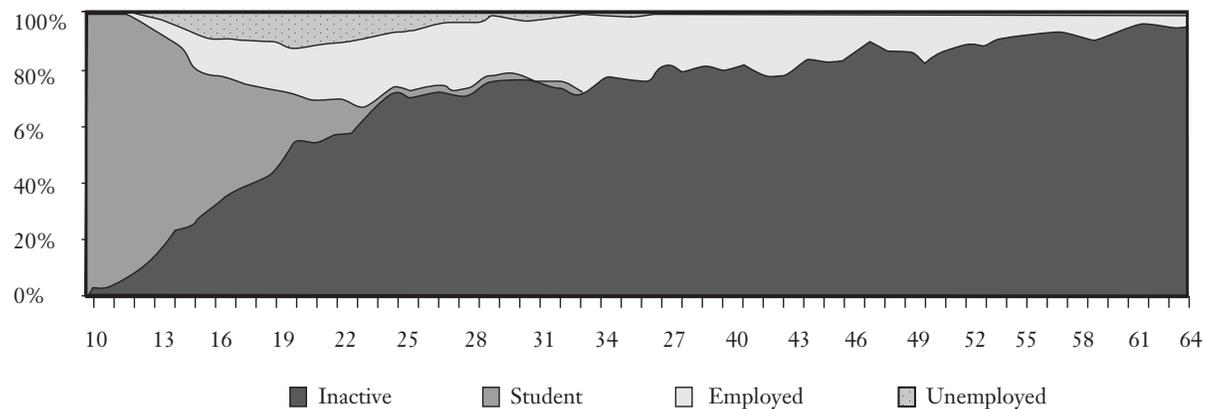
### SCHOOL-TO-WORK TRANSITION

In 2002-2003, the Syrian school system was divided into primary (grades 1-6), preparatory (grades 7-9), vocational and general secondary (grades 10-12), and two-year technical intermediate institutes or four to five-year universities. In

2004, the primary and preparatory levels were combined into single “basic” education level, and compulsory schooling was increased from grade 6 to grade 9. Students must take national exams at the end of their primary and their secondary schooling. These exams determine whether students continue to the next level and whether they are eligible for the general or vocational tracks, with the general tracks strongly preferred.

The education system in Syria has not been providing young people with the occupational skills they need to succeed in the job market, contributing to long unemployment durations and often requiring young people to accept lower wages and lower quality jobs that do not necessarily match their learned skills. The mismatch between the skills of job seekers and the needs of employers have contributed to low returns to education and created an incentive to drop out of school (Huitfeldt and Kabbani, 2007). Occupational mismatch reduces opportunities for young people to participate in the economy in ways commensurate with their capabilities. In addition, limited training opportunities available to Syrian youth,

Figure 3-3: Female Labor Force Status by Age



Source: 2001 and 2002 Labor Force Surveys in Huitfeldt and Kabbani (2007)

both on and off the job, have led to lower occupational mobility and less ability to adapt to changing demands in the labor market.

The accumulating evidence of low labor productivity and low returns to education (IMF, 2003; Huitfeldt and Kabbani, 2007) have encouraged the Syrian government to initiate an extensive reform of the public education system. Public school curricula are being revised, textbooks are being rewritten, and teachers are undergoing additional training.

To capture various aspects of economic activity by age, the 10-64 year old population can be divided into four levels of activity: inactive, student (but not in the labor force), employed, and unemployed. "Inactive" refers to individuals who are not in the labor force or in school. Therefore, they are not employed, not actively looking for work, and not studying<sup>3</sup>.

Nearly 32 percent of young men between the ages of fifteen to twenty-four were in school in 2001-02 (Figure 2-2). At age ten, 98 percent of boys were in school. School enrollment begins to decline at age twelve, just after boys complete

primary school. Over 90 percent of boys continue to be enrolled in school through preparatory school. There is a large drop in school enrollment rates just before and after a national exam taken at the end of preparatory school. Some boys linger in school afterward, either by starting secondary school, retaking the grade 9 exam, or enrolling in a private technical school. Nonetheless, school enrollment rates decline sharply between the ages of thirteen and eighteen as young men transition from school to work. Enrollment rates do not drop as sharply after the secondary school national exam, possibly because most boys receive additional schooling afterward or retake the secondary national exam.

The percentage of males in the labor force follows an upward trend beginning at age twelve, reaching more than 90 percent of the population at twenty-four. For young men, inactivity is scarcely visible and is about 1 to 2 percent overall for 15-29 year olds. For adult men, inactivity only really begins increasing among those over forty-nine. Unemployed young men represent more than 3 percent of the male population between

**Table 3-1: Activity, Participation and Unemployment Rates Among Youth (15-29)**

	Activity Rate		LF Participation Rate		Unemployment Rate	
	Males	Females	Males	Females	Males	Females
Illiterate	84%	42%	84%	42%	12%	19%
Literate	98%	36%	98%	36%	11%	24%
Primary	99%	36%	89%	26%	16%	43%
Preparatory	100%	65%	47%	12%	16%	39%
General Secondary	100%	74%	35%	16%	18%	38%
Vocational Secondary	100%	72%	72%	43%	22%	53%
Intermediate Institute	100%	84%	95%	79%	22%	24%
University	100%	80%	84%	70%	18%	25%
Total	99%	50%	74%	27%	16%	35%

Source: 2001 and 2002 Labor Force Surveys

the ages of 13 and 29. The proportion of adult men over thirty who are unemployed is only about 1 percent. The share of the male population that is unemployed increases steadily after age thirteen and reaches a peak of 21 percent at the age of twenty-one before starting to decline to about 5 percent by the age of twenty-nine.

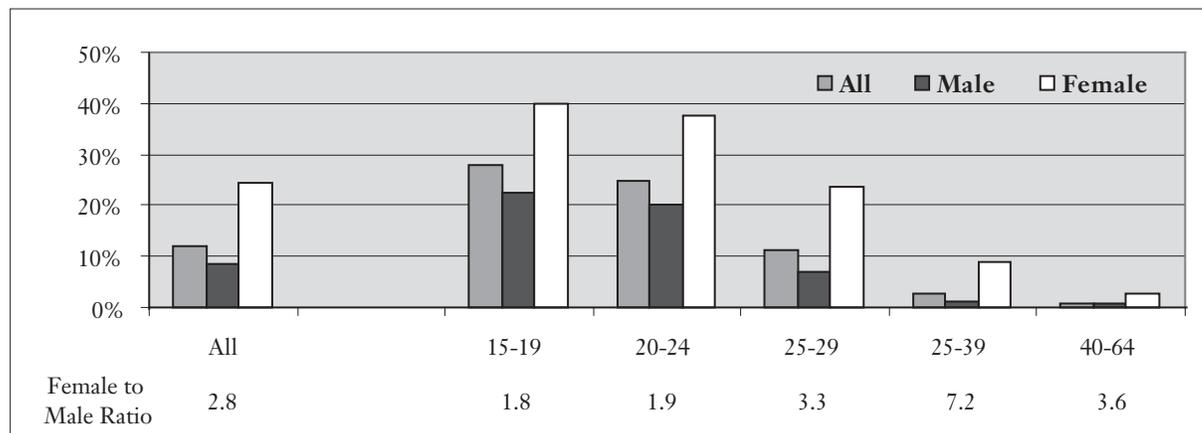
The trends among young women are very different. Nearly 30 percent of women between 15-24 years of age were in school in 2001-02 (Figure 3-3). While this is only slightly less than enrollment rates for young men, trends are different. At age ten, 97 percent of young women are in school. This is only a slightly lower share than for young men. But after primary school, enrollment rates for young women drop more sharply than for young men, such that by age fourteen (the final year of preparatory school) there is an 8 percentage point difference between sexes. Enrollment rates among young women then fall more slowly than for young men so that by the end of secondary school, at age eighteen, enrollment rates are again nearly even.

The major differences between the sexes are with respect to labor market outcomes. First, young

women are far more likely to transition from school to inactivity than to the labor force. This does not mean that women are not busy with household activities, only that they are not active in the labor force. Labor market inactivity rates among women increase from 2 percent at age eleven to 24 percent by age fifteen, to 43 percent by age nineteen, to 63 percent by age twenty-four, and to 73 percent by age twenty-nine. Inactivity rates continue steadily upward after that.

Female labor force participation rates increase starting at the same age as young men, reaching a peak of 34 percent at age twenty-three and declining steadily with age to about 5 percent by age sixty-four. Increases in labor force participation rates are accompanied by increases in unemployment, which reaches a peak of 13 percent of the female population by age twenty. While the share of unemployed women in the population is similar to the share among young men, that far fewer women are in the labor force means that unemployment rates among women is much higher than among men.

**Figure 3-4: Unemployment Rates by Age (2002)**



Source: 2002 Labor Force Survey

### INACTIVITY AND LABOR FORCE PARTICIPATION RATES

The above analysis presents labor market trends by age. But there are also important differences in labor force inactivity and participation rates with respect to educational attainment. To include university graduates in our estimates, we extend coverage in this section to include young people aged fifteen through twenty-nine.

Ninety-nine percent of young men are active in the labor force or in school (Table 2-1). The exception is illiterate young men, for whom the activity rate is 84 percent. They are more likely to be engaged in seasonal work in Syria or abroad, mainly in neighboring Lebanon. In terms of labor force participation, 74 percent of young men are either working or looking for work, compared to an activity rate of 99 percent, implying that 25 percent are still in school. Labor force participation rates drop to 35 percent among general secondary school graduates, indicating that nearly two-thirds are still in school. Participation rates then increase to 95 percent among graduates of intermediate institutes (post-secondary vocational schools) and 84 percent among university graduates, indicating that post-secondary school graduates have ended their

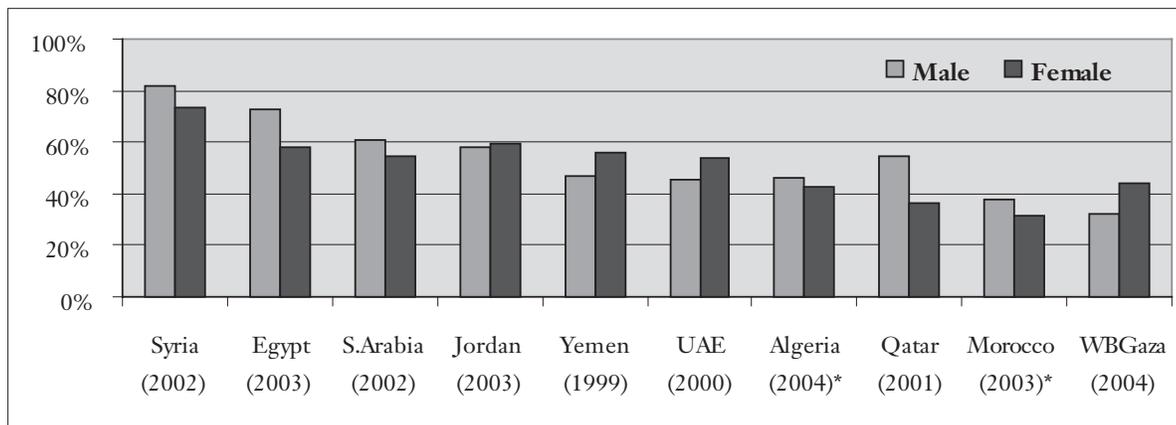
schooling and few remain in school to acquire additional post-secondary education. To include university graduates in our estimates, we extend coverage to include young people fifteen to twenty-nine.

Half of young women in Syria aged fifteen to twenty-nine are inactive, 27 percent are in the labor force, and 23 percent are still in school. The activity rate reaches a low of 36 percent among primary school graduates and rises to over 80 percent among post-secondary school graduates. Labor force participation rates among young illiterate women are 42 percent, dropping to 12 percent among preparatory school graduates (noting that more than half of these preparatory school graduates are still in school). Labor force participation rates then increase to 79 percent among intermediate institute graduates and 70 percent among university graduates. Educational attainment is thus a main correlate of labor force participation among young women.

### UNEMPLOYMENT

In 2002, unemployment rates in Syria were 28 percent among 15-19 year olds and 25 percent among 20-24 year olds, dropping to 11.2 percent among 25-29 year

Figure 3-5: Youth Share (15-24) Among Working-age Unemployed (15-64)



Sources: Kabbani & Kothari (2005) and ILO (2006a). \* Estimates include age 65+.

Unemployment estimates for Qatar and Saudi Arabia are for national workers.

olds. Unemployment rates were only 2 percent among those over thirty years old (Figure 3-4). The unemployment situation in Syria has an important gender dimension, with females across all age groups experiencing substantially higher unemployment rates than males. Among young women, unemployment rates are nearly twice as high as among young men, reaching 40 percent among 15-19 year olds.

Unemployment in Syria is essentially a youth problem. In 2002, unemployed young people constituted 77 percent of all working-age unemployed people in Syria (Figure 3-5). This share of youth among the unemployed was higher than in any other Middle Eastern country with available data. In Section I, we noted that the unemployment rate for young people in Syria was comparable to that of other countries in the region. The findings in Figure 1-1 are driven by the exceptionally low adult unemployment rates. Consequently, relative youth unemployment rates in Syria (vs. adults) are high compared to other Middle Eastern countries.

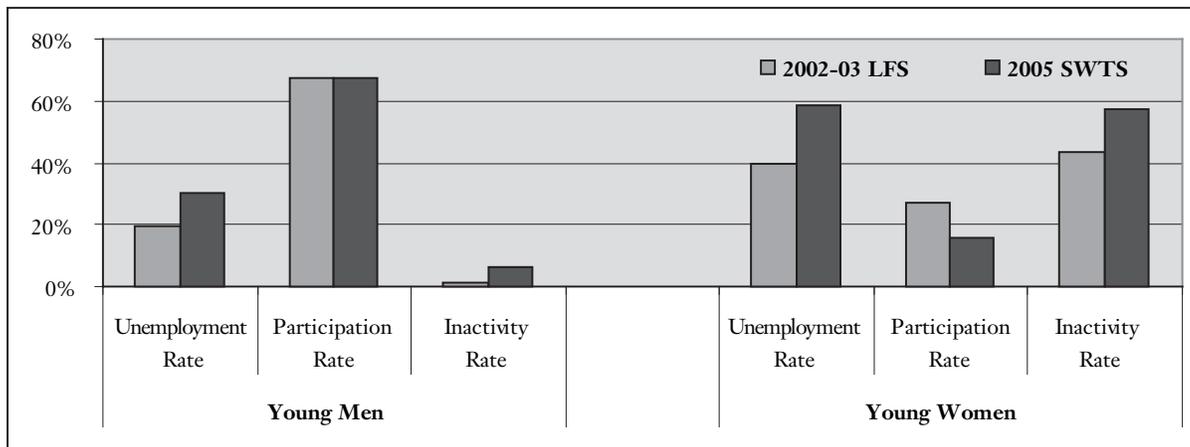
Therefore, two key indicators of youth exclusion suggest fairly high levels of economic exclusion in Syria. The high rates of unemployment and relative

unemployment among Syrian youth underscore the substantial difficulties young people face in finding good jobs.

Long-term unemployment often is used as an indicator of exclusion. We do not have access to detailed information on unemployment duration from published sources because the annual labor force surveys do not ask about that. But questions about unemployment duration were asked in the 2005 School-to-Work Transition Survey. As noted in Section II, the SWTS is not nationally representative, and making inferences about national prevalence estimates should be avoided. Still, key employment outcomes are not that different (Figure 3-6).

Unemployment rates among young men and women in the SWTS are higher than in the 2002-2003 Labor Force Surveys. The differences are almost certainly due to differences in the sampling frame because unemployment trends among youth have been downward. Official statistics suggest that unemployment rates among young men and women were, respectively, 15 and 36 percent in 2005 (SCBS, 2005).<sup>4</sup> Inactivity rates in the SWTS also are higher among both young men and women. Finally, participation

**Figure 3-6: Unemployment Duration of Current Employed and Current Unemployed**



Source: 2002-2003 Labor Force Surveys and the 2005 School-to-Work Transition Survey.

rates are lower among young women. Many of these differences are probably the result of including a higher share of urban youth in the SWTS.

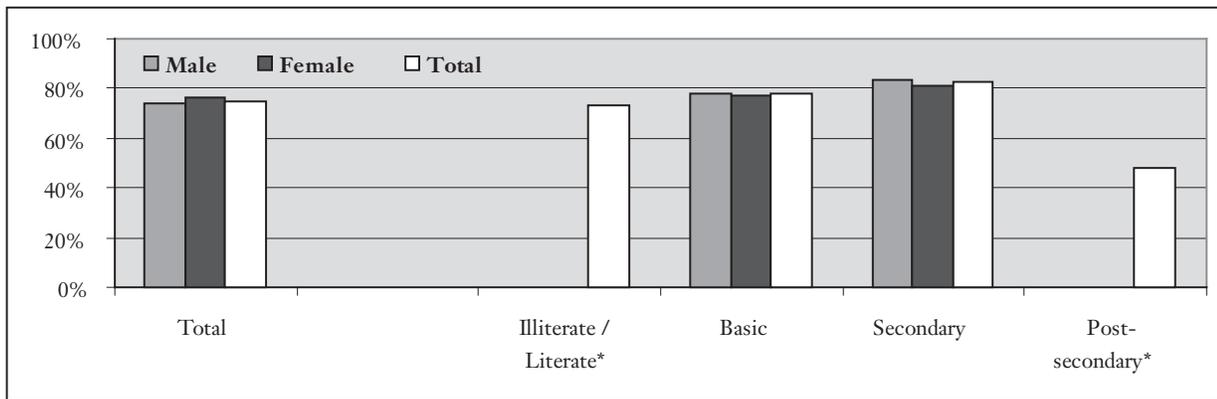
Over 75 percent of unemployed youth had been searching for work for over a year (Figure 3-7). Search times were similar across levels of educational attainment apart from post-secondary school graduates. Only one-half of post-secondary school graduates had been searching for longer than a year. Also, there were no significant gender differences in terms of the share of the unemployed who had been searching for more than a year. Young people who encounter substantial difficulties in finding decent employment may become discouraged and drop out of the labor force. Once they do, they no longer affect the unemployment rate, but if their decision was a result of exclusion from employment, it remains a cause for concern.

In sum, unemployment rates among Syrian youth are high compared to the worldwide average of 14 percent but not high compared to the region's average of 26 percent. But relative youth unemployment rates (compared to adults) are higher than the regional average. Indeed, the share of

youth among the unemployed is the highest in the region. Further, a large majority of Syrian youth appear to spend more than a year searching for work. There is an important gender dimension, with young women having unemployment rates almost twice as high as young men.

These basic indicators point toward youth economic exclusion as being a potential problem in the country. But labor force participation and activity rates suggest a more complicated reality. Nearly all young men are actively engaged in the transition from school to work; inactivity rates are very low (1-2 percent). That few young men are discouraged from looking for work and nearly all are employed by the time they reach the age of thirty, despite high unemployment rates, suggests that economic exclusion may be taking place with respect to good jobs as opposed to, simply, jobs. Among young women, however, activity rates are less than 60 percent, suggesting potential barriers to labor market entry. Activity rates among young women increase dramatically with educational attainment, reaching over 80 percent among post-secondary school graduates.

**Figure 3-7: Share of Unemployed Youth Job Hunting for Longer than a Year**



Source: 2005 School-to-Work Transition Survey. \* Female/Male estimates omitted due to small sample size.

#### IV. EXCLUSION AND THE LABOR MARKET

We begin our analysis with the economic dimension, primarily focusing on labor market indicators. We seek to examine the extent to which Syrian youth are able to obtain employment and “change their own lives” as compared to adults (Atkinson, 1998). Access to employment in the context of studying exclusion also necessitates an analysis of the types of employment that youth have access to as low-wage, low-quality employment does not guarantee less economic exclusion of youth relative to adults (Ibid.). Factors associated with exclusion are generally demand related. Factors not associated with exclusion tend to be related to supply and occupational or geographic mismatches. We begin by considering several causes of high youth unemployment rates in Syria that are not necessarily related to exclusion.

##### HIGH YOUTH UNEMPLOYMENT

One of the principal factors potentially driving the high rates of youth unemployment is the pressure of a high labor supply. Between 1983 and 2003, it has been estimated that the number of youth in the labor market increased by about 5 percent a year, nearly doubling the young labor force (Figure 4-1).

As more and more youth entered the labor force, they naturally had difficulty finding employment in general, and high-quality, high-wage employment in particular, thus contributing to higher rates of unemployment during the 1990s and early 2000s.

The young labor force still was expected to increase after 2006, but at less than 2 percent annually. Thus, to the extent that labor supply pressures are contributing to the high rates of unemployment among youth, their effect is transitory and not a cause for long-term policy intervention. But short-term intervention is required to ensure that today’s young unemployed do not become tomorrow’s adult unemployed.

By far the main factor driving these labor supply trends is demographic. Starting in the 1960s, persistently high fertility rates combined with lower infant mortality and higher life expectancy to raise the population growth in Syria as well as in other Middle Eastern countries. As a result, the share of youth in the total population has been on the rise since the 1980s (Figure 4-2). In fact, the fifteen to twenty-nine age group peaked at 32 percent of the total population in 2005, up from 27 percent in

**Figure 4-1: Estimates and Projections of Economically Active Youth, Levels and Growth Rates, by Gender (1983-2018)**



Source: ILO (2006b) EAPEP database (fifth edition).

1985. But this already has begun to decrease and the share of youth in the population is expected to return to its 1985 level by about 2030.

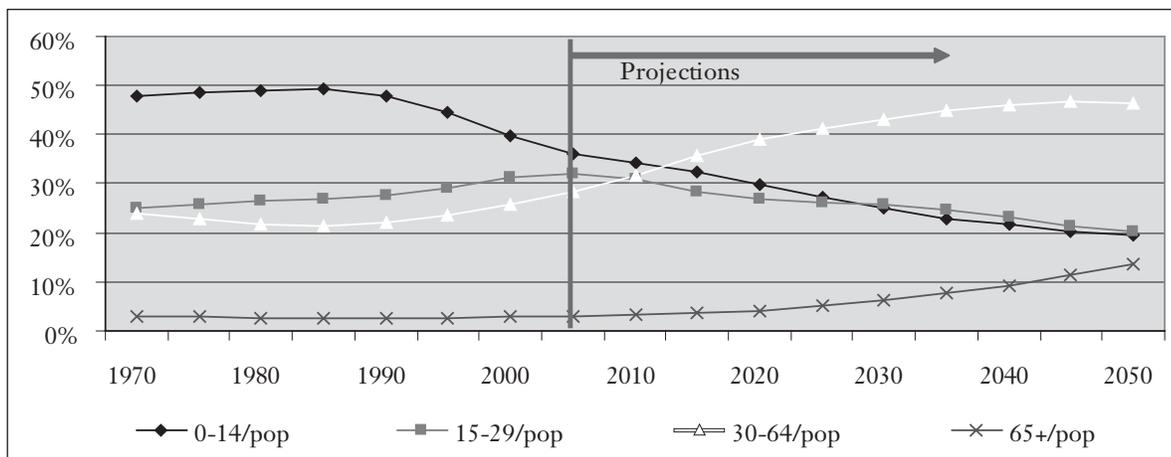
One factor that has influenced the labor supply is increases in female labor force participation rates. Those rates doubled between 1980 and 2005, but from very low initial rates. The annual increase was about 0.5 percent a year. This increase accounts for only about 15 percent of the labor supply (Kabbani and Tzannatos, 2006). But because women gravitate toward specific occupations, it is likely that the higher participation of women in the workforce affected the employment prospects of women in female-oriented occupations, helping to explain the observed gender differences in unemployment rates.

Another factor affecting youth unemployment rates is the degree of internal and international migration. Emigration by Syrian youth to other countries means less competition for jobs in Syria, both for youth and adults. But higher migration within Syria results in higher competition for jobs in specific areas of the country and less in others. While data limitations prevent a detailed examination of this issue, some estimates exist. The destination of inter-

national emigrants is highly dependent on educational attainment and skills. Those with higher skills head mostly to the Gulf countries and fewer emigrate to Europe and North America. Less skilled workers, who have completed less than six years of education, tend to work in Lebanon, but only for a few months of the year (Syria Report, 2005b). The number of emigrants to Lebanon was thought to be about 350,000 workers in early 2005. Since then, demand for foreign workers increased with reconstruction efforts following the 2006 month-long war between Hezbollah and Israel, but the political situation in Lebanon may have limited the increase in Syrian workers.

Another factor that affects the size of the labor force and unemployment is educational attainment. An increase in the average enrollment rates at all levels of schooling can reduce labor force participation and competition during that year of increase. For the effect to be permanent, however, governments must find ways of increasing economic growth and job creation in occupations that require higher levels of education. Trends of primary and secondary school enrollment have differed since the 1970s.

Figure 4-2: Share of Population by Age Group (1970 – 2050 Estimates)



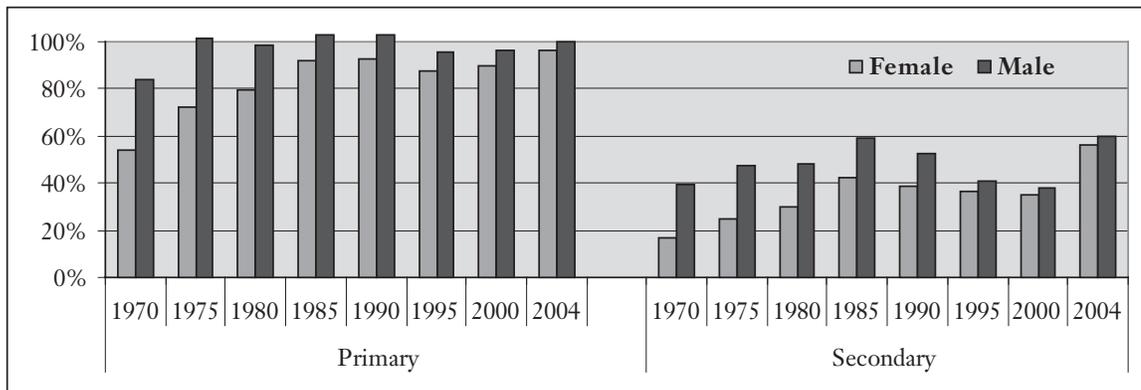
Source: United Nations Population Prospects (2005); Kabbani and Tzannatos (2006)

Both primary and secondary school enrollments increased between 1970 and the mid-1980s (Figure 3-3). The former continued its upward trend to about 95 percent for girls and about 100 percent for boys by 2004. The latter, however, began declining after the mid-1980s to below 40 percent for young boys and girls.

Before 2001, the public university system was the sole provider of higher education and was therefore operating above capacity. This caused the government to restrict entry into universities by increasing vocational secondary school enrollment. Most vocational secondary school students are prevented from entering public universities, resulting in a perception among students of a dead-end in terms of education. Vocational schools are thus associated with high dropout rates. This has led to an increase in unemployment rates for those who completed vocational secondary school education and, arguably, among vocational secondary school dropouts. After the government reduced the restrictions on entry into public universities and permitted private education in 2001, secondary school enrollment rates increased to what they were at their peak in 1985.

Labor force participation rates for young men and women are higher among those who completed vocational secondary school than general secondary school graduates and higher among intermediate institute students than university graduates. This suggests either an abundance of jobs in vocational occupations and/or a lack of opportunities (or interest) in additional schooling among vocational school students. Examining unemployment rates can shed light on this issue. For young men, unemployment rates are highest among vocational secondary school and intermediate institute graduates, pointing to a lack of schooling or good job opportunities for this group. For young women, unemployment rates are highest among vocational secondary school graduates – over 50 percent – also suggesting a lack of employment and schooling opportunities. However, unemployment rates among intermediate institute graduates are comparatively low. This suggests that whereas good job opportunities are limited for young male intermediate institutes graduates, they are abundant for young women. One reason might be that, until recently, only women could enroll in intermediate institutes specializing in textile manufacturing, a sought-after skill in both the private and public sectors.

**Figure 4-3: Net Primary and Secondary School Enrollment Rates 1970-2004**



Source: World Bank (2005)

Not only does educational attainment affect youth exclusion by increasing unemployment rates, the quality of this education and the skills that it equips youth with undoubtedly affect their labor market outcomes.

### EDUCATION, SKILLS MISMATCHES AND JOB TYPES

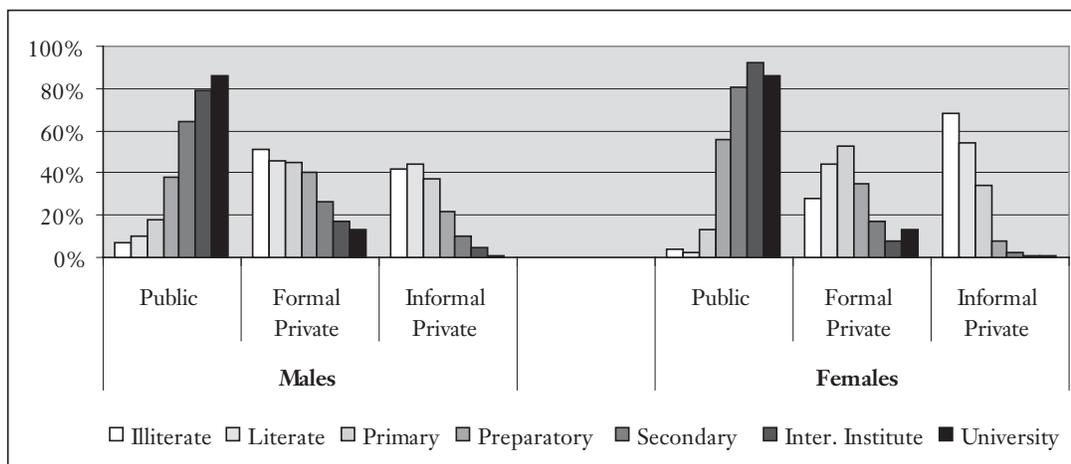
The connection between education and labor market outcomes is well examined in the literature.

Although economic independence is delayed by higher education, (Schneider, 1999), such education is thought to be of greater importance than early work experience with respect to higher wages later in life (Donahoe and Tienda, 2000; Hotz et al., 1999). Early work experience has a positive impact on later employment opportunities and wages. But work experience, provided the time allocated to work is not given a higher priority over education, is more beneficial when combined with more formal educational attainment (Ibid.). Further, research suggests that the skill level of basic and vocational school education have not matched the higher skill levels demanded in the labor market (Bailey 1991; Levitan and Gallo 1991; Lynch 1994; Stedman 1998 in Donahoe and Tienda, 2000).

Empirical evidence about Syria found that returns to education increase with the level of schooling. But the returns are rather flat (Huitfeld and Kabbani, 2007). This may be because of the high level of public sector employment in Syria (and the Middle East) compared with other developing regions of the world; government pay scales rather than productivity determine higher returns (Pritchett, 1999; Glewwe, 2002; World Bank, 2004). Although the flat structure of wage returns to education may encourage students to drop out, Syrian youth appear to seek higher education partly in order to gain employment in the public sector. Indeed, the share of employment in the public sector increases steadily and dramatically with the level of educational attainment (Figure 4-4), from 7 percent of illiterate men and 4 percent of illiterate women to 86 percent of both men and women with university degrees.

Young women are especially attracted to public sector jobs because wages for them are higher than in the private sector and benefits are more generous, including those for maternity leave. Most young men also prefer jobs in the public sector, but wages for them are on par with the

Figure 4-4: Paid Employment by Sector and Level of Educational Attainment



Source: 2001 and 2002 Labor Force Surveys in Street, Kabbani and Al-Oraibi (2006)

private sector. The main benefit seems to be job security and benefits.

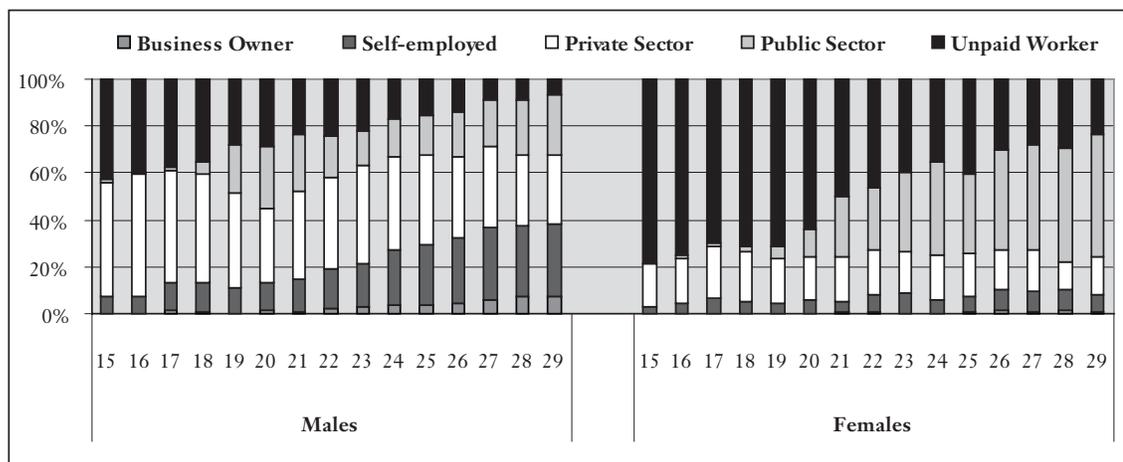
As confirmation of a preference for public sector jobs, over 80 percent of unemployed youths in Syria (age fifteen to twenty-nine) in 2003 indicated that they were interested in a public sector job and nearly 60 percent indicated that they were interested in a job *exclusively* in the public sector. By comparison, only 34 percent were interested in a private sector job and 9 percent wanted a job exclusively in the private sector. Only 14 percent were interested in self-employment or owning a business. Unemployed young women were more interested than young men in public sector employment and less interested in self-employment or owning a business. Nearly 90 percent of unemployed young women were looking for a public sector job and 70 percent were looking for a job exclusively in the public sector (Huitfeld and Kabbani, 2007).

To gain additional insight into the transition from school to work, we examined the distribution of employment across five job types between the ages of fifteen and twenty-nine: public sector employment, private sector employment, business owner-

ship, self-employment, and unpaid work (Figure 4-5). This does not necessarily show the actual transitions of individuals, since people at age fifteen may follow different employment trajectories than do older cohorts. At fifteen, most male workers either are engaged in unpaid (mostly farm) work or working in the private sector. As more young men leave school and find work, they accept private sector jobs. Opportunities in the public sector begin at age eighteen and its share increases to about 25 percent by twenty-nine. Interestingly, the share of young men who are self-employed or have their own businesses increases with age, jointly reaching close to 40 percent of male workers by age twenty-nine. These large percentages point to significant increases in entrepreneurial activity among young Syrian men.

Employment trends among young working women are again quite different. At age 15, nearly 80 percent of working girls are engaged in unpaid (mostly farm) work. The share of female workers employed in private sector jobs hovers at about 15 percent across all ages. The share in self-employment is about 5 percent, reaching a peak of 10 percent

Figure 4-5: Job Types by Age (15-29)



Source: 2001 and 2002 Labor Force Surveys in Street, Kabbani and Al-Oraibi (2006)

among women in their late twenties. The share of women who have their own businesses is virtually nil throughout, reaching a high of 1 percent among those in their late twenties. The big story for women is the share in public sector employment, which expands rapidly, beginning about age nineteen, to represent over 50 percent of working women by twenty-nine.

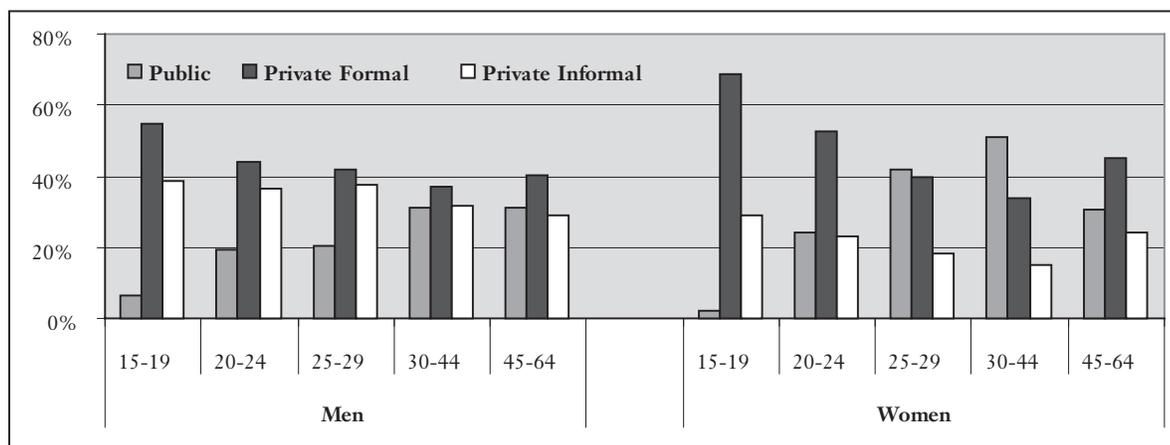
In terms of paid work, the common denominator across age groups is that public sector employment increases at the expense of formal private sector employment. Employment in the informal private sector declines with age group, but not by much (Figure 4-6). Among young men, employment in the informal sector declines from 38 percent among 15-19 year olds to 29 percent among 45-64 year olds. Among young women, employment in the informal sector declines more sharply by age group, but then increases among 45-64 year olds. Age therefore does not appear to be a main determinant of working in the informal economy.

Educational attainment has a much stronger association with employment in the informal sector than do age groups (Figure 3-6). For young men,

employment in the informal sector falls steadily from 42 percent of illiterate paid workers to 10 percent of secondary school graduates to 1 percent of university graduates. For young women, the decline is even sharper, from an initially higher figure of 68 percent among illiterate young women to 8 percent among secondary school graduates to 1 percent of university graduates.

Unemployment duration is significant to youth exclusion. Not only might higher unemployment spells result in youth exclusion, they also have a negative impact on future labor market outcomes since youth can “unlearn” by “not doing” (Sen, 2000). That results in a decrease in skills and future exclusion from employment generally and good (high quality, high wage) jobs. Bradley et al. (2003) focus on transitions among five states: high skilled employment, intermediate skilled employment, low skilled employment, unemployment, and out of the labor force. They claim that there are two groups: those who are relatively “trapped” in the last three states causing them to be more prone to social exclusion, and those in the two higher levels that are more “immune” to social exclusion. Although our

**Figure 4-6: Paid Employment by Sector**



Source: 2001 and 2002 Labor Force Surveys

analysis of youth economic exclusion does not follow separation by type of employment in terms of skills, this literature draws attention to the actual and potential exclusion of some groups the longer they are unemployed.

There is little direct evidence about the length and nature of unemployment periods in Syria. In the previous section, we noted that about 75 percent of young job seekers (employed and unemployed) with a secondary degree or less compared to about 50 percent of post-secondary school graduates had been seeking a job for a duration of more than a year (Figure 3-7). Further, indirect evidence suggests that unemployment duration generally drops with the level of educational attainment (Huitfeldt and Kabbani, 2007). What is not clear is the extent to which long unemployment spells are the result of a mismatch between the skills of workers and needs of employers, a lack of jobs in general, or the result of queuing for public sector jobs, as has happened in other countries of the region such as Egypt (As-saad, 1997) and Morocco (Boudarbat, 2004).

That periods of unemployment are extensive among youth at all levels of educational attainment suggests a combination of occupational mismatch and weak labor demand. Earlier, we reviewed evidence that the education system in Syria does not appear to be equipping students with the skills demanded in the labor market. The remedy in this case is to reform the education system, which the government is doing by allowing private institutions to open, improving the public education curricula, and retraining teachers. We do not have evidence that is as direct on the state of labor demand. Still, weak demand is consistent with much observed evidence, such as heavy state regulation, high migration rates, and high levels of youth unemployment. In the presence of weak labor demand, more educated workers may accept jobs that could have gone to less educated workers and they are more able to migrate to other countries, thereby reducing crowding in their specific occupations.

As previously noted, most unemployed young people indicated a strong preference for public sector jobs, with their job security and higher benefits, especially for women. In addition, young educated

workers, who have the greatest access to public sector employment, appear to have shorter unemployment periods than those with lower educational credentials, who potentially have to wait longer. In line with its economic reform agenda, the Syrian government has begun introducing public sector employment retrenchment policies and has allowed private sector competition in many sectors that were previously state dominated. If the demographic window of opportunity is to be taken advantage of, sufficient jobs need to be created for the large numbers of young labor market entrants (World Bank, 2004). The government has taken steps to strengthen the private sector and encourage entrepreneurship to increase the capacity of the private sector to absorb the young labor market entrants.

### HOUSING ACCESS

A study of eight Middle Eastern countries conducted by the World Bank found affordability to be one of the major problems in getting access to housing. The study measured housing affordability by the ratio of house price to an individual's income. In Morocco, Lebanon, and Algeria, a middle-income household needs about nine years to be able to purchase an average home in the major cities, provided the household saves its entire income. The situation was worse for lower income households. Egypt, Tunisia, and Jordan had relatively cheaper housing (Baharaglu et al., 2005).

Access to housing in Syria is also restricted by high costs. Data on housing prices are limited, but some estimates exist. Between the 1990s and the 2000s, a 100-square-meter property in urban Damascus was priced between 2 million and 4 million Syrian Pounds (\$40,000 to \$80,000) (Al Thawra, 2004 in Syria Report, 2004). Average salaries for young people in Syria are between 5,000 SP and 10,000 SP (about \$95 and \$195). Following the measure used by Baharaglu et al. (2005), a young employee needs to save his or her entire income for sixteen to thirty-three years to be able to purchase property in urban areas in Damascus at the lower range of property prices. Property prices in rural areas of Damascus, however, were half the cost of those in urban areas. Khawaja (2002) explains that migration from rural to urban areas in Syria may be low in part because of the high cost of urban housing relative to rural housing.

Housing loans in Syria have low ceilings (a maximum of 1 million SP, or \$20,000) and eliminate many needy applicants because of the high collateral requirements. Public housing projects offer lower prices and longer installment periods compared to the market. But these projects still require monthly payments that are not affordable for young employees with one source of income. Investment in the real estate sector also is hampered by complicated procedures and requirements. The recently approved Real Estate and Development and Investment law, with its various incentives, is expected to ease real estate shortages and decrease real estate prices (Syria Report, 2005; 2007). Many housing units are available but unoccupied because of a lack of affordability, and the new law is expected to end informal or illegal settlements and increase the supply of cheaper housing (Syria Report, 2007).

The existence of informal settlements and some degree of exclusion from formal housing are issues that merit concern. In Egypt, where informal housing is common, the ratio of informal to formal settlements was used to reflect access to formal housing (Baharoglu et al., 2005). While informal housing is also prevalent in Syria, we do not have data to compute such a ratio. Until the enactment of the law restricting illegal construction, informal settlements certainly increased in large cities and suburbs of the Capital (Syria Report, 2004).

The high cost of buying or renting formal housing units, limited access to credit, and recent restrictions on the construction of informal units have combined to exclude young people from accessing housing

without the financial support of their families. Since young men are expected to provide housing in the event of marriage, the priority of families is to support their male children. Most young women, therefore, are dependent on their parents or husbands for access to shelter. Young men from low-income families have little choice but to rely on charity, delay marriage or obtain housing at a significant distance from urban centers. This last option may be creating geographical mismatches between the locations of available employment opportunities and where young people live, contributing to higher youth unemployment rates.

In sum, many of the economic reasons for employment outcomes for youth potentially can be explained by factors that are not necessarily related to exclusion. These include demographic trends, labor supply pressures, and government education policies. Other elements may be more structural, including skills mismatches, weak demand, public sector employment policies, and lack of access to affordable housing in urban centers. The Syrian government is taking steps to encourage labor demand in the private sector and reform the education system. But access to housing remains a concern and is an important area for future research, especially in light of increasing costs and new laws that restrict the construction of unlicensed housing units. Another area where little is known is migrant youth, especially less educated young workers in Lebanon. This group does not show up in government statistics except as inactive youth temporarily back from seasonal jobs. Future research would be needed to shed light on this important group.

## V. EXCLUSION AND THE INFLUENCE OF FAMILY AND SOCIETY

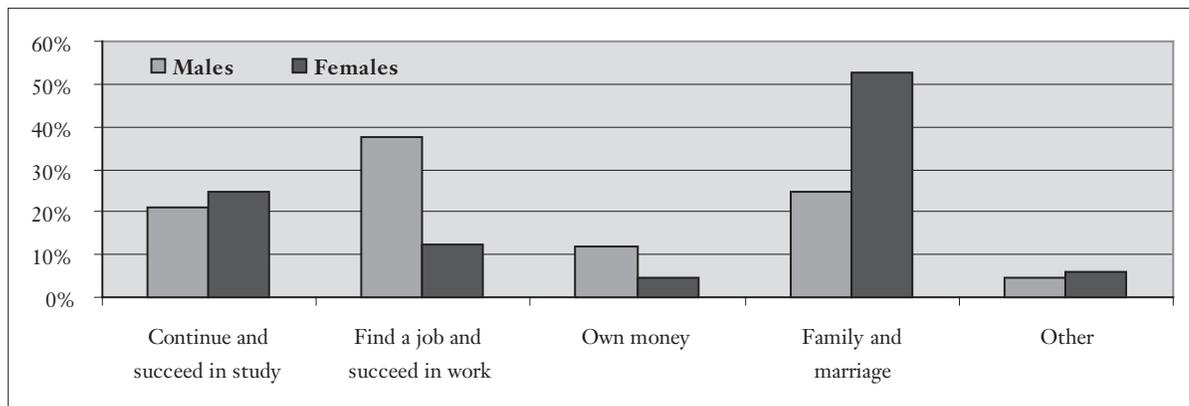
Personal attitudes, family circumstances, and social influences all potentially play a role in the economic exclusion of youth. In this section, we discuss the effect of these factors on the labor force outcomes of young people in Syria. There is little data available that could shed light on these issues. But we were able to make use of data from the 2005 School-to-Work Transition Survey (SWTS) to examine some of the topics in depth.

Personal attitudes and choice play an important role in determining unemployment and labor force participation. Entry into the labor force and accepting a job are choices that many young Syrians have to make, especially young women. However, care must be taken in interpreting unemployment and labor force inactivity in terms of voluntary exclusion. Le Grand (2003) and Barry (1998) advise caution when analyzing voluntary exclusion because the quality of choices available and the information that the decisions are based on may not warrant considering the exclusion to be truly voluntary. Further, there is concern that if a group excludes itself voluntarily, it may not be able to return to society (Barry, 1998).

Young people from low-income households have little choice but to work to support themselves and their families. Those from middle- or high-income families can afford to be more selective in their labor market choices and to wait for a good job. Research also has suggested that the relationship between children's unemployment and that of their parents may be the result of the "handing down" of tastes and constraints by the parents (O'Neill and Sweetman, 1998). Thus, unemployment among young people is not only decided by labor market conditions and employment availability but also by personal choices linked to family circumstances.

Family support is also important, in ways distinct from familial circumstances. Young Syrians rely heavily on family connections to secure employment and assist with housing and credit in preparation for marriage. But the availability of strong family support structures also may contribute to high youth unemployment rates by allowing young people more time to find employment opportunities that offer a good fit for their skills and a good opportunity for advancement (O'Higgins, 2003).

**Figure 5-1: Youth's Most Important Goals**



Source: The 2005 School-to-Work Transition Survey

Marriage decisions are strongly influenced by family. Marriage in Arab countries is still viewed as a “social and economic contract between two families” and marriage costs, most importantly housing, are usually expected of and supplied by the groom and his family (Rashad et al., 2005). Such expectations contribute to assortative mating (Chadwick and Solon, 2002). Family status, as reflected by earnings and reputation (communicated through social networks), play a role in marriage in Syria. Marriage, in a sense, may be a medium for both sustaining economic and social status and transitioning to a higher level. In addition, since many young women, and their families, expect husbands to be responsible for earning income and providing housing, young wives may exit the labor force after marriage, even if they were previously employed.

Finally, research suggests that community and neighborhood may be key factors related to youth exclusion. Two elements affecting exclusion, according to socioeconomic literature, are informal job networks and the existence, or lack, of positive role models (O’Regan and Quigley, 1998). Proximity to work locations affects the ability to find employment

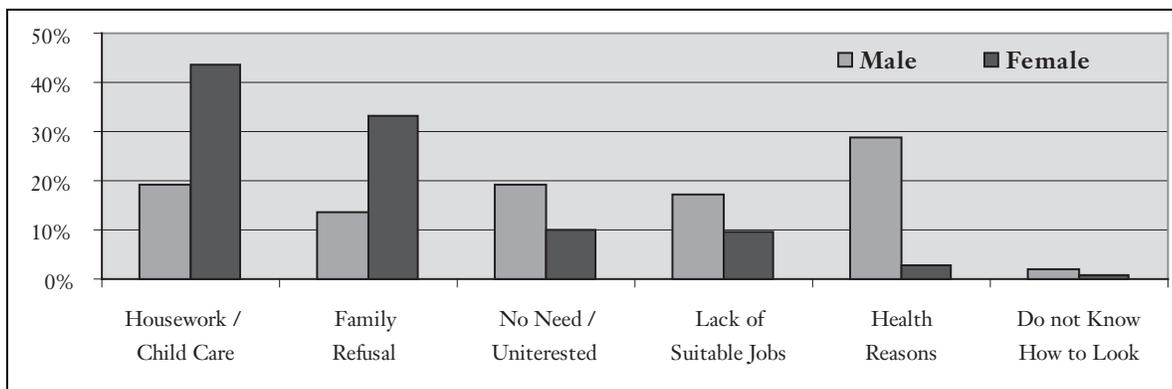
(Vipond, 1984). This is especially true for young women in Middle Eastern countries such as Egypt, who may want, or feel obliged, to find jobs close to their homes (Assaad and Arntz, 2005). Other studies suggest that poor neighborhoods contribute to high rates of unemployment (Hunter, 1996).

#### SYRIAN YOUTH’S PRIORITIES

In considering the influence of personal attitudes in defining a set of alternatives for youth, we begin with a look at their priorities. According to the SWTS data, nearly 40 percent of young men identified work as the most important goal in their lives compared with only about 12 percent of women (Figure 4-1). By contrast, more than 50 percent of young women ranked family and marriage as their most important goal in life compared with 25 percent of young men. An almost equal percentage placed education as most important. These results may help explain the differences between labor force participation and inactivity rates for young men and women.

Priorities of youth are certainly influenced by their families and the environment in which they were

Figure 5-2: Reasons for Youth Inactivity



Source: The 2005 School-to-Work Transition Survey

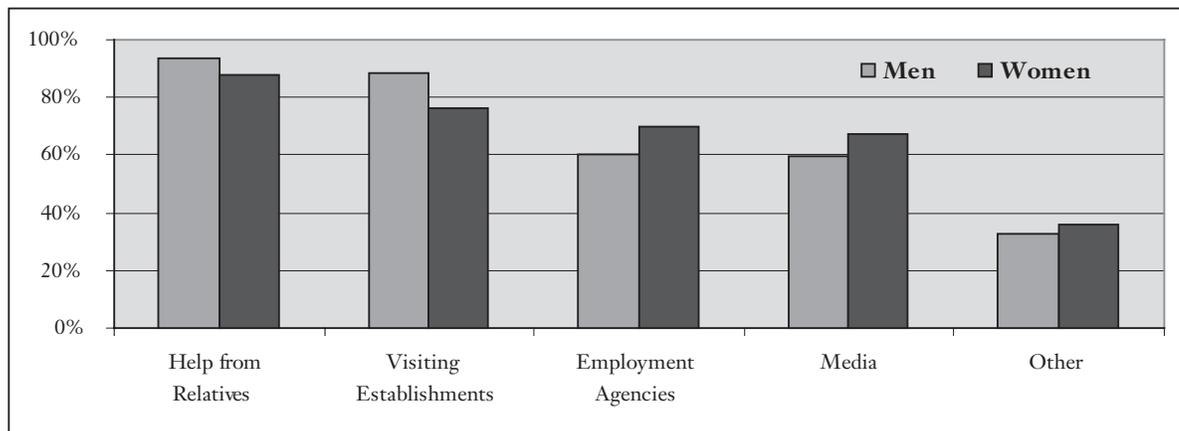
raised and socialized. Traditionally, a woman's position in the Middle East has been characterized by her engagement in the private sphere – that is, the family, as a mother and wife. But this view has been shifting, as the increase in households in Egypt and Morocco headed by women suggest in terms of changing views of the role of women. Even so, there are still different opportunity structures for women and men (Moghadam, 2005). Many young women in Syria no longer are raised to become merely good mothers and wives. But, as the data suggest, more young women still prioritize marriage and family, and the effect of traditions and societal norms in Syria remain an important determinant of the gender division of labor.

As previously observed, inactivity among young women in Syria is quite high. The main causes of female inactivity appear to be family related. Housework and child care were the main reasons for inactivity given among 44 percent of economically inactive young women. About one-third of inactive young women indicated that the primary reason for their inactivity was family refusal to allow them to work or to search for work. This represents our first

piece of empirical evidence of economic exclusion along social dimensions. Less than 10 percent of economically inactive young women cited lack of jobs as a main reason for their inactivity. The inactivity rate among young men in the SWTS was only 6 percent. Thus, care must be taken in inferring reasons for their inactivity. Still, the most frequently given reason (about 30 percent) was health. Interestingly, only 17 percent indicated that the lack of job opportunities or suitable jobs were the main reason (Figure 5-2).

Among unemployed youth, the SWTS asked about the difficulties encountered in searching for a job. More than 90 percent of those surveyed replied that they rely on help from family, relatives and friends (Figure 5-3). The second most frequently used job search strategy was visiting establishments directly, with 87 percent indicating that they used this method. These results highlight the limited use of more formal institutions and methods in searching for a job, such as public employment offices or the media. Less than 10 percent of youths who were employed in a non-career or temporary job at the time of the survey were registered with an employment

**Figure 5-3: Methods of Job Search**



Source: The 2005 School-to-Work Transition Survey

office and only 8 percent of those who were registered received career guidance or advice.<sup>5</sup>

The survey results also highlight the importance of family or social connections in looking for work. Indeed, among those who completed their transition from school to work, meaning that they found a job with a long-term contract or have not claimed a desire to change jobs (ILO, 2007), a majority (54 percent) found their current job through friends and family. The second most common strategy for finding a stable job was through a training institution (21 percent) followed by visiting the establishment directly (9 percent). Other methods, including more formal job searches through media outlets or government employment offices, account for only 2 to 3 percent of successful transitions (Ibid.).

The lack of family or social connections may present a substantial barrier to obtaining stable employment, or a good job, and is a potential source of social and economic exclusion. But schooling and personal initiative (receiving training and visiting establishments) potentially can mitigate deficits in social-familial connections. The importance of family and social connections has special relevance

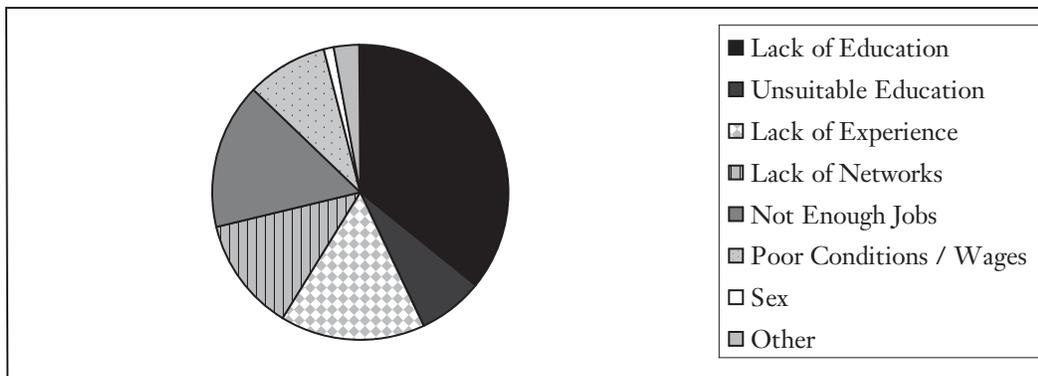
for young women interested in working or looking for work. As noted above, one of the barriers to participating in the labor force is family refusal. If family refusal extends to withholding access to job contacts, then exclusionary factors compound the creation of barriers that are far more difficult for young women to surmount.

Formal job searches are not a strategy of choice. Even public employment offices are rife with those seeking to gain employment through connections. Few private companies list vacancies with employment offices (although, they are required by law to do so) because of the widespread belief that the offices propose job candidates for vacant positions based on connections rather than qualifications or place in line. Those seeking public sector jobs must register with employment offices, but candidates often are selected by government agencies based on factors other than their place in the job queue (Kabani and Tzannatos, 2006).

#### SEEKING EMPLOYMENT

Young people encounter a significant number of difficulties in searching for a job. Lack of educa-

Figure 5-4: Difficulties Encountered by Unemployed Youth Searching for a Job



Source: The 2005 School-to-Work Transition Survey

tional qualifications and unsuitable education appear to be the most significant obstacles, jointly accounting for 43 percent of total responses (Figure 5-4). This difficulty is followed by lack of experience and then by job scarcity, which represent only 16 percent of total responses. Lack of networks and connections (12 percent) and poor working conditions and wages (9 percent) were the final main responses.

The number of responses by young women in the survey is too small to allow a detailed breakdown by gender. But the overall distribution of responses is fairly similar across gender, with young women slightly more likely to cite poor working conditions and wages and slightly less likely to cite lack of education as the main obstacles to finding a job.

That only 12 percent of responses indicated lack of social networks as the chief barrier to finding a job is interesting given the high share of young people who rely on such networks to find stable employment. The results seem to indicate that youth recognize that lack of suitable education is the primary obstacle to finding work and that family connections are needed to overcome this difficulty. Indeed, the vast majority (over 90 percent) of employed youth indicated that they did not receive training related to their specific employment (SWTS, 2007).

The link between “social capital,” which includes social networks and relations, and exclusion is ambiguous. But recent research suggests that social capital may result in the partial exclusion of some groups and the inclusion of others (Field et al., 2000). The importance of informal networks in the job search process in Syria suggests that young people without such connections have lower chances of obtaining employment and are likely to be economically excluded. But receiving an education that is useful and relevant to available job opportunities appears to be more than simply a mitigating strategy; rather, it is

the primary strategy that, if successfully completed, would overcome any network shortcomings.

Finally, marriage is also important in the context of economic exclusion and is linked in complex ways to employment, social status, and access to housing. Although the average age at the time of first marriage has increased in Arab countries, including Syria, the percentage of married youth is still considerable (Rashad et al., 2005). Moghadam (2005) attributes most of the increases in the age of marriage to increases in educational attainment in the region, including Syria. In Syria, 11 percent of women fifteen to nineteen and 40 percent of women twenty to twenty-four were married in 2001 (Pan-Arab project for Family Health in Rashad et al., 2005).

In sum, young people in Syria rely heavily on family and social connections in order to look for and obtain stable employment. Young people who lack such connections are at a disadvantage in terms of obtaining employment, especially good jobs. But there also is evidence that family connections are not a requirement for obtaining good work. Educational attainment can provide a considerable measure of economic inclusion. Further, taking personal initiative by visiting establishments seems to be more effective than pursuing more formal job search options.

For young women, there is evidence of some measure of voluntary exclusion from the workforce. A majority indicated that their main goal in life is family and marriage. But family refusal is given as the second reason for economic inactivity behind housework and childcare responsibilities. As such, there is evidence of familial and social pressures to stay out of the labor force, which may be compounded if access to employment through informal networks is withheld. It would be difficult to separate voluntary from involuntary exclusion in such cases as the two are related in complex ways not easily disentangled.

## VI. INSTITUTIONS AND SERVICES

The final set of factors potentially associated with youth exclusion are social and public institutions. Institutions are defined broadly to include laws and regulations, unions and nongovernmental organizations, and access to services. While institutions are potentially important, we do not have data to empirically examine their influence on young people. Most of the available information is not even youth specific but rather applies to all age groups.

### LEGAL FRAMEWORK FOR EMPLOYEES

Nearly 90 percent of young Syrians use informal methods to search for a job such as help from families, relatives, and friends, and more than 50 percent who successfully transition to a career position and found a job through informal networks. Public sector vacancies do not escape this informal mechanism. Although by law these vacancies should be filled through a testing mechanism that grades applicants according to their qualifications (SEBC, 2003), in reality informal connections play a major role in securing jobs in the public sector. Dismissal of public sector employees is very difficult once they are granted “fixed contracts,” which occurs after they have completed a yearlong training period (Article 17 of Law No. 50).

Secure employment for public sector workers, attractive government wages and benefit packages compared to the private sector, and a government initiative to limit the growth of public sector employment have combined to encourage job seekers to line up for government jobs. As a result, the share of paid employees in the public sector increases with age (Figure 4-6).

Private sector workers are covered under laws dating back more than four decades. Private sector “training” only lasts a maximum of three months. After an employee completes this probationary training period, dismissal is difficult (SEBC, 2003). An annual World Bank survey of the business climate in 175 countries finds that it is rather easy to hire workers and set hours of work in Syria. But it is significantly more difficult and costly to fire workers compared to the region generally. Dismissing workers in the Middle East also is more difficult and costly compared to developed economies. Thus, Syria is very uncompetitive in this aspect of doing business.

### MINIMUM WAGE LEGISLATION

One factor often associated with lower levels of youth employment and higher rates of youth unem-

**Table 6-1: Hiring and Firing Indicators for Syria vs. the Middle East and OECD**

	Syria	Middle East	OECD
Hiring and Firing Workers			
Difficulty of Hiring Index	0	29.7	27
Rigidity of Hours Index	40	44.7	45.2
Difficulty of Firing Index	50	32.9	27.4
Rigidity of Employment Index	30	35.8	33.3
Firing Costs (weeks)	79.8	56.9	31.3

Source: World Bank (2006)

ployment is the minimum wage. A survey of industrialized countries by Neumark and Wascher (2004) found that minimum wages are associated with minor negative effects on youth employment. But the effects of minimum wage can differ substantially among countries according to their labor market institutions, economic conditions, and the number of people to whom it applies. Among developing countries, research is limited because the value of the minimum wage often is too low to have much of an effect, compliance often is a problem, and data are not always available (Ghellab, 1998). The limited evidence suggests a weak negative impact on youth employment in some cases and no significant effect in others (O’Higgins, 2003; Ghellab, 1998). For Indonesia, Rama (1996) found that doubling the minimum wage led to a 2 percent decrease in wage employment, with effects concentrated among small firms. Similar findings were obtained by Alatas and Cameron (2003).

In Syria, the minimum wage differs according to sectors and occupations. Before 2002-03, Syria even had different minimum wages in rural and urban areas and before 2006 there were separate minimum

wages for the public and private sectors, with a lower minimum in the private sector. Increases of 20 percent occurred between 2000-01 and 2002-03 and between 2002-03 and 2004-05. A third increase in 2006-07 raised the minimum wage 26 percent in the public sector and 37 percent in the private sector, bringing the two sectors into alignment (Table 3). Compliance with minimum wage laws is likely to be higher in the public sector.

Minimum wage differences between the private and public sectors in 2001-02 likely increased the attraction of government jobs, which was counter to the government’s stated objective of limiting employment growth in the public sector. The recent unification of minimum wages across sectors could balance the attraction of private sector jobs. Given compliance problems, however, the higher private sector minimum wage is likely to increase the size of the informal sector, which may become an increasing source of jobs for entering cohorts of young workers.

As compared to other Middle Eastern countries, the monthly minimum wage in Syria is quite low – \$100 compared to about \$220 in Morocco (Kabbani and

**Table 6-2: Minimum Wage Levels (1989 – 2007) in Syrian Pounds (SP 50 = \$1)**

Year	Private Sector		Public Sector
	Urban	Rural	
1989-1990	1100	1190	1300
1991-1994	1375	1490	1625
1995-1999	1790	1940	2115
2000-2001	2237	2425	2645
2002-2003		2684	3175
2004-2005		3500	3810
2006-2007		4805	4805

*Source: Ministry of Social Affairs and Labor, personal communication.*

Kothari, 2005). When it was set at 3,500 SP (about \$70) per month, the minimum wage was estimated to be binding on about 15 percent of workers (Kabbani and Tzannatos, 2007). At current levels, the minimum wage may be binding on over one-third of workers. Since compliance is weak in the private sector, however – especially given the size of the informal economy – the biggest impact the minimum wage may have is on public finances and unemployment because it will increase the number of applicants for government jobs.

### CHALLENGES TO STARTING A BUSINESS

One alternative to paid work that youth may have is starting their own business. Successful start-up endeavors not only improve the livelihoods of young entrepreneurs, they also create job opportunities for other young people. By age twenty-nine, over 40 percent of young men in Syria were self-employed or had their own business. But years of heavy regulation of private sector activities contributed to an adverse business climate in the country. In 2006, the World Bank ranked Syria 130<sup>th</sup> out of 175 countries in how easy it is to do business. The number of days needed and the minimum capital requirement

as a percentage of gross national income are major barriers to starting a business. More than twice the number of days is needed to start a business in Syria than in countries in the Organization for Economic Cooperation and Development. The minimum capital requirement in Syria was higher than for the Middle East and the OECD (Table 6-3).

A reduction in the highest corporate tax bracket from 65 percent to 35 percent in 2003 has been associated with a positive effect on investment (Syria Report, 2003). Still, tax administration remains cumbersome and time consuming. Such bureaucratic obstacles have encouraged many entrepreneurs to choose to operate in the informal economy (Kabbani and Tzannatos, 2007).

Restrictions to private sector entry have been removed for most industries in Syria. Regulations of the private sector are being pared with the intention of producing an environment that is more conducive to private sector growth, including higher foreign investment and creating more employment opportunities. A major reform was introduced in 2000 when the government revised the key Investment Law Number 10. The changes provide addi-

**Table 6-3: Selected Business Climate Indicators for Syria vs. the Middle East and OECD**

	<b>Rank</b>	<b>Syria</b>	<b>Middle East</b>	<b>OECD</b>
<b>Starting a Business</b>	<b>142</b>			
Number of Procedures		12	10.3	6.2
Duration (days)		43	40.9	16.6
Cost (% GNI per capita)		21.1	74.5	5.3
Min. Capital (% GNI per capita)		4,233.50	744.5	36.1
<b>Getting Credit</b>	<b>117</b>			
Legal Rights Index		5	3.9	6.3
Credit Information Index		0	2.4	5
Public registry coverage (% adults)		0	3.2	8.4
Private bureau coverage (% adults)		0	7.6	60.8

Source: World Bank (2006)

tional incentives for export industries, firms that locate in less-industrialized regions of the country, and companies willing to hire large numbers of workers and register them with the social services agency. While these incentives possibly will strengthen the private sector, they may not increase employment because less than 6 percent of the total number of registered workers in the industrial private sector worked for firms that operated under Law Number 10. Sixty percent of registered workers were employed by small firms registered under Law 47 (Kabbani and Tzannatos, 2006).

One of the primary public institutions to create jobs and lower unemployment rates was the Agency for Combating Unemployment (ACU), which was established in 2002. The chief activity of the ACU was the administration of two loan programs, one targeting small and medium-sized enterprises and one for low-income families (micro-enterprise loans). ACU also operated public works and training programs (Kabbani and Tzannatos, 2007). It had a five-year mandate to create 440,000 jobs by 2007, with a budget of \$1 billion. It was criticized when it failed to meet these targets (Syria Report, 2006) and subsequently was replaced by a permanent agency, the Public Commission for Employment and Projects Development (PCEPD). The SWTS data suggest that few young people benefited from ACU in terms of looking for and finding jobs. The PCEPD will focus on two programs: training and business incubators (Syria Report, 2006; personal communication with the ministry; ACU Newsletter, September 2006). It is difficult to assess how successful PCEPD will be in alleviating youth unemployment in the country.

#### **ACCESS TO CREDIT**

Access to credit remains a problem in Syria. The World Bank's indicators suggest that Syria is far below Middle Eastern and worldwide averages in terms of information pertaining to credit (Table 6-3). Further, the regulatory framework of the banking system

remains undeveloped, impeding the development of the already weak private sector. Among public sector banks, conditions for approving loans are prohibitive and the loan ceilings fall below the financing needs of borrowers, especially youth. For example, the Commercial Bank, arguably the most important lender to businesses, offers loans to established businesses but practically none to start-ups, which are more likely to characterize youth-led endeavors.

Although private banks were allowed to open and operate in Syria beginning in 2003, their services are still limited. As of the end of 2006, only two of the six private banks provided loan services. As with public banks, private banks in Syria require high levels of collateral, mainly to mitigate the risk of defaults. Collateral requirements range from 100 to 150 percent, and interest ranges between 10 and 11 percent. As a result, only a few well-established investors gain access to financing while the newest and neediest small investors do not. Limited access to financing from banks, therefore, hinders youth from accessing credit for personal and professional activities, thereby narrowing the choices available to youth in terms of employment or self-employment.

In sum, the legal framework in Syria presents special challenges for youth in terms of economic inclusion. Rigid labor laws and regulations make private businesses reluctant to hire young people. High wages and benefits in the public sector contribute to job seekers lining up for public sector jobs. The doubling of the minimum wage between 2001 and 2006, and because it is binding on a large share of workers, may make government jobs even more attractive if the private sector fails to abide by and pay the higher wage rates. Finally, young people who decide to become self-employed or to start their own business face a weak business climate, especially in terms of the capital needed to start a business and limited access to credit through formal sources of finance.

## VII. CONCLUSION AND FUTURE POLICY RESEARCH

Unemployment rates among 15-24 year olds in Syria are high, reaching 26 percent in 2002, comparable to those in other Middle Eastern countries. What distinguishes the Syrian case is that youth unemployment rates relative to those of adults are higher than all other Middle Eastern countries except for Qatar and Saudi Arabia. Indeed, the share of youth among the unemployed in Syria is among the highest in the region. In addition, a large majority of Syrian youths spend more than a year searching for work. Unemployment in Syria is essentially a youth issue and suggests the presence of high levels of youth economic exclusion in the country.

There is an important gender dimension to the unemployment story, with unemployment rates among young women almost twice as high as those among young men. In addition, 50 percent of young women in Syria (age fifteen to twenty-nine) are neither in the labor force nor in school, suggesting potential barriers to labor market entry. Unemployment rates and inactivity rates among young women point to economic exclusion as a potentially important issue in this group.

The employment indicators for Syria are mixed. Compared to other countries in the region, the high rates of relative youth unemployment have more to do with low unemployment rates among adults than with high rates among youths. In addition, nearly all young men are actively engaged in the transition from school to work; inactivity rates are only 1 to 2 percent. Activity rates among young women increase dramatically with educational attainment, reaching over 80 percent among post-secondary school graduates. Thus, economic exclusion may not be a solid barrier to young people in transition but rather one that can be surmounted with time, effort, and resources. The evidence presented in this paper, for the most part, supports this view.

This paper studied youth exclusion in three categories: economic, social, and institutional. Many of the economic factors associated with youth employment outcomes seem to be transient and not necessarily related to exclusion. These include demographic trends, female labor supply pressures, and government education policies. Some factors appear to be more structural, including skills mis-

matches, weak demand, public sector employment policies, and limited access to affordable housing in urban centers. The Syrian government is supporting private sector development to spur labor demand and is reforming the education system. While there was little evidence of a lack of employment opportunities – only of a lack of good employment opportunities – the crucial issue of youth migration remained unaddressed for lack of data.

Social factors appear to be an important element in studying of youth exclusion in Syria. Young people rely heavily on family and social connections to look for and obtain stable jobs, especially good jobs. But educational attainment also can buy a measure of economic inclusion. Also, taking personal initiative seems to be rewarded. Indeed, that nearly all young men are employed by the time they reach the age of 30 suggests that economic exclusion may not be taking place so much with respect to finding a job as with respect to finding a *good* job (stable, high wage, high benefits). For young women, there is evidence of some measure of voluntary exclusion from the workforce. A majority indicate that their main goal in life is family and marriage. But family refusal is the second most common reason for economic inactivity. It would be difficult to separate voluntary from involuntary exclusion in such cases since the two are related in complex ways not easily disentangled.

Institutional elements appear likely to be associated with youth exclusion. Rigid labor laws and regulations may make businesses reluctant to hire young workers. High wages and benefits in the public sector contribute to queuing for public sector jobs. The doubling of a binding minimum wage between 2001 and 2006 may make government jobs even more attractive if the private sector fails to pay the minimum. Also, young people who want to become self-employed or to start their own businesses face a weak business climate, especially in terms of the capital needed to start a business and limited access to credit. We were not able to assess the impact of these institutional factors on youth employment outcomes directly. But their impact largely depends on the extent to which they effectively bind private sector activities.

*...that nearly all young men are employed by the time they reach the age of 30 suggests that economic exclusion may not be taking place so much with respect to finding a job as with respect to finding a good job (stable, high wage, high benefits).*

We suggest that exclusion takes hold when more than one dimension is highly involved. Thus, multiple risk factors associated with youth exclusion add to one another such that they have a stronger cumulative effect than they would individually. We were not able to test this hypothesis directly, but we looked for evidence that was consistent with its implications. One example was with respect to female labor force participation. We identified two social factors that were potentially associated with economic exclusion in Syria: the reliance on family connections to secure employment and that a high share of young females indicated they were inactive because their families did not want them to work or to look for work. Each of these factors on its own may contribute to reduced economic participation for young women. But, combined, the two factors potentially have a stronger exclusionary effect. A young woman may decide to go against her family's wishes and look for a job. But the task becomes much more difficult if she needs their help and connections to secure a job.

#### FUTURE POLICY RESEARCH

This paper touched on many issues that potentially affect youth exclusion in Syria. But many more questions were raised or remain unanswered. Here are some of the main areas in which future research may be warranted. We emphasize the issues that can potentially be addressed using existing data and others that would require the collection of new primary data.

- **Migration:** One of the unexpected findings was lack of evidence that economic factors contribute

to economic exclusion of youth in Syria. Additional analysis should be conducted on this issue, especially given the long unemployment durations observed. One factor that may be contributing to the lack of evidence is migration. Young people are leaving Syria in large numbers for jobs, mainly to neighboring Lebanon and the Gulf states. Most migrants are not covered in surveys and so their experiences are not recorded. Migration also eases labor supply pressures facing young people who stay behind, improving their chances for employment. Thus, migration may be hiding significant economic factors associated with youth exclusion. In the Syrian context, the most relevant migrant group is arguably young (mostly low-educated) workers in Lebanon. This group does not show up in government statistics except as inactive youth temporarily back from seasonal jobs. There would be much value in studying Syrian migrants in Lebanon. A research effort that includes respondents from both sides of the border would potentially yield valuable information on the push and pull factors associated with the decision to work in Lebanon. Further, it may be of interest for future studies to explore the situation faced by disenfranchised groups such as refugees and groups without citizenship.

- **Good Jobs/Bad Jobs:** We hypothesized throughout this paper that youth exclusion might not be taking place with respect to finding work but rather with respect to finding good jobs. Good jobs are more stable, have higher wages and benefits, and include opportunities for professional

growth and advancement. Distinguishing simply between employment in the formal and informal sectors did not suggest important youth exclusion issues. A more rigorous analysis of existing data could focus on wages, benefits, and employment sectors in studying as outcomes and multiple exclusionary factors as inputs into the study of exclusion from good jobs.

- **Voluntary/Involuntary Exclusion:** Among young Syrian women, there is evidence of voluntary exclusion from the workforce. Most indicate that their main goal in life is family and marriage. But family refusal is given as the second reason for economic inactivity behind housework and childcare responsibilities. As such, there is evidence of familial and social pressures to stay out of the labor force, which may be compounded if access to employment through informal networks is withheld. It is difficult to separate voluntary from involuntary exclusion in such cases since the two are related in complex ways. Additional research using the SWTS data may help shed light on this issue, but the collection of panel data would be ideal.
- **Lack of Panel Data:** Our findings suggest that attitudes affect labor market outcomes. Whether

these attitudes translate into behavior later in life or whether they reflect an attempt, after the fact, to rationalize employment outcomes is an important issue that cannot be determined with available data. In fact, in order to truly shed light on how family circumstances and personal attitudes play a role in determining labor force outcomes, the use of longitudinal data that begins before young people begin the transition to work and adulthood is needed. Such data would help shed valuable light on many other aspects of youth exclusion and the school-to-work transition. We are not aware of any Middle Eastern country for which such data are available.

- **Housing:** Another important area of research is access to housing, especially in light of increasing costs and new laws that restrict the construction of unlicensed housing units. The inability to afford basic housing has important implications for the delay of marriage and dependency on family and employers and may be a huge economic issue associated with youth economic exclusion. Undertaking this analysis would require the use of household income and expenditure survey data.

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## ENDNOTES

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2. We adopt the most widely used definition of youth: those between the ages of fifteen to twenty-four, noting that some young people begin the transitions to work and adulthood at earlier ages and some (such as university graduates) at later ages. We will expand the range of ages under analysis when there is a need and data is available.
3. Other sources in the literature include students among the economically "inactive" population. We find it more conceptually convenient for our analysis to include them among the "active" groups.
4. We recently obtained preliminary results from the 2005 Labor Force Survey. These data have not yet been published internationally. Further, we do not have access to detailed tabulations to do the types of analysis we are able to do using the 2001 and 2002 data. We therefore rely on these earlier surveys in our reporting.
5. A career job in the SWTS is one that is in line with a person's desired career path. A non-career job is associated with a degree of dissatisfaction and is assumed to be a result of lack of better options. A temporary job, as the title suggests, is one of limited duration (ILO, 2007).

## ABOUT THE MIDDLE EAST YOUTH INITIATIVE

### Our Mission

*To develop and implement a regional action plan for promoting the economic and social inclusion of young people in the Middle East.*

### Creating Alliances for Maximum Progress

The Middle East Youth Initiative's objective is to accelerate the international community's ability to better understand and respond to the changing needs of young people in the Middle East. By creating an international alliance of academics, policy-makers, youth leaders and leading thinkers from the private sector and civil society, we aim to develop and promote a progressive agenda of youth inclusion.

The Middle East Youth Initiative was launched in July 2006 by the Wolfensohn Center for Development at the Brookings Institution in partnership with the Dubai School of Government.

### Connecting Ideas with Action

The initiative blends activities in an attempt to bridge the divide between thinkers and practitioners and utilizes robust research as a foundation for effective policy and programs. The initiative has three complementary pillars:

#### Research and Policy: Pathways to Inclusion

With this initiative, cutting-edge research advances the understanding of economic and social issues affecting young people. The main target group is youth 15 to 29 years old, with a special focus on young men and women who live in urban areas and have secondary or post-secondary education. In addition to addressing needs of older youth, the initiative will also focus on strategies for promoting development of youth 15 years and under in areas such as primary education, skills development and community participation.

The research framework focuses on youth making two major transitions to adulthood: i) the transition from education to employment; and ii) the transition to household formation (marriage and family). Research will concentrate on strategies to achieve inclusion in:

- Quality education
- Quality employment

- Marriage
- Housing
- Civic participation

Our goal is to examine the relationship between economic and social policies and generate new recommendations that promote inclusion.

### Advocacy and Networking: Creating Vital Connections

The initiative aspires to be a hub for knowledge and ideas, open to all stakeholders who can make change happen. Strong partnerships with policymakers, government officials, representatives from the private sector and civil society organizations, donors and the media will pioneer forms of dialogue that bridge the divide between ideas and action. By bringing in the voice and new perspectives of young people, the initiative will revitalize debate on development in the Middle East.

### Practical Action: Life-Changing Impact

Outcomes matter. With a focus on areas with the greatest potential for innovation and impact, the initiative will mobilize partners for practical action that can improve young people's lives. The initiative will help develop policies and program interventions which provide youth with skills, expand opportunities for employment and facilitate access to credit, housing and civic participation.

## ABOUT THE WOLFENSOHN CENTER FOR DEVELOPMENT

The Wolfensohn Center for Development at the Brookings Institution was founded in July 2006 by James D. Wolfensohn, former president of the World Bank and member of the Brookings Board of Trustees.

The Wolfensohn Center for Development analyzes how resources, knowledge and implementation capabilities can be combined toward broad-based economic and social change in a four-tier world.

The following principles guide the center's work:

- A focus on **impact, scaling-up and sustainability** of development interventions
- Bridging the gap between **development theory and practice** to bring about action
- Giving **voice** to developing countries, with high-level policy engagement and
- broad networking
- A **rigorous, independent research** approach that draws from multiple disciplines
- Working in **partnership** with others

## ABOUT THE DUBAI SCHOOL OF GOVERNMENT

The Dubai School of Government is a research and teaching institution focusing on public policy in the Arab world. Established in 2004 under the patronage of HH Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the United Arab Emirates and Ruler of Dubai, the school aims to promote good governance by enhancing the region's capacity for effective public policy.

Toward this goal, the Dubai School of Government collaborates with international institutions such as Harvard University's John F. Kennedy School of Government and the Lee Kuan Yew School of Public Policy in its research and training programs. In addition, the school organizes policy forums and international conferences to facilitate the exchange of ideas and promote critical debate on public policy in the Arab world.

The school is committed to the creation of knowledge, the dissemination of best practice and the training of policy makers in the Arab world. To achieve this mission, the school is developing strong capabilities to support research and teaching programs including:

- Applied research in public policy and management
- Masters degrees in public policy and public administration
- Executive education for senior officials and executives
- Knowledge forums for scholars and policy makers



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