

PREFACE

DAMASCUS IN JANUARY 2011, where I wrote these lines, is a different city from its earlier incarnation in 1991. It is brighter, taller, and sprinkled with ostentatious displays of consumerism. There are far fewer portraits of the president adorning buildings and billboards and far more portraits of parliamentarians, entrepreneurs, and entertainers. The economic reforms of the father, Hafiz al-Asad, and his son and successor in 2000, Bashar al-Asad (henceforth Bashar), have certainly changed the face of Syria, not least since 2005 when Bashar introduced the notion of the Social Market Economy, in which market arrangements are officially tacked on to older quasi-socialist arrangements.

Under the surface, these transitions have been in process since the mid-1980s when Syria's state-centered economy nearly collapsed. The officially sanctioned private sector moguls have since replaced the state and public sector strongmen of yesterday in the storefront of Syria's polity. These moguls publicly and proudly boast of their private investments in a country where holding a dollar bill in public was a daring act just a few years ago. Newly acquired wealth is ubiquitous, in restaurants and cafés, on the street, and in village villas that line mountaintops and tower over earlier twentieth-century structures. Real estate in Damascus is now among the most expensive in the world, certainly making the top-ten list. Yet, various internet sites (for example, Facebook and Amazon) are still banned; independent parties are prohibited; and parliaments continue to act as rubber-stamp institutions—albeit in a more polished manner than their counterparts in the 1970s and 1980s. More urgently still, most Syrians are finding it harder to make do with just one job. The juxtaposition of the new face of Syria for the few with the realities of economic and political marginalization for the many is not lost on visitors who choose to wander out of the compelling shine of Damascene consumerism.

This book chronicles the state-business networks that have dominated economic policy changes since the late 1980s and diminished the country's

economic productivity and developmental potential. As state-centered economies faltered in the 1970s and 1980s, the Syrian leadership along with a host of other developing countries started to shift alliances from labor to business. This alliance building began informally and was gradual. Initially, networks of bureaucrats and capitalists consolidated around public sector patronage. Subsequently, these networks embraced private business initiative in the late 1980s, 1990s, and early 2000s. Maturing privileged ties combining state officials and business actors represented themselves (not the state *qua* state nor the larger business community) and exercised a disproportional influence on policies of economic change, shaping the parameters of reform and development. In presenting the Syrian case, this book argues for the analytical imperative of examining networks as a method for understanding political-economic outcomes that cannot be reduced to state or class power.

The post-2005 changes underwritten by Bashar's consolidation of power in that year might hold conditional promise. For the first time in decades, Syrians have a unique opportunity to fix the economy, strengthen and democratize Syria's polity, and stave off unprincipled external actors seeking an emasculation of its power. The question is whether the Syrian leadership has the administrative capacity and the political will to take the necessary risks that accompany the expansion of political freedoms and the inclusion of all local stakeholders in economic decision-making. Admittedly, Syria's tough neighborhood may simultaneously make it potentially costly to take such risks and provides excuses for maintaining the status quo. Before the ongoing uprisings (at the time of writing), the current leadership was sufficiently consolidated and popular to take such risks. This moment might well have passed, and it remains to be seen to what extent the regime will be able to pull itself together if indeed it weathers the protesters' storm. In any case, if economic fortunes continue to decline in the coming years as a result of growing unemployment, dwindling oil production, or devastating drought, the discontent that sparked the uprisings will deepen. For the time being, the undying dictum "change within continuity" is the order of the day, with varied doses of change or continuity depending on the time, place, and issue. One discernible outcome of the current uprisings is that the regime's leadership is now able to see the cost of more continuity and less change. What the regime might do with this realization remains to be seen; it would be a fool's errand to try and second-guess its preferences—these preferences were sufficiently obscure under almost three decades of "stability" before the uprisings.

As the grimmer end of the “new face” confronts Syria, for many—some say most—the more things change, the more they stay the same. Some have seen their fortunes diminish alongside the gradual but persistent attenuation of public welfare provisions since 1991, the year that heralded the policy of “economic pluralism,” *al-ta‘addudiyya al-iqtisaadiyya*. Economic pluralism officially recognized the legitimate role of the private sector alongside the stalwart public sector that had dominated Syria’s economy since 1963. The slashing of subsidies continued until December 2010, interrupted only by the Tunisian and Egyptian revolts, prior to the eruption of protests in Syria in March 2011. Cuts in subsidies were coupled with an undying hope that neoliberal trickle-down economics will carry the day while the private sector takes care of business. Yet, even with renewed investment initiatives, all statistics point to the inability of the private sector to absorb the more than 250,000 new job seekers per year. This is especially true given that the drought of recent years has produced an equal number of forced urbanizations per year. The trend is not likely to subside, as rainfall has steadily decreased. Any political economist with intellectual integrity and a desire to see Syria prosper is troubled by this predicament, irrespective of political context or personal political views. I am certain that the top leadership is deeply troubled by this environmental state as well—though other deeper and perhaps existential concerns occupy Syria’s strongmen at the time of writing. But this is all the more reason to understand the patterns of the past and open the door for sustainable development from which everyone benefits. I do not offer solutions herein but rather their prerequisite: a diagnosis of a pattern of development that fell considerably short of meeting Syria’s potential.

Finally, though most analysts hope that Syrian decision-makers will spend more time focusing on how to create a better future for all Syrians and less time sanctioning critics, they are not naïve about the broader political context. Writing critically about Syria is tricky, but not because it is difficult to criticize the Syrian regime—for it has come a long way in tolerating criticism over the past decade, notwithstanding its responses to the uprisings. Rather, while Syria’s domestic politics legitimately attract ample critique, and more so today than ever, there are various political actors in the region and internationally who will exploit such criticism to problematic ends. A band of unsavory neoconservative actors in and around the United States’ administration, for instance, lobbied to strike or invade Syria in 2005 on grounds as faulty and deceptive as those that led to the invasion and devastation of Iraq and Iraqi society. An entire think-tank industry promotes similar ends for reasons that have nothing to do with

the well-being of Syria and Syrians. In stark contrast, all analysis of Syria's domestic political economy in this book proceeds from an independent political-economic perspective and not from the perspective of any external actor, not least the United States' foreign policy or its supporters and allies. I hope that the contributions of this book, notwithstanding its imperfections, will be of some use to those who have the best interest of Syrians, and sound political-economic analysis, in mind.