



Like Father, Like Son – Personalized Succession: Bashar Asad and the New Challenges to the Ba’thist State

David Ethan Corbin, MALD 2007

Historically, Syria has had a unique position in the Arab world. Today is no different. Though overwhelmingly Sunni Muslim, Syria is run by a nominally Shi’a Islam, Alawi minority.¹ Its population is a virtual ethnic and religious mosaic, comprised of Arabs, Alawis, Druze, Kurds and Armenians each belonging to various Muslim and Christian denominations and speaks Arabic, Kurdish, Armenian, Circassian and Aramaic. To complicate matters further, Syria’s main ally in the region is Iran—the decidedly non-Arab, Shi’a Persian state and, in the aftermath of the U.S. invasion in Iraq, burgeoning regional hegemon. Damascus also plays host to many non-state armed groups that pose a persistent threat along Israel’s borders.

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To the southwest, the Golan Heights, the fertile high ground that Syria lost to Israel in the 1973 war, remain mostly in the hands of the

Israelis with only a small UN force governing a neutral, no-man’s land between the two sides around al-Quneitra. To the east, Syria is beset with the challenges of a continuous flow of refugees from the Iraq war—the total population residing in Syria hovering around 1.7 to 1.9 million. Political instability along Syria’s western border in Lebanon is often blamed on Syrian interference and is one of the prime drivers behind U.S. bilateral sanctions against the country.

With regards to the on-going Arab-Israeli conflict, Syria has made rather interesting news recently. The conspiracy of silence that continues to surround the incident of September 6, 2007—when Israeli jets penetrated Syrian airspace and destroyed what they claimed to have been a nascent nuclear facility in northern Syria—is baffling to say the least. Some believe that the Syrian government is loath to admit being caught red handed in an attempt to establish a nuclear program with North Korean assistance. Others believe that the action was merely an attempt to warn Iran about the potential hazards of its nuclear ambitions as well as its continued support of organizations operating along Israel’s borders such as Hezbollah.² The Arab League’s indifference, the scant recognition of the Bush Administration and the enigmatic reply by Syrian President Bashar al-Asad seem to envelope the event in still more mystery.

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If there is a common denominator to the analysis about Syria today it is simply that there is no real consensus about the motivations behind the state's actions. Many scholars continue to write of the impending demise of the highly-centralized, diplomatically isolated and somewhat eccentric state. These predictions, however, fail to sufficiently incorporate the highly unpredictable nature of the region or the brutally rational decision making process of the Syrian state when faced with existential crises. Decades into its grip on power, the Alawi family that took control of the state in 1970 is showing no real signs of an imminent end to its rein. While it is true that the decade started off difficultly for Bashar Asad, the seemingly unique ebb and flow of fortune in Syria decidedly switched back in favor of not only regime survival but also long-term sustainability as Bahsar moves into his second term.

Though it has lived in virtual political isolation for decades, Syria remains a vital player in the Middle East. This is particularly true when it comes to any attempts to create a lasting settlement to the Arab-Israeli conflict. Though more indirect than direct, Syrian influence stretches across the region. It is evident in Lebanon's continuing instability, along Israel's borders, in the four corners of Iraq and in the rise of Iranian power in the region.

This article will attempt to briefly describe the history of Syrian state formation in the run up to the Asad family's seizure of power. It will then examine the means by which Hafez Asad was able to secure power in Syria as well as bolster the Syrian position vis-à-vis the rest of the Middle East. An inquiry into the mechanisms behind the power transfer from Hafez Asad to his son Bashar upon the death of Asad *père* in 2000 will provide a basis for understanding the position of the country today.

As Bashar moves into his eighth year in power, the continuing Asad legacy will be examined in light of two critical policy tracks: foreign and economic. As the principle drivers behind the present difficulties for Syria at the domestic, regional and global levels, there is no easy fix for the present Syrian quandary that has positioned it as an international pariah. The

legacy of ties to Teheran and support of non-state armed groups have led to diplomatic isolation and economic stasis as the western states and their regional allies have largely shunned Syria. Yet, it is precisely this state of affairs that reinforces Syrian-Iranian ties. Iran has become one of the few remaining release valves for an economy slow to meet the challenges of the 21st century and under the pressures of a looming fiscal collapse. Yet, despite this virtual catch-22, there are signs that Syria may be slowly working its way toward economic liberalization as well as moving back into a position of prominence in the regional diplomatic chess match.

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A MIDDLE EASTERN DILEMMA

One quality that Syria shares with many neighbors in the region is the longevity of its head of state. Like Egypt, Jordan, Saudi Arabia, Tunisia, and, until recently, Iraq, Syria has not really suffered from too much political instability at the top, but rather from too much stability.³ Part of the reason for this seemingly counterfactual statement can be found in the externally orchestrated delineation of nation states in the region in the early twentieth century.

To varying degrees, most of these states are very similar to one another in terms of historical trajectories. Key differences often depend more upon the luck the state had when France and Britain were dividing the former eastern and southern stretches of the Ottoman Empire in anticipation of its impending defeat at the hands of the Allied powers in World War 1. The often whimsical decisions that determined the distribution of natural resources among these new states meant that many would enter the international system as weak rentier states—creating a region of strategic *haves* and *have nots*. States lacking in the natural rent of oil or gas

found themselves scrambling for revenue in the form of strategic rent or the exportation of surplus labor to the oil rich, but population poor, Gulf States.

In the case of Syria, it was France that would ultimately determine the former Ottoman district's new boundaries. France overran the Arab attempts at drawing a larger entity upon what they called the *bilad al-sham*, the 'northern region' in Arabic but which encompassed the concept of *Sooriya al-Kubra* or Greater Syria, in modern day Lebanon, Israel, Jordan as well as parts of Iraq and Turkey. The resulting truncated state was an imperialist-imposed object of shame to the Arabs in Syria and an uncomfortable arena for the myriad ethnic and religious minorities that accounted for a significant part of the population.

Out of this uncomfortable arrangement came a weak state fraught with such disparate internal forces that it became a virtual regional power vacuum. For a decade and a half Syria witnessed coup after coup, and even surrendered its sovereignty to a pan-Arab state, the 1958-1961 aligning with Nasser's Egypt in the United Arab Republic (UAR), in the hopes of regaining its perceived greater glory as the Arab heartland. While the political scene remained fraught with instability, the brief Egyptian presence in the country left a lasting legacy of bureaucratic organization that was a much needed and noticeably missing element of Syrian state formation.

ASAD THE SAVIOR

Out of this chaotic period rose the Syria of Hafez al-Asad that soon defied the logic of Syria's brief history by becoming a regional bulwark of stability. Asad accomplished this seemingly impossible task by installing a populist authoritarian government system. He was able to manage the dueling supra- and sub-state pressures of Syria successfully—the desire to be a part of a larger pan-Arab state juxtaposed by the internal pressures fueled by the spectrum of

religious and ethnic groups composing the state—and create a relatively successful state where none previously existed.

When Hafez al-Asad seized power in Syria, he rode in at the head of a curious French legacy that made the military the instrument of the Syrian minorities. Hafez's timing was also fortunate, coming at the end of a long period of coups that left little opposition standing in his way. He was able to woo the Syrian population by presenting himself as the long yearned for Arab hero, ready to do battle with the imperial pawn in the

region, Israel. Once in power, Asad was able to split the majority Sunni Arab population and secure the loyalty of the rural Sunni population by enacting land reforms at the expense of the Sunni urban absentee landowners. Simultaneously, Asad's one-party socialist system was able to co-opt the loyalty of the new classes that it was creating with new, state-led industrialization projects. The industrial barons at the head of the fledgling industries were a new upper-class ready to take the place of the urban Sunni notable families that had dominated Syrian trade and politics for so long. They owed their new position to Asad and the Ba'th party. By taking advantage of *asabiya* or kinship, tradition as well as a well-crafted system of patrimonial rewards, Asad was able to secure command on the instruments of force in Syria and thereby shield himself from military coup.

Over time, however, populist authoritarian structures have shown themselves to become decidedly less populist and increasingly authoritarian. The delicate balancing act that the leader must play between charismatic hero and hard-line authority figure, while still accounting for the needs of several spheres of society beholden to the state, ultimately leads to a state that is highly personalized. The qualities of the individual leader rather than the governing system itself become central to the state's survival—leading to an inherent challenge upon succession. Syria was no exception.

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After five successive trips to the ballot box in the first three years of his reign, Asad never would call upon the people in any substantial way again to dictate either the direction or composition of the state. Asad would become obsessed with foreign policy. His constant regional machinations earned him titles such as the *Sphinx of Damascus*.⁴ But with his attention directed elsewhere, Asad was soon beset with two challenges to his populist authoritarian state structure, economic policy stasis and political Islam. Though not unique, these two pressures seem to be particular to the populist authoritarian state structure.

DISTRESSED AT HOME – THE DEATH OF ASAD PÈRE

In 2000 the Ba’thist authoritarian ruler Hafez Asad struggled to start his fourth decade in power over the Syrian state apparatus. Visibly slowed by cancer and congestive heart failure, one of the longest serving rulers in the Middle East faced more than the usual challenges in his characteristically ornery state.⁵ Much like the ailing ruler himself, the turn of the century did not augur well for Syria. The condition of the state was perhaps a cruel reminder of the way in which both ruler and country became so indistinguishable during Asad’s rule. Syria’s sclerotic economy limped along, crippled by the lack of genuine liberal reforms needed to meet the challenges of an increasingly global world.⁶ While Syria’s foreign policy, long the primary focus of Asad, fell into a dangerous vise-grip of potential strategic retreat and apathetic marginalization.

At home, both economically and socially, Syria had all the earmarks for crisis. Peaking in the previous decade, Syrian oil reserves, upon which the government depended for over half of its revenues, started to wane.⁷ The only other domestic industry that generated substantial income remained the agricultural sector, which proved too dependent on the fickle Middle Eastern climate.⁸ A highly-corrupt system of patrimonial rewards kept the Sunni bourgeoisie on a virtual dole. Beholden to the hard-line Alawi

leader, the group served as a palpable reminder that precious few held the strings to Syria’s economy. The ruling elite in the Alawi, Sunni and Druze circles enriched by pay-offs and placated by sinecures showed that regime loyalty was a heavy burden upon the state that produced only a tenuous loyalty at best. The incendiary passions of the conservative Islamic urban centers of Hama and Aleppo remained largely silent. The exacting degree to which Asad retaliated against the Islamic movement in the 1980s, when it massacred thousands during a Muslim Brotherhood uprising, served as a stern warning against violent Islamic expression, but this still did not bode well for Syria as it entered a new century in which re-Islamization was becoming a reality throughout the Middle East.⁹ In addition to unresolved sectarian problems, Asad knew that his country increasingly faced the reality of regional and international marginalization.¹⁰

In all four major tenets of his foreign policy, Asad faced new challenges to the same problems. The delicate balancing system that maintained Syria’s hegemonic presence in Lebanon showed visible signs of breaking down. Rafiq Hariri, the anti-Syrian Sunni Billionaire, looked likely to return to the position of Prime Minister in Lebanon and his record of campaigning for Lebanese independence vis-à-vis Syria did not portend well for either the military-strategic element of Lebanon for Syria, or for its source as an economic release valve for the country’s booming population and struggling employment sector.¹¹ As a result of its continued support of non-state armed groups operating both within its borders as well as in Southern Lebanon and the Occupied Territories, Syria’s former position of power in the Middle East was compromised by the growing indifference of the U.S. and Israel to the Syrian-Israeli peace process.

The last ditched efforts to negotiate peace with Israel had a blatantly moribund character, leaving the thorn of Golan still in his side. With the passing of the guard in the U.S., Asad did not know what to expect from the son of George H. W. Bush. Indications were that Washington would no longer be as involved with Syria to nearly the same levels.¹² The growing illicit trade

with Iraq, mainly through subverting the UN Oil for food project served as both an economic buttress and a political detraction due to Iraq's unpopular stature among other Arab states. Finally, continued ties to Iran in the form of willing participation in the Shi'a crescent across the region made Syria even more of a pariah among Arab states. The relationship that started, *inter alia*, as a method for each country to enhance their respective geo-strategic depth vis-à-vis Israel, was proving by the end of the century to be more of a political deadweight for Syria than anything else.

Into this confluence of events stepped the thirty four year old, second son of Hafez al-Asad, Bashar. Basil al-Asad, Hafez's first-born son, died six years before in a car accident. Prior to 1994, Hafez had assiduously groomed Basil for the post of President. With Basil's death, the bookish and somewhat awkward Bashar abruptly ended his residency in Ophthalmology in London to begin his training as the next Asad of Syria in the Middle East. The second half of the decade, Hafez showed all the signs that it was now Bashar who would inherit the presidency.¹³ After the requisite year's mourning period, public spaces all across Syria soon became covered with posters of the Asad trinity of Hafez, Basil and Bashar with captions reading, "*Qa'idna, Mithalna, Amalna*" (*Our Leader, Our Ideal, Our Hope*).¹⁴

GROOMING THE NEXT ASAD

Bashar's training progressed along three essential paths: support within the powerful military and intelligence structures; support of the general population; and his father's instruction of the Asad application of the populist authoritarian governance structure.¹⁵ As such, within a few years, Bashar had achieved the rank of lieutenant colonel and subsequently staff colonel in 1999. Starting in the mid-nineties, Bashar became the face behind a well-orchestrated public relations campaign to rout the republic of corruption. A chief complaint of the Ba'thist state among

Syrians, the young Bashar was championed as the one who would lead Syria into a new era economic prosperity starting with a cleanup of the scourge of corruption within Syrian government and business circles.¹⁶ Bashar soon stood alone at military ceremonies beside defense minister Tlas and deputy chief of staff Aslan and attended meetings with regional leaders as the Syrian representative.¹⁷

Behind the scenes, Hafez started to eliminate potential early pitfalls to the intended succession. First he concentrated on solidifying his family's support for Bashar. To do so, Hafez dismissed his

brother Rifa't from his post as second vice president for national security affairs. Hafez had little trust for Rifa't in the wake of his 1983 attempted coup when the President was sidelined by a heart attack. With renewed paramilitary defense forces and several years of service to the state developing his own cadre of

loyalists, Hafez could not risk another coup attempt by his brother when his son stepped into power. In addition, Asif Shawkat, the husband of Bashar's sister, Bushra, entered into what would be a meteoric rise in the Syrian military intelligence apparatus. Hafez also made numerous other high and mid-level shifts in both the military and intelligence structures, replacing the older generation with younger officers. The young officers' loyalty to Bashar would be more certain as they would associate their rise to power with Bashar's.¹⁸

Further, and probably according to Hafez's calculations, Bashar as the Syrian heir apparent embodied a dual legitimacy. First, and perhaps the most obvious, Bashar was the son of Hafez al-Asad. Hafez al-Asad was the only leader that was able to bring the country out of the near constant state of disorder. Hafez al-Asad also gave the Syrians a certain amount of pride in being Syrian. Under his rule, Syria achieved a degree of success against Israel in 1973 and subsequently proved itself in the realm of Middle Eastern politics as an unflinching bulwark against Israeli aggression.

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Hafez's doctrine of strategic parity with Israel throughout the decades gave Syria one of the most sophisticated military forces in the entire Arab world.¹⁹ Second, at the young age of thirty-four, Bashar was not tainted by the staid image of the older generation of statist elites in the inner circles of the military, intelligence and economic spheres. Bashar had the image of a genuine reformer, seeking to bring the country out of the economic doldrums and shake it out of its atavistic approach to technology.²⁰ His father allowed Syria to stand up. Now it was time for Syria to become a beacon of strength and prosperity for the entire Arab World.

While it was relatively clear that Asad secured his governance structure from challenge while he was in power, the questions of succession, especially a personalized one, were many. Could such a highly personalized populist authoritarian structure continue through a different channel? Asad had taken the most unstable and capricious state in the Middle East since the end of World War II and made it a virtual bulwark of stability. Yet the thirty-seven years of Ba'th rule, thirty of which were under Asad, failed to breach some of the most substantial sub-state challenges to Syria.

Among the Syrian elites, it was known that the country remained stable because of Asad's own formula for state control. Syria under another different leadership might return to the pre-1963 cycles of military coups and lost identity. In addition, many of those in the first, second and third circles surrounding the head of state owed their entire fortunes to the Asad state structure.²¹ The country's numerous intelligence and security services were steadfast reserves of loyalty, mainly due to their strong Alawi ranks. As such, many of the 'old guard' Ba'thist elites in the Syrian government must have found it preferable to rally behind Bashar's assumption of power, rather than face the possibility of an undesirable power play.²²

MISLEADING THAW – NOT A REFORMER AFTER ALL

Almost immediately after Bashar's assumption of power the intellectual, artistic and

political commentators of Syria banded together to call for an increase in political freedoms in Syria. Bashar's image as a young leader who had spent time in the West and was touted as the figure to rid the government of corruption almost certainly was a factor, but another is that the country had not seen a new leader for thirty years. As Hafez had ruled the country with an iron fist, people knew that there was no chance to speak out against the authoritarian nature of the regime. When his son stepped in, people sought to test the new limits of power imposed upon them.

The so-called Damascus Spring was initially met with little resistance from the state. As such, on September 27, 2000, the fledgling civil society movement published what has been translated as *The Statement of 99* calling for economic, legal and administrative reforms that it stated were "urgent" as Syria faced the challenges of the twenty-first century.²³ In the wake of the publication of the statement, the government moved forward with a series of releases of both political and non-political prisoners that soon numbered in the thousands.²⁴ While many of the prisoners released were of members of the Muslim Brotherhood, Bashar refused to go so far as to repeal Law 49, a law banning the Brotherhood promulgated by his father in the wake of an attempt on his life by the organization in 1980. Though the statement expressed the urgent need for reforms within Syria to move forward into the new millennium, it was careful not to criticize either Asad or the ruling Ba'th elites. The call for political reform was vague, but clear: "No reform, be it administrative or legal, will achieve tranquility and stability in the country unless fully accompanied by the desired political reform, which alone can steer our country towards safe shores."²⁵

The relatively positive reaction by Bashar and his cadre in the ruling circles of the Ba'th party sparked a sort of nation-wide airing of grievances. The tone of the opposition, though, remained mute when it came to demanding political change. The civil society reform movement essentially split into two distinct factions at this point. Those advocating for *islah*, or reform, within the current political system and

those moving to push for *taghyeer*, or change, of the whole Ba'th party system would soon come at odds with one another just a few months following the publication of *The Statement of 99*. On January 9, 2001, a large contingent of those decidedly in the *taghyeer* camp released *The Statement of 1,000* to the Arab press. Perhaps due to perceived openness on the part of the government, or a feeling that they could potentially tap into anti-government popular sentiment that would lead to wider civil society protest on the scale of what has been witnessed in the color revolutions, the statement openly called for the replacement of the one-party system with multi-party democracy.²⁶

An organized strike against the state by use of strategic non-violent means though would fail to come about as *The Statement of 1,000* did not elicit the popular reaction that it had hoped for in the early days of 2001. Instead, the crack down

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that ensued by the Bashar's government was swift. Within a few weeks, Bashar had the plurality of the most vocal proponents for government change jailed on charges of treason.²⁷ For all intents and purposes,

the short-lived Damascus Spring was cut short by what has become a long winter in the wake of the arrests of January and February of 2001.

In a recent interview with one Yasin Hajj Saleh, a journalist for *Al Hayat* and leading advocate for social reform in Syria, Saleh made it clear that the general population has become apathetic and the youth risk averse when speaking out against the Asad regime. Saleh stated that years of suppression had made the civil society landscape barren when he was released from prison in 1996 after sixteen years of incarceration. As a result, traction for any kind of real civil expression was difficult to gain.²⁸

Still, it can be argued that the movement for civil society reform laid the necessary groundwork for a future reappearance. As the

state bears more and more pressure due its immutable bureaucracy and lack of genuine liberal economic reforms, it is becoming more and more difficult to abate massive popular uprising.²⁹ This line of reasoning was certainly buoyed by the chain of events in the following years that can be perceived as serious setbacks for Syria's regional and international strategic positioning. The implication of the regime in the Hariri assassination and the subsequent regional and international fall out have led to an ongoing UN investigation, Syria's loss of its military hegemony in Lebanon and continued pariah status in the eyes of the West. But, as Waddah abd Rabbo, the editor-in-chief of *Al Watan*, Syria's only private daily newspaper, states, the timing of any kind of serious attempts at positive civil expression was simultaneously compromised by 9/11, the subsequent U.S. incursion into the region and the above-mentioned shifts in regional politics.³⁰ The Ba'thists portrayed the event as a potential existential crisis for Syria and the people rallied around a "Syria first approach, letting the desires for social reform become subsumed by an overriding Syrian patriotism in the face of potential foreign aggression." Still, as Yasin Saleh is quick to point out, fears over state security have been the mantra of the governments of the entire Middle East for sixty years – "there has been a major war in the region every decade since 1948 spurring the same governmental reaction; security first and reform later. How are liberals and advocates of democracy to fight this?"

Yet, the Syrian security first argument has become less and less plausible with the continued deterioration of the situation in Iraq, the electoral victory of Hamas in the Occupied Territories in December 2005 and the strategic victory of Hezbollah against Israel over the summer of 2006 as well the continued growth in the strength of the Syria's main ally in the region, Iran. Syria now seems to be in a stronger position than it has been for years. Still, the most serious effort at advocating civil reform, the Damascus Declaration, a group of prominent civil activists advocating social change over the last couple of years, recently saw the arrest of its newly elected

leader Hourani along with ten other persons of prominence in the movement.

ECONOMIC REALITIES – A CHINESE MODEL?

While Bashar may have ridden into office bearing the standard that hailed him as the anti-corruption knight embodying the ‘hope’ of the future for Syria, he certainly did not have much hope of enacting real reforms of the Syrian economy. As discussed above, the reasons for this are many. In large part they are due to the natural economic policy stasis that a state that enacted an import substitution industrialization (ISI) plan faces over time. Hafez al-Asad had been successful in his early days of breathing life into the Syrian economy. In the first half of the 1970s, ISI had been a very successful means of defensive modernization for Syria.³¹ But as he turned his attention more and more to the foreign policy arena, Hafez let the Syrian economy pay the price.

The bloated state bureaucracy soon employed over half of the working population of Syria. It was able to patch together enough cash in the form of strategic rent from the Gulf States for its position in the struggle against Israel and Russian military aide skyrocketed as the Soviets saw an occasion to re-engage with the U.S. in the Arab-Israeli conflict.³² Otherwise, Syria’s dominance of Lebanon at the political, and later military, level created another important outlet for the economy. Lebanon became an outlet for excess Syrian labor. Syrians could flow into Lebanon to work in the financial services or construction markets and send back monthly remittances.³³

As the 1980s progressed, relations with the Gulf countries turned sour and the inflow of financial support slowed to a trickle. The result was a burgeoning fiscal crisis in Syria. Fortunately enough, however, new oil reserves were found in the north of Syria near Djazereh. The sudden influx of revenue allowed the state to continue forward more or less independently, at least for the short-term.³⁴

During his reign, Hafez failed to commit to real liberal economic reforms. The only substantial measure taken was Investment Law

10, which reformed the legal and regulatory environment for foreign direct investment in the country. But this was only a half measure. It was therefore hindered in its efforts to become a regional player among the stronger rentier economies due to a lack of natural resources. In his later decades of power, Asad had been unable to transcend Syria’s resource deficiencies by way of developing a technology sector because of Syria’s continued subjugation to the State Sponsor of Terrorism list by the United States. The one real outlet to acquire the means to join the global marketplace quickly eluded him.³⁵ As such, Bashar inherited a State that still had all the hallmarks of a closed, almost command, economy.

Beyond the orchestrated, popularly perceived character of Bashar, there are indications that he genuinely favors reforming Syria’s seemingly moribund economy. Much like his reaction to the civil society movements calling for greater change and reform, Bashar will not support a plan for privatization and destruction of trading barriers in one fell swoop. Rather, he seems to prefer what could be termed the Chinese model for reform—a slow enactment of economic policies to stimulate a more robust entrepreneurial sector, a reduction in transactional costs in the domestic marketplace and a gradual lowering of barriers for Syrian business interaction at the global level.³⁶

Bashar started out his tenure in office by promoting much needed banking reform in Syria through the establishment of foreign banks in the country for the first time in over three and a half decades.³⁷ Smaller currency exchange reforms as well as interior free-market initiatives soon followed but the changes slowed to a trickle, becoming merely nominal gestures.³⁸ Still the barriers to achieve genuine economic reform, even at a slow pace, are high.

The U.S. also plays an indirect, though significant, role in the Syrian economy. Four years of increasingly broad sanctions have made American ill will a significant limiting factor to Syrian economic reform. Under the Syria Accountability and Lebanese Sovereignty Restoration Act (SALSA), the U.S. has imposed a bi-lateral ban on the export of U.S. goods or other

goods with a 10 percent or greater composition of U.S. parts. The only exceptions to this are medicine, food and mission-critical commercial aviation supply. Sanctions against the Syrian banking sector fall under the Patriot Act's efforts to stop terrorism financing. Furthermore, there are sanctions at the individual level targeting figures seen to be interfering with constitutional efforts in Lebanon, abetting the flow of foreign fighters and/or the supply of materiel to insurgent forces in Iraq or non-state armed groups with a presence in Syria such as Hamas, Hezbollah or Islamic Jihad.³⁹

According to Nabil Sukkar, a former World Banker and current CEO of the Syrian Consulting Firm for Business and Development in Damascus, the effects of Investment Law 10 are actually widening. In 2005, the Ba'th party declared support for a transition to a 'market social' economy. The effects can be seen in the increased wealth in the country as Syria saw between 6-6.5 percent growth in GDP.⁴⁰ As such, Sukkar says that while they are certainly a "nuisance" the American-imposed sanctions are far from having the desired effect of crippling the Syrian economy.

While sanctions do adversely affect the country, one of the main reasons that Syria lacks the capacity to reform its economic sectors is that it conflicts with the personal interests of many of the ruling families of the Ba'th party. Two examples are the Khaddam and Tlas families.⁴¹ The Khaddam family has amassed a fortune in the food processing business over the last several decades. Food processing is one area wherein Syria is seen as having a competitive advantage over other Middle Eastern countries in large part due to its vast farming industry and favorable climate. Former Defense Minister Tlas's family has held a virtual stranglehold over the entire Syrian telecommunications sector throughout the years of the Asad family rule. Telecommunications is a particularly sensitive

area for any economy to meet the demands of the hyper-information age.

In Internet connectivity alone, Syria is among the least connected countries in the region with barely five per cent of the population connected.⁴² As a former senior Ba'th party member with ties to the high command of the Defense industry, Tlas's family is in many ways untouchable. The system of patrimonial rewards that was started by Hafez to guarantee loyalty has created substantial barriers to entry for any new potential rival to the existing bourgeois class. There are signs, though, that these closed circles are beginning to be penetrated. In early 2006, the first private sector Internet Service Provider, *Aya*, was created. While this will help with Internet proliferation, the same government restrictions remain intact and intellectual property rights in the country are nonexistent.⁴³

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Another example of a change can be found in the story of *Al Watan*. As Syria's first privately owned daily newspaper, *Al Watan* is a success story that may herald a new era in Syrian economic reform. After the death of Hafez in 2000, Bashar immediately enacted a new law allowing the establishment of private media in Syria. Waddah Abd Rabbo was quick to return from Paris to seize upon the

opportunity. Though all *Al Watan* facilities were in Damascus, bureaucratic difficulties forced him to conduct business under a French license. Rabbo describes the conditions at first to have been almost unbearable as he was forced to use the State-owned printing presses and continuous death threats kept him switching locations at night. Today, however, there are about 180 licenses for private press operations in Syria, *Al Watan* will soon be receiving its own printing press and there is almost never a morning that all printed copies of the journal will not be sold within a few hours of publication.⁴⁴

In despite of the obvious hurdle of the current sanctions regime against it, Syria also lacks the

capacity to move forward quickly with economic reform. An example of which would be the fact that, though the law permitting private banks in Syria was passed in 2001, it took a year to establish a credit committee and another after that to set-up the regulatory committee.⁴⁵ One principle reason behind this, in addition to bureaucratic inertia, is the lack of trained technocrats at key levels of government. Again, years of sinecures and handouts have created such a condition. All the same, Syria has recently made some progress toward bridging this gap. One such attempt is the recent accord with France to allow for Syrian bureaucrats to attend France's elite *Ecole Nationale d'Administration* which trains not only most of France's elite politicians and

technocrats, but some of other countries in Western Europe as well.⁴⁶

As Syria remains under the lock of U.S. bi-lateral sanctions, its oil reserves dwindle, the Lebanese market starts to shrink and Iraq remains in a state of chaos, one of its only means of support today is Iran.

European attempts at integrating the Syrian economy into the broader regional as well as global market place can be seen in the current negotiations with the Euro-

Mediterranean Free Trade Area (EU-MeFTA). The main goal of EU-MeFTA was to begin a process towards "peace and shared prosperity" and "sustainable and balanced economic and social development" in the Euro-Mediterranean Area.⁴⁷ Still, efforts to move forward with further EC-MeFTA integration have been stalled by discomfort within the EU's northern European ranks, specifically Germany who sees it as a French-led project outside of the EU aimed at bolstering an independent French powerbase.⁴⁸

The challenge of governance cannot be met overnight, and will require first and foremost the commitment of the governments themselves and a sincere and continuous effort to change public perceptions regarding the role of foreigners in these societies. These are prerequisites to successfully implementing the necessary legal

measures required to address the risks posed by the current structure of the labor market.

THE IRANIAN SPECTORE

In the wake of the country's general economic malaise, stopgap measures such as the illicit trade with Iraq in the UN Oil for Food Program provided only temporary relief from the harsh realities the state is faced with when it comes to the economy. Syria is fast becoming a rentier state that is running out of rent. Syria is already a net importer of refined oil. The rising price of oil on the world markets has forced the government to cut back on many of the substantial subsidies it has traditionally provided. The long queues at gas stations in the run-up to the change in the price of oil are a visible reminder of the pressure the population will feel as inflation begins to take hold in Syria.

As Syria remains under the lock of U.S. bi-lateral sanctions, its oil reserves dwindle, the Lebanese market starts to shrink and Iraq remains in a state of chaos, one of its only means of support today is Iran. Iran has had a long and complicated relationship with Syria in the wake of the Iranian revolution. Though initially cold, relations started to warm up in the 1990s when Syria found itself lacking traditional Soviet arms support. As such, Syria changed its tactic from strategic parity with Israel, which it attempted to do through the build-up of its conventional armed forces, to one perhaps best described as a balance of fear.

In order to maintain this new stance, Syria soon became the host to and supporter of the many non-state armed groups encamped along Israeli borders and within the Occupied Territories, the most high-profile being Hezbollah, Hamas and Islamic Jihad—all of which have offices in Damascus. With no real domestic arms manufacturing capacity, Syria soon allowed itself to become a funnel for Iranian arms to these groups. The conduit had already existed as Hezbollah was always an Iranian supported and funded project; the pathways had simply become clearer and the Syrian state reaped the benefits of having off-loaded the fighting with Israel to proxy

groups and gained an ally in Iran as it saw itself becoming increasingly marginalized elsewhere.⁴⁹

The relationship continues today and, as a result of continued Western rejection of Syria, it is more nuanced and solid than ever before. Contrary to most of the Western world and its allies, Syrians do not view Iran as a threat. As Syria's principle ally in the region, Iran's support can be seen not as a strategic liability, but rather as a strategic asset in the face of what it views as a largely hostile region vis-à-vis Israel on its western border and the U.S. in Iraq to the east. With each country facing a regional U.S. blockade in the form of imposed sanctions, increased cooperation between the two in the wake of the U.S. invasion into Iraq is logical.⁵⁰ Each state views the other as a necessary ally; Syria gets much needed foreign direct investment from Iran and Iran has an Arab counterweight in a region largely hostile to its every move.

As Nabil Sukkar points out, ties with Iran are becoming stronger and more nuanced all the time. Iranian investment ranges from car manufacturing to the provision of discounted natural gas for the Syrian economy that, as its reserves dry up, will soon face a domestic energy crisis. In 2006, Iranian investment in Syria was approximately \$400 million, making Iran the third largest investor in the country behind Saudi Arabia and Turkey. This is due to change rapidly. Currently there is a \$2 billion industrial zone planned for Iranian businesses. With the need for new auto industry projects as well as transportation networks, Iranian companies are moving in to Syria in droves. The recent privatization measures in Syria are certainly compelling for Iranian investors. Recently, officials from both countries announced plans to increase Iranian investment in Syria to approximately \$10 billion over the next five years. As such, Iran is proving more of a buttress to Syrian economic growth. Though ties with Iran remain strong and important, they are not sufficient to maintain Syria indefinitely and they certainly do not solve the larger problems the country faces.

The Syrian economy must still confront a variety of looming pressures. Increased strain

due to dwindling oil reserves, a booming youth population, rising unemployment and the influx of war refugees all put considerable strain on the Syrian economy. The shadow of these growing problems extends far into the future. Bi-lateral sanctions from the U.S. today restrict access to dollar-based transactions, crucial IT components to catch up to the information revolution, and the necessary room to maneuver itself into the global economy. While it is a release valve, Iran is certainly not a panacea to Syrian economic woes. Yet, the dilemma of dependence and subsequent prolongation of the Syrian cycle of diplomatic isolation and economic stasis at the hands of Iran remains. It will not be broken easily.

CONCLUSION

Many in Damascus today will talk about the U.S. and Israel being the real threats to Middle East peace. They cannot help but admit, however, to the pressure generated because of its international pariah status, a status that Syria has wittingly cultivated. The ongoing conflict in Iraq has sent about 1.7 million refugees into the country putting incredible strain upon Syria's socialist system. While the government has pledged to stymie the flow of foreign fighters into Iraq, it should perhaps be concerned with the implications in Syria once these fighters return or decide to turn their gaze upon what they view as an apostate regime in Damascus. Iranian aid in the form of cars and natural gas certainly have sped up the domestic economic motors, but the flow of Iranian arms into Lebanon is the most likely reason that Syria had to bear the brunt of Israeli fighter jets in September. Furthermore, as Iran moves closer to being the world's ninth nuclear power, Syria may want to rethink its contract with the state as it draws more and more global opprobrium.

The lack of response to the Israeli attack last September is perhaps the most telling. While the measured tone of President Bashar Asad in his interview with the BBC explaining the lack of Syrian military does not necessarily imply a weakness, it may show the dilemma that Syria has found itself in vis-à-vis its stronger neighbor and its truest ally.⁵¹ Asad stated that Syria "ha[s] its

own means of response,” drawing many to conclude an asymmetrical response. The reality could be that Syria wishes to bow out of the military struggle with Israel; Faysal Mekkdad, deputy Foreign Minister recently said in an interview that a return of the Golan continues to be the price for Syrian peace.⁵² Perceptions of what is rightfully and not rightfully been occupied by Israel throughout the last four decades continues to cloud the waters of a lasting and legitimate peace between Syria and Israel. A Syrian Golan, he states, has always been the Arab consensus.

In the wake of the Arab summit held in Damascus at the end of March, Syria might do well to listen to the Arab consensus a little closer.

One way to do so would be to solidify that Arab consensus by showing its commitment to peace as ardently as it is trying show off its Arab stripes. Another may be for it to diversify its regional and global economic support as a means of weakening the Persian ties that have bound it far too closely to the whims of Tehran.

The views and opinions expressed in articles are strictly the author's own, and do not necessarily represent those of Al Nakhlah, its Advisory and Editorial Boards, or the Program for Southwest Asia and Islamic Civilization (SWAIC) at The Fletcher School.

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