

Political Evolution and the State of Reforms in Syria

Panorama

Med. 2006

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If one had to identify turning points in Syria's politics after the death of Hafiz al-Assad in 2000, no doubt the events of 2005 top the list. In one seemingly endless year for the country's political elite, Syria endured a number of fundamental political blows. Internationally, its isolation is on the rise, regionally, its influence and prowess have been relatively compromised, and locally, its "patriotic" domestic opposition has been reinvigorated. The political bright light for the Syrian regime is a dim one at best for most Syrians: the new regime of Bashar Asad, the giant's son, was finally consolidated in the summer of 2005 when the 10th Regional Ba'th Conference rid the regime of troublemakers and staffed its top rungs with loyalists.

Economically, growth has been dismal amidst dwindling oil reserves, with slight advances in some sectors, mostly due to factors such as a better rainfall season and exegetic deals and transactions that involved dominant economic and political figures. Significant reforms have been confined to the eruption of private banks that still do not satisfy the spectrum of functions that neighboring countries' banks do. All the while, Syria's developmental crisis – rendered "invisible" or insignificant by the regime – is developing fast, with a poor productive capacity in terms of skilled labor and infrastructural power, rising unemployment, and a disturbingly high poverty rate for a self-proclaimed socialist republic.

Nonetheless, it is a mistake to assume

the impending demise of the Syrian regime, as many analysts are rushing to proclaim. The factors that are at work in the direction of regime sustenance have to do more with the mistakes, failures, and misguided adventures of those who are considered to be Syria's opponents, locally, regionally, and internationally. Moreover, these mistakes have fed an unprecedented rise in Syrian nationalism of which the regime has been the unintended beneficiary. The temporary harmony that the events of 2005 have created between the regime and the people in Syria have helped the country to withstand the crises described above. The question is whether that harmony is likely to be furthered or undermined by the regime's domestic policies. The mounting number of critics and opposition members arrested towards the end of 2005 and the beginning of 2006 are more likely to counteract the benefits for the regime of this temporary loan on a longer life. I will discuss the main events that shaped the year 2005 for Syria, beginning with the big picture that defines the regime's challenges and the pivotal 10th Regional Ba'th conference, and ending with the dismal state of the economy and the older tactics that the regime resorted to once it (re)consolidated its power.

The Big Picture

For Syria's political elite, the shocks of 2005 were not unusual. Nor was it beyond the capacity of the awkward, yet maturing new leadership around President Bashar al-Asad to deal with this adversity. What has changed rather decisively is the world around Syria's co-

coon. Coupled with domestic woes, this change does challenge the abilities of the regime. Violent regime change in Iraq, the humiliating loss of Syrian control in Lebanon, and a strident Israel emboldened by a duplicitous "war on terror" have combined to isolate Syria and to diminish its regional influence. The results of negotiations with the European Union to bring Syria into the EU's "Association Agreements" of Euro-Mediterranean economic integration have been disappointing. To make things worse, the Bush administration, backed by Congress, persists in pursuing an unprincipled anti-Syria campaign whose point of reference remains elusive. In 2005, Syria finds itself bereft of the foreign policy tools whose advantages it has enjoyed for over 30 years. Between 1970 and 1990, the Syrian regime benefited from the superpower competition of the Cold War. With the dissolution of the Soviet Union in 1990, Damascus relied on playing a regional role, beginning with its participation in the US-led coalition to expel the Iraqi army from Kuwait in 1990. Now, the international and regional fronts are both closed, and the Syrian regime is left with a lone front on which to fight for its viability: at home. The domestic front is where the regime has historically been most vulnerable.

Consolidating the Regime's Power

The 10th Regional Ba'th Conference, held in early June 2005, was housekeeping in preparation for an entrenchment par excellence. It saw the apparent consolidation of Bashar al-Asad's rule at a time when significant external and in-

ternal tensions and threats are coinciding for the first time since the 1960s. According to Ibrahim Hamidi, perhaps the most informed and incisive journalist in Syria today, "The message that the Regional Ba'th Conference wanted to send at the end of the conference to public opinion, the opposition and foreign actors – especially America – is that the Ba'th Party will remain the ruling party in Syria." (*Al-Hayat*, June 19, 2005)

Very little was said at the conference about foreign policy, beyond affirmation that peace will remain Syria's "strategic choice" and the regime will work to enhance its bargaining position vis-à-vis Israel. Indicating the regime's domestic focus, Bashar emphasized that "any decisions or recommendations made during the conference should express our internal needs only, in isolation from any other considerations aimed at pushing us in directions that contradict our national interest or threaten our stability." (*Al-Hayat*, June 7, 2005)

The conference was not without positive developments, though these were hardly far-reaching reforms. Expanding space for political participation was a recurring theme. For the first time, there were serious recommendations that the state should review the Emergency Law in place since 1963, with an eye toward "narrowing the scope of state security matters." (Hamidi, 2005) A new "political parties law" is likely to take effect soon, (*Al-Hayat*, June 7, 2005) though Article 8 of the constitution, designating the Ba'th Party as the "leader of state and society," will remain untouched (Moubayed, 2005).

The Heart of the Regime

It is no secret that Syria's real strongmen sit at the helms of General Security, Military Security, and the Republican Guard. Perhaps the most visible development at the Regional Ba'th Conference was the replacement within the Regional Command of what remains of the "old guard" that surrounded Bashar's father with a "new" team. A charter member of the old guard, 'Abd al-Halim Khaddam, "resigned" as vice president and as a member of the Regional and National Command Councils after sensing the isolation of the "older" Ba'thists. As

Khaddam is perhaps the second most visible icon of the Ba'th regime after Hafiz al-Asad, the nature of his exit – which was not "honorable" – bespeaks the end of an era. Khaddam's public denouncement of the regime (from afar, in Paris) ushers in a new era.

Two competing outcomes may be in store for the regime's consolidated new team: on the one hand, its unquestioning loyalty will make for a less erratic policy. On the other hand, the new Command leadership lacks vision and, many say, competence. It remains to be seen which edge of the sword will strike. If the new team is a short-term fix to rid the leadership of troublemakers, then it could enable a smoother and surer decision-making process in the future. However, if the desired end is to surround the leadership with complacent figures in perpetuity, then it is probable that Syria will return to square one, with the leadership approaching a stifling absolutism of sorts. Unfortunately for most Syrians, the latter scenario seems to be gaining ground.

State of the Economy

The state of the Syrian economy remains dismal. It is unclear whether the deliberations at the Ba'th Regional Command Conference or the rhetoric about "modernization" reflect the sophistication that is required to deal with the crisis. Optimists continue to debate whether this or that liberalization measure is likely to improve the economy as though the missing link is a "good plan." The announcement by the chief of the State Planning Commission in 2004 that Syria will adopt the principles of a market economy by 2010 brought relief to optimists (*Al-Hayat*, April 16, 2004). So did the announcement at the Ba'th Regional Conference that Syria will adopt a "social market economy." But what about the elephants in the room?

Syria's economy stagnated between 1996 and 2004, with an estimated average growth rate of 2.4 percent [Interview with 'Isam al-Za'im, former minister of industry, Damascus, July 26, 2005]. Meanwhile, the population is growing at a rate of 2.7 percent, (*Al-Hayat*, December 1, 2004; interview with Za'im) spelling disaster for development. Eco-

nomical growth reached 3.4 percent in 2003, but that unusually high rate reflected the sale of Iraqi oil through Syria and then the rise of oil prices as a result of the Iraq war. In 2004, economic growth dropped to 1.7 percent, showing the danger of depending on oil rents [According to Za'im, government statistics show higher levels of growth for 2004]. Final official figures for 2005 are usually published in the summer of the following year, but the reading of independent analysts is not a positive one. Oil production reached 591,000 barrels per day (bpd) in 1995 but declined to 450,000 bpd in 2005. According to one estimate, Syria will become a net importer of oil for the first time in 30 years by 2012 (N. Sukkar, 2005; for more optimistic estimates, see *al-Iqtisadiyya*, July 24, 2005). The good news for the Syrian regime is that the rise in natural gas production is likely to compensate for a substantial part of the decrease in oil production. Gas reserves are estimated at 240 billion cubic meters [Interview with Za'im]. Much depends on the transit revenues that Syria will receive from the Arab Gas Pipeline linking Egypt with Turkey and eastern Europe (N. Sukkar, 2005). Ultimately, rent income from oil or gas will only buy time. Unemployment, poverty, investment and the dilapidated public sector firms require immediate attention.

Syrians are suffering from an alarming decrease in their standard of living. In 2003-2004, 5.1 million people (or 30.1 percent of the population) were living below the poverty line, with 2 million Syrians unable to meet their basic needs (UNDP, 2005; pp. 1-6). By most estimates, there is 20 percent unemployment in the country, with at least 300,000 new workers entering the job market each year (Interview with Za'im, see also Sukkar, 2005). According to former State Planning Commission chief and current Deputy Prime Minister for Economic Affairs 'Abdallah al-Dardari, an average annual growth rate of 7 percent will be necessary to provide employment for job seekers. Where will this growth come from? There are very few reasonable answers in sight under the current and medium-term view.

With oil income tapering off, Syria's public and private sectors must do the heavy lifting, but do not have the where-

withal to do so. To generate growth in those sectors, the regime appeared to be counting on the trade benefits of an association agreement with the EU. But after the assassination of Lebanese former Prime Minister Rafiq al-Hariri, the EU withdrew its promises of an (expedited) agreement that was nearly reached earlier. In any case, for the time being, the idea that an EU association agreement can provide the cure for Syria's economic ills is incommensurate with the political and institutional requirements of such an agreement.

The Balance Sheet

According to Nabil Sukkar, a seasoned economist and business consultant, "There is a need for a 'Great Leap Forward,' not an incremental progression."

Syria's economy remains captive to the country's brand of centralized politics. Economic rationality remains severely fettered by a political logic that prevents the very idea of a comprehensive reform plan, without which incremental measures are ineffective at worst and reversible at best. Problems of low investment, an inhospitable environment, a weak judiciary and idiosyncratic state intervention are not economic, but political through and through.

Politically, the regime has been reverting more steadily to the old(er) tactics of silencing dissent in a less subtle manner, arresting and jailing critics on grounds of "incitement" of sorts, none of which are considered legitimate by the wider public. But the regime seems to have reached the point where it is comfortable with such reversion. In the final analysis, this comfort might shorten the

life of the regime because it camouflages the growing political and economic crises that have been fermenting, locally, regionally, and internationally. The outlook for 2006 is not radically different, but 2007 is likely to usher in some unforeseen surprises on various fronts.

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