

Syria's Curious Dilemma

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Seasoned observers of Syria have learned not to make much of apparent political changes in the country. This lesson holds true today, but with a twist.

Five years after the death of Hafiz al-Asad, who ruled Syria for 30 years, a series of “springs” have come and gone without substantially opening up the political system. The country's political institutions are stable, but stagnant, including the governing Baath Party, which continues to rule by periodically reshuffling elites. Syria's economy continues to sputter, its small oil reserves continue to dwindle and its work force continues to lag in acquiring the skills needed in today's global economy. Perhaps the most troubling part of Syria's predicament is an invisible but rising wave of poverty unprecedented in recent history.

For Syria's political elite, this precarious state of affairs is not unusual. Nor is it beyond the wherewithal of the awkward, yet maturing new leadership around President Bashar al-Asad to deal with adversity. What has changed rather decisively is the world around Syria's cocoon. 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 a “partnership agreement,” as part of the EU's “Barcelona process” 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 endgame remains difficult to divine.

In 2005, Syria finds itself bereft of foreign policy tools whose advantages it 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.



Syrian President Bashar al-Asad stands with then Defense Minister Mustafa Tlass (right) and Hasan al-Turkmani, chief of staff, as they visit the tomb of the unknown soldier in Damascus, October 6, 2002. (Reuters/SANA/Landov)

Barring unforeseen developments, the Syrian regime faces what, by its lights, is a curious dilemma: either it acquiesces to the demands of external forces in order to preserve itself or it compromises its domestic position by allowing the diffusion and decentralization of power. Does the Syrian regime have the skill and the willpower to escape from this hornet's nest? Can the regime manage today's domestic, regional and international crises all at the same time? Judging by the outcome of the Baath Party's recent Tenth Regional Conference, one should not hold one's breath.

Back to Basics

The Tenth Regional Conference, held in early June 2005, was a bit of housekeeping in preparation for an entrenchment. It saw the apparent consolidation of Bashar al-Asad's rule at a time when significant external and internal 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 Baath Conference wanted to send at the end of the conference to public opinion, the opposition and foreign actors—especially America—is that the Baath Party will remain the ruling party in Syria."^[1]

Very little was said at the conference about foreign policy, beyond affirmation that peace will remain Syria's "strategic choice" and that 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."^[2]



Aleppo from above. (Issa Touna)

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."^[3] A new "political parties law" is likely to take effect soon,^[4] though Article 8 of the constitution, designating the Baath Party as the "leader of state and society," will remain untouched. Reiterating a stock line, a high-level official told the pan-Arab daily *al-Hayat* that modification of Article 8 is an "external request" made by non-Syrian interests. This statement is related to various proclamations during the conference regarding the need to "lay bare" the intentions of the expatriate opposition, particularly the Muslim Brotherhood leadership in exile in Paris, on the grounds that they are not true "nationalists" and are being supported by actors hostile to Syria.^[5] Another likely subject of this denunciation is the Reform Party of Syria led by Washington-area dentist Farid Ghadry, a would-be Syrian Ahmad Chalabi who is being promoted by the neo-conservative think tank, the Foundation for the Defense of Democracies.

In various interactions, formal and otherwise, Bashar emphasized that "the party does not own the

state.”[6] It is necessary, he said, “to redefine the relationship of the party to political power, and not to be enmeshed in daily politics, and to move away from office work and focus on interacting with the masses.”[7] Henceforth, the Baath’s share of cabinet posts will be limited to ten.[8] Nonetheless, it was stipulated toward the end of the conference that the prime minister and the speaker of parliament must be members of the Baath’s ruling body, the Regional Command, creating an obvious contradiction between proclamations and practice, and eliminating the possibility that a high-level executive such as the prime minister may be an independent.

It was also suggested that the Regional Command of the party be dissolved and replaced by the “Party Command.” Hence, President al-Asad would become the secretary-general of the Baath Party, not the regional secretary. This move would facilitate the dissolution of the National Command of the party in the near future.[9] Although the party did not act on this suggestion at the conference, it is likely to do so in the future. In any event, the number of members in the Regional Command was dropped from 21 to 14. It is also significant that there were forces calling for replacing the slogan “unity, freedom, socialism” with “democracy and social justice,” and the name Arab Socialist Baath Party with simply the Baath Party, thereby toning down the socialist identity of the party and introducing the magic word “democracy.”[10] These changes did not occur, but talk of them provides clues to the regime’s longer-term thinking.

The Nitty Gritty

It is no secret that Syria’s real strongmen sit at the helms of General Security, Military Security and the Republican Guard. Changes and replacements at that level tell a more direct story about the regime’s internal power dynamics than hundreds of pages of party declarations and memoranda. One week after the conference, Bashar’s brother-in-law Asef Shawkat was confirmed as the head of military intelligence, perhaps one of the most sensitive and powerful positions in Syria today. Manaf Tlass, son of former Defense Minister Mustafa Tlass, and Bashar’s brother Mahir are the effective heads of the Republican Guard, perhaps the most potent fighting force in Syria. The implications here might appear clearer than they are, for family ties to Bashar do not guarantee loyalty, as the history of struggle for power in Syria instructs.



Bashar al-Asad shakes hands with party members during the opening of the Baath Party Regional Congress in Damascus, June 6, 2005. 'Abd al-Halim Khaddam, then still vice president, is seen smiling next to Asad. (Ramzi Haidar/AFP)

More important is the evident “clearing of the way” that has taken place within the predominant institutions of coercion in the country since Hafiz al-Asad’s death. Over the past five years, strongmen who are either opposed to Bashar or are not part of his “team” have been gradually either replaced or “retired.” They include former Chief of Staff ‘Ali Aslan and his deputies ‘Abd al-Rahman al-Sayyad, Faruq Ibrahim ‘Isa, Ibrahim al-Safi, Shafiq Fayyad and Ahmad ‘Abd al-Nabi, the head of the political security branch of General Security, ‘Adnan Badr Hasan, and Hasan al-Khalil, Shawkat’s predecessor as head of military intelligence.

Perhaps the most visible development at the Regional Baath Conference was the replacement within

the Regional Command of what remains of the “old guard” that surrounded Bashar’s father[11] with a “new” team.[12] 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” Baathists. As Khaddam is perhaps the second most visible icon of the Baath regime after Hafiz al-Asad, the nature of his exit—which was not “honorable”—bespeaks the end of an era. The circumstances surrounding his exit lend credence to the little-discussed story that Khaddam and others among the old guard formed an informal alliance aimed at “saving” the regime from what they perceive to be the current leadership’s blunders in Iraq and Lebanon.[13]

Khaddam’s departure completes the process of paving the way for Bashar that started in June 2000. The new team is made up of both older and younger Baathists who are distinguished by their proximity to the current leadership, and not necessarily by their skill or experience. It is said that this team is important not for what it will do for Syria, but for what it will not do: obstruct decisions made by the top leadership. For the regime, the new team is a double-edged sword. 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. In any event, Syria’s principal dilemma leaves little room for the long-term sustainability of such a formula.

Institutionally speaking, Bashar and his closest allies have played a delicate game to consolidate their control. On the one hand, they needed to preserve the structure of executive authority by strengthening the party and government institutions; on the other hand, they had to manipulate the same authority structure and institutions that would allow them to limit the personal power of potential adversaries in the long run. This was not a choice of one strategy among many on offer: Bashar needed, and needs, the Baath Party. Since he lacks his father’s charisma, and with the multiplication of power centers around certain personalities within the regime, selective reinvigoration of the roles of the party was the only rational choice.

Another change is increasing reliance on the security services, as indicated by the shifting membership in the Regional Command. Historically, the Command included the chief of staff and the defense minister. After the June conference, two members of the security services took the spots of these officials in the Command. It is unmistakable that the security services are continuing to gain authority in circles that they began to infiltrate in the early 1970s. Finally, the institutional army’s clout has been eroded, particularly after the pullout from Lebanon.

The Balance Sheet

The transition of regime from Asad senior to Asad junior that began in 2000 (and perhaps earlier) is now complete. Though the new regime is not impregnable, the intra-party tension and the rocky decision-making processes that characterized Bashar’s first five years in power are unlikely to reappear for some time. The evident winners are Bashar and his team, including the Asad family and their innermost circle. The evident losers are

the old guard, or those who opposed Bashar's ascendancy, beginning with formerly powerful Chief of Staff Hikmat Shihabi, who "retired" in 1998 after he made public his distaste for the prospect of Bashar ruling Syria, and ending with Khaddam—with a flurry of others in between.

Digging a little deeper, one finds that the decisive break was made not only with the old guard, but with the regime of Hafiz al-Asad, a development that cannot be translated publicly into words in Syria's political climate today. Bashar was indeed his father's choice of successor, following the death of his oldest son Basil in a 1994 car crash, but it is questionable whether Asad senior wanted Bashar to change the regime itself. This is not an academic point, for with the changes to the regime came changes in the regime's style and approach whose contours are still emerging.

In its handling of the US invasion of Iraq and the aftermath, the "Lebanon file" after the May 2000 Israeli withdrawal and the US "war on terror" that linked Syria with "terrorist" groups within Syria and in Lebanon, the current Syrian regime has contributed to its own isolation. This isolation is exacerbated by the Bush administration's hostile posture. Hafiz al-Asad's regime boxed itself in domestically, but was always able to compensate for problems caused by its centralization of domestic political power by adopting an uncompromising stance on regional issues—particularly the Arab-Israeli conflict. Bashar's regime has been steadily losing this ability. In the past, Palestinian and Lebanese resistance movements were used from a distance to prop up the legitimacy of the Syrian regime. Today, the regime has absorbed these tools as part and parcel of its legitimacy, thereby compromising its independence and allowing itself to be more liable for the Palestinians and Lebanese groups' possible missteps. In the post-September 11 international climate, where the US, Europe and Israel require no hard evidence to condemn Syria for any number of alleged infractions, such a loss of autonomy could subject Syria to many unneeded blows. One should caution against accepting the common view in Syria that Asad senior would never have brought the country to such a point. The Syrian regime has been, and still is, willing to pay nearly any price to maintain its own security, and the dead end was always in sight. Asad senior was likely, however, to have delayed the inevitable a little longer.

The breathing space that the regime afforded itself by clearing the way for a less conflict-ridden decision-making process is an opportunity to embark on irreversible domestic decentralization that would herald an era of putting development ahead of both regime security and external demands. Independent, opposition and regime-friendly observers in Syria will not bet on this scenario. In view of the Bush administration's aggressive policy orientation, the smart money is on a strategy of gradual submission to external demands that may hurt the wellbeing of the Syrian people, but will keep the regime's security intact. The same scenario is likely to unfold in the case of the country's political economy.



Fraying poster of Hafiz al-Asad in Damascus, 2004.
(Thomas Kern/Lookatonline)

State of the Economy

The state of the Syrian economy remains dismal. It is unclear whether the deliberations at the recent Baath Regional Command Conference reflect the sophistication that is required to deal with the crisis.^[14] 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.^[15] So did the announcement at the Baath Regional Conference that Syria will adopt a "social market economy."^[16] 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.^[17] Meanwhile, the population is growing at a rate of 2.7 percent,^[18] spelling disaster for development. Economic 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.^[19] 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.^[20] 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.^[21] Much depends on the transit revenues that Syria will receive from the Arab Gas Pipeline linking Egypt with Turkey and eastern Europe.^[22] Ultimately, rent income from oil or gas will only buy time. Meanwhile, unemployment, poverty, investment and 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.^[23] By most estimates, there is 20 percent unemployment in the country, with at least 300,000 new workers entering the job market each year.^[24] 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?

With oil income tapering off, Syria's public and private sectors must do the heavy lifting. To generate growth in those sectors, the regime appears to be counting on the trade benefits of a partnership agreement with the EU. After some hesitation, and presumably to break the Syrian isolation imposed by the US, in 2004 Bashar created a new team to speed up the signing of an agreement. As a precondition, the EU pressed for a rapid transition from a public- to a private-sector economy, and, according to former Industry Minister 'Isam al-Za'im, the regime soon found itself moving faster and conceding more than it wanted to. By the end of 2004, the EU had added new preconditions, including a call upon Syria to lead the way in eliminating weapons of mass destruction from the region. Nevertheless, the Syrian team included "services" in the list of sectors to be liberalized, and at a faster pace, as a way to hasten the signing. This concession was not made public. In the end, after the assassination of former Lebanese Prime Minister Rafiq al-Hariri, the EU withdrew its promises of an expedited agreement.

Should the negotiations restart, the public sector would have to be overhauled, a political nightmare for a regime such as Syria's, where that sector takes on a number of necessary political and social functions. Privatization according to a plan of eliminating failing public-sector firms and refurbishing struggling ones might work only if the top leadership is willing to compromise the non-

economic functions that the sector serves. More importantly, the plan would fall to pieces in the absence of a private sector capable of employing at least half of the new job seekers each year (150,000-200,000 people), a figure that is well beyond the capacity of Syria's mostly small private firms.[25]

The growth of the private sector in Syria was erratic in the 1990s.[26] Since 2000, private investment grew slightly only because of the dramatic drop in such investment between 1996 and 2000. The most recent figures place the private sector's contribution to capital accumulation at only 34 percent, after years of supposed support and promotion of private sector growth.[27] Obstacles to private-sector growth remain both political and structural, having to do with the political role that the public sector plays in servicing the regime's economic power and social legitimacy. Another part of the problem has been the failure of existing public and new private banks in financing the growth of the private sector.[28] As a result, new entrants into the private sector remain few. By contrast, the already existing private businessmen and the public-private networks to which they belong are expanding at a steady pace as they are faced with little or no competition from potential entrants who lack financing. These big business groups worry not about liberalization or lack thereof at this point; they are mostly concerned to keep the formula within which they are accustomed to work. One might have to wait for a vigorous economy until these individuals and networks discover a contradiction between further capital accumulation and the existing formula. For the time being, the idea that a partnership agreement with the EU can provide the cure for Syria's economic ills is incommensurate with the political and institutional requirements of such an agreement.

Moment of Decision

According to Nabil Sukkar, a seasoned economist and business consultant, "There is a need for a 'Great Leap Forward,' not an incremental progression." [29] 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. According to Za'im, these problems have existed since 1991 when Syria embarked on "economic pluralism." Beyond the lack of political will needed to overhaul the Syrian economy, there are three equally large obstacles: the network of state officials, military officers, their offspring and relatives, and powerful businessmen who benefit from the current arrangements; a decrepit administrative and bureaucratic system; and an insufficiently skilled labor force. Only 10 percent of Syrian workers have a college degree, for instance.[30] It is impossible to treat these problems in isolation, requiring once again the kind of political will that would put Syria's development before regime security.

The official line is that Syria is prevented from taking certain reform measures because they correspond to external demands. This is a false binary opposition. It is true that Syria is facing a hostile international environment and an unprincipled political campaign against it, but that has been the case since the early twentieth century. The hostility is unlikely to subside, whatever the stance of the United States. Proper development for state and society in Syria does not conflict with warding off external enemies. On the contrary, it is the most efficient weapon against them.

For better or for worse, and unless Baathist infighting resurfaces, the Syrian regime is left to its own devices on the domestic front as it attempts to resolve its curious dilemma. Proper development does conflict with the guaranteed security of the Syrian regime as it stands today. The Syrian regime is

quickly approaching the point where it will have to choose between compromising with the outside forces it cautions against, thereby preserving itself in its current form, or compromising with the Syrian people, thereby voluntarily reducing its own power. Much anti-Zionist and anti-imperialist rhetoric notwithstanding, this choice is not in the end such a big puzzle.

Endnotes

[1] *Al-Hayat*, June 19, 2005.

[2] *Al-Hayat*, June 7, 2005.

[3] Ibrahim Hamidi, "Clearing the Way," *Syria Today* (June 2005).

[4] *Al-Hayat*, June 7, 2005. For details on the new parties law, see Sami Moubayed, "[Syria's Baathists Loosen the Reins](#)," *Asia Times*, April 26, 2005.

[5] *Al-Hayat*, June 10, 2005.

[6] *Ibid.*

[7] *Al-Hayat*, June 13, 2005.

[8] *Al-Hayat*, June 8, 2005.

[9] *Al-Hayat*, June 7, 2005.

[10] Interview with a mid-level party functionary who participates in "ideational discussions" at various party headquarters, Damascus, August 2, 2005.

[11] The most important such personalities are Vice Presidents 'Abd al-Halim Khaddam and Muhammad Zuhayr Masharqa, former Defense Minister Mustafa Tlass (who is not at odds with Bashar), Assistant Secretary General of the Baath Party 'Abdallah al-Ahmar, Assistant Regional Secretary of the Baath Party Sulayman Qaddah, former Speaker of Parliament 'Abd al-Qadir Qaddura and the notorious former Prime Minister Muhammad Mustafa Miro. It is notable that even members who joined during the Ninth Regional Command Conference in 2000—nominally, Bashar loyalists—were removed, reflecting the drop in membership from 21 to 14 and/or their replacement by a more tightly knit Command. Among the apparent Bashar loyalists are Majid Shadoud, Ghiyab Barakat and Walid al-Bouz. Regional Command members can only serve two terms, a rule that is intended to prevent certain figures from rejoining.

[12] The new team includes some new faces, but also seasoned actors like former Baath National Security Council head Muhammad Said Bakhitan, who is now deputy secretary-general of the Baath Party, and former head of General Security Hisham Ikhtiyar, who now has Bakhitan's old job. An odd development was the removal of Bahjat Sulayman, Bashar's confidant and mentor, from his post as head of the internal branch of General Security. Sulayman is by no means part of the "old guard," and his sidelining is an indication of some tension within Bashar's new team.

[13] Interview with party insider, Damascus, July 28, 2005. For the official story, see *al-Hayat*, June 8, 2005.

[14] According to one prominent outspoken critic of the regime, Michel Kilo, the discussions were largely disingenuous and reflect ossified mentalities. Interview, Damascus, July 26, 2005.

[15] *Al-Hayat*, April 16, 2004.

[16] Heated debates surrounded the term "market economy" prior to and during the conference. The term that was finally

adopted, “social market economy,” reflects the power of those who do not want a sudden transformation (even discursive) of “state socialist” Syria and those who do not want to compromise workers’ rights. The debate was ideological, as witnessed in the Economic Sciences Association meetings throughout the months prior to the conference. See Economic Sciences Association Series 18, in particular the papers and responses by Ghassan Yusuf, Ilyas Nijmeh, Jihad Muhammad, ‘Isam al-Za‘im, Mikhail ‘Awwad, Thamir Qarqout and Burhan Ghalyoun. Much of the debate revolves around the importance of the national economy, the role of the state, the importance of competition and the dangers of being engulfed by global capitalism.

[17] Interview with ‘Isam al-Za‘im, former minister of industry and current president of the Tuesday Economic Sciences Association, Damascus, July 26, 2005.

[18] *Al-Hayat*, December 1, 2004; interview with Za‘im.

[19] According to Za‘im, government statistics show higher levels of growth for 2004.

[20] Nabil Sukkar, “Threats and Opportunities,” *Syria Today* (February-March 2005). For more optimistic estimates, see *al-Iqtisadiyya*, July 24, 2005.

[21] Interview with Za‘im.

[22] Sukkar, “Threats and Opportunities.”

[23] UN Development Program, *Poverty in Syria: 1996-2004* (New York, June 2005), pp. 1-6.

[24] Interview with Za‘im. See also Sukkar, “Threats and Opportunities.”

[25] More than 90 percent of private-sector firms employ fewer than five workers. See ‘Amir Kharboutli, “The Role of Organizations Promoting Private Sector Growth in Syria,” Economic Sciences Association Fortieth Anniversary Papers, Damascus, July 30, 2005.

[26] See “Syria’s ‘Private’ Sector: The Politics of Stunted Development” in Bassam Haddad, *The Economic Price of Regime Security: Mistrust, State-Business Networks and Economic Stagnation in Syria, 1986-2000*, Unpublished Ph.D. dissertation, Georgetown University, May 2002.

[27] Kharboutli, p. 7.

[28] See Muhammad Ghassan Qalla‘, “The Private Sector, Cooperation Challenges and Free Trade Zones,” Economic Sciences Association Series 18, Damascus, February 15, 2005. For a more detailed study of private-sector bank loans by sector, see ‘Isam al-Za‘im, “Arab Economies: Obligations, Modes, Goals and Particularities,” paper presented to the Algerian Economic Studies Association, Algiers, May 11-12, 2005.

[29] Sukkar, “Threats and Opportunities.”

[30] Interview with Nabil Sukkar. For more indicators of Syria’s labor force troubles, see the 2005 *National Human Development Report* (Damascus: UN Development Program and the Prime Minister’s State Planning Agency, 2005).