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***Changing Regime
Discourse
and Reform in Syria***

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Introduction: Changing Discourse under the Ba'th

By Raymond Hinnebusch

Ideology and discourse enable us to chart, on one crucial level, the evolution of Syria's political economy. Through it we are enabled to see the way material changes and constraints of the political economy, whether the outcomes of failed projects or new policies, are understood, promoted, and legitimized.

Aurora Sottimano shows that ideology matters and is an autonomous variable, especially in periods of change. In the Syrian Ba'th case, actors were ideologically driven at a certain point but in the consolidation of regimes, ideology becomes principally a hegemonic discourse meant to discipline social forces. Yet, it also constrains what can subsequently be advocated as legitimate; hence it tends to retard adaptation to material constraints in a sort of path dependency; still, when the gap between ideology and reality widens too much, ideology is modified, even reinvented to take account of constraints.

Sottomano charts how the original Ba'thist discourse identified the obstacles to Syria's development as backward traditional mentalities imperialism and feudal classes, and with the Ba'thist leaders seeing themselves as a vanguard mobilize workers and peasants to push development ahead. Hafiz al-Asad, although a pragmatist, could not abandon this discourse but used it as a disciplinary mechanism to create corporatist control of workers and peasants. Later, regime discourse stressed the need for production, austerity, and sacrifice to reach parity with Israel, and social peace within which de-mobilized workers ability to demands higher wages. Asad's discourse simultaneously talked of private-public partnership and distinguished a category of acceptable good capitalists as a way of co-opting the bourgeoisie; yet because of ideological constraint, the bourgeoisie could not be fully or formally incorporated into the regime and had to be co-opted thru clientalist networks which encouraged rent-seeking rather than productive investment. The failures of Ba'thist statism had been evident since the late eighties, but it was only in the nineties that debate within the Syrian Economic Association started promoting a new discourse that legitimized a return to the market.

Kjetil Selvik analyses the subsequent change in discourse accompanying Bashar al-Asad's economic liberalization after 2000. The old populist social contract is to be replaced with a new one that allows the bourgeoisie access and activism while the workers and peasants are being de-mobilized; the state no longer claims to represent them but they are not to be allowed greater freedom to strike, lobby etc. The discourse of the new liberalizing Five Year Plan talks about changes in mentality needed for development, targeting the regimes old constituencies of civil servants and workers as the problem. On the other hand entrepreneurship is to be fostered. These changes opened the door for the emerging bourgeoisie to promote a similar discourse: the main obstacle to development is bureaucrats who, being poor students, were trained in the East bloc and just want an easy job. Or it is laziness of workers. Some businessmen advocate a social Darwinism in which the entrepreneurs benefit from the transition to the new market economy while the rest have to pay its price. The new disciplining is aimed mostly at labour and on behalf of capital.

Ideology And Discourse in the Era of Ba’thist Reforms: Towards an Analysis of Authoritarian Governmentality

Aurora Sottimano

This paper aims at developing an analysis of the political economy of Ba’thist Syria from a discursive analytical perspective. Using the insights of Michel Foucault on discourse, power and government, the aim of this paper is to investigate the role of economic discourse in the maintenance and transformation of power relations in Syria. This approach suggests that economic discourse has been instrumental not only in restructuring the Syrian economy over time, but also in reshaping the social imaginary whilst re-constructing Syrian society. By looking at the formation, the functioning and the trajectory of Syrian economic discourse, one of the aims of this paper is to demonstrate how discourse analysis can contribute to the sharpening of our analytical gaze. At another level, the paper concerns itself with broadening our analytical understanding of modern strategies of government. The ongoing problematisation of the economy (through such moves as correction, reform, opening, transition) has accompanied a refinement of the art of government which involves a rethinking of the modalities and points of application of power. This analysis is a pre-requisite for theoretical reflections on authoritarian articulations of power and their transformation, with a view towards locating them – with the help of Foucault’s concepts of discipline and governmentality - on the trajectory of the governmentalisation of the modern state.

My adoption of a discursive method of analysis for political and economic realities requires some explanation. The notion of discourse has come to mean different things in different places. A variety of discourse analysis programmes composed from fragments of different theories, offer a choice of analytical strategies.¹ More than anyone else, Michel Foucault in his groundbreaking studies has developed an agenda for discourse analysis, which has pioneered the use of such analysis in the service of social science in general and political analysis in particular. Nevertheless, he did not consciously seek to form a school or a theory. Instead, he invited scholars to ‘use’ his insights as a box of ‘tools’ for analysis.² This is my excuse for using Foucault rather eclectically whilst taking the liberty of bringing into my argumentation elements from other discourse theories.

The narrative of this paper follows a chronological order for reasons other than to give a comprehensive history of Syrian economic policies or Ba’thist ideology. My focus is on elements of economic discourse, their formation, transformation and mutual conditioning against a broader background in which other discourses and

¹ See Andersen, *Discursive Analytical Strategies*, 2003, on the analytical approaches of Foucault, Laclau, Koselleck and Luhman. For an intellectual history of the concept of discourse, see Sawyer, *A Discourse on Discourse: an archaeological history of an intellectual concept*, in *Cultural Studies*, vol. 16, 3, p. 433-456.

² See Foucault, *Power/Knowledge. Selected Interviews and Other Writings*, 1980, p. 145

practices play a role. Therefore an historical perspective is essential in order to appreciate the transformations that themes and issues undergo during the process of production and reproduction of the discourse. As with any political and economic history, this study is concerned with continuities and change. Yet unlike mainstream historical accounts, this perspective focuses on continuities and changes within discourse, such as the emergence of signifiers, concepts and discursive strategies, and their way of functioning.

On discourse analysis and analytical strategies

The work of Michel Foucault has enlarged and enriched the study of discourse beyond the limitations posed to this *problématique* by standard historians of thought, concerned with fixed sets of ideas; and mainstream Marxist analysts intent on exposing ideological manipulation and exploitation.³ For Foucault, every utterance is always already located within a specific discourse, to which certain rules apply. The notion of discourse points to a web of norms, presuppositions, definitions and shared segments of meaning: Through the play of implicit prescriptions, discourses ‘systematically form the object of which they speak’; construct priorities and hierarchies; classify and differentiate social experience; and create systems of exclusion which establish certain concepts and construct them as a ‘truth’.⁴ Whilst determining the limit of what can be said and thought in a normal or acceptable way - thereby directly or implicitly discrediting other choices - discourses establish ‘regimes of truth’ that regulate our way of approaching the world, each other, and ourselves. In this view, ‘truth’ is historically traceable, contingent, and a product of struggle.⁵

The discursive strategies that produce true discourse – including procedures of exclusion, and norms of acceptability - are the objects of Foucault’s analysis. These strategies also produce legitimate subjects of discourse: the subject is part of the discursive field and operates in a discursive context of regulated practices, in which dominant discourses supply social actors with ‘subject positions’ and ‘legitimate perspectives’.⁶ Therefore, in this view, the boundaries of what is acceptable and politically correct; what counts as truth; and who becomes either an enemy or a legitimate subject of rights are all carved out from a discursive context.

The next step in Foucault’s analytical strategy is to show how discourse cannot exist in isolation from power. Both as power/knowledge complexes and as means of communication, discourses describe a reality in order to materialise it, whilst informing practices and social norms, which themselves cannot exist outside discourse. As a web of strategies of purposeful activity, and vehicles for the reproduction of such strategies at the same time, discourses are themselves mechanisms of power.⁷ Despite the apparent solidity of hegemonic power/truth configurations, this power structure is inherently unstable and contestable, and people are never totally inscribed within

³ See Foucault, *Truth and Power*’ interview, in *Michel Foucault, Power, Truth, Strategy*, 1979, p. 36

⁴ Foucault, *The Archaeology of Knowledge*, 1972, p. 49

⁵ On ‘regimes of truth’ See Rabinow (ed), *The Foucault Reader*, 1984, p. 74. On the politics of truth see Rajchman, *Michel Foucault: The Freedom of Philosophy*, 1985, p.119

⁶ The concept of discourse does not presuppose a human subject on the lines of the model provided by classical philosophy. See Foucault, ‘*Body Power*’ interview, in *Power/Knowledge*, cit.; and Foucault, *Language, Counter-Memory, Practice*, 1977, p. 199.

⁷ See Foucault, *Power /Knowledge*, cit.; Foucault, *Discipline and Punish*, 1991.

relations of domination.⁸ The conventions that constitute the social order have to be constantly reproduced and reconfirmed in actual communication situations. Consequently, the power structure of a society can and should be studied directly through discourse.

A Foucaultian discourse analysis provides the political analyst with tools to depict the norms, boundaries, and strategies that infuse social and political practices, and to investigate the production and reproduction of the power structure. The discourse analytic task is to enquire *about* the categories that we use; to ask about the narrative remaining neutral regarding the truth or value-claims inbuilt in it; to be attentive to the terms in which discursive struggles over truth, norms and issues have been carried out. The Foucaultian gaze is also inherently critical: it alerts us to the possibilities of thinking and acting differently.

To conclude, this paper aims at developing an analysis of the economic discourse that shaped the Ba'thist project to redesign the economic, social, and political landscape of Syria between the 1960s and the turn of the millennium. Drawing on Foucault's insights on discourse, knowledge and power, I use discourse here to mean a historically specific body of concepts, norms, and strategies that play a crucial role in diffusing a set of organised and organising social practices through which meaning is given to physical and social realities. Economic discourse is the point where an established or 'true' knowledge about the economy and the exercise of power meet and reinforce each other. What constitutes the economy, and which targets and methods of economic activity one might consider appropriate in any given circumstances are all discursively constructed. Moreover, economic discourse describes actions and roles for economic actors to undertake; actions requiring their participation in practices that define the boundaries of which perceptions are appropriate; which expectations are to be fulfilled; and ultimately who the actors are. An analysis of Ba'thist economic discourse will show: a) that the institution of a modern economy is at the heart of the process of reshaping the social imaginary and constituting a modern society; and b) that economic discourse functions as a technology of government.

A Portrait of Ba'thist Syria

Syria is a late-developing country in which the question of progress, with its arsenal of western categories, was first raised during late Ottoman times, and later became instrumental in forming a new 'modern' nation-state. France, the power given the mandate by the League of Nations to improve the country in the name of western civilisation, introduced some degree of modernisation mainly in infrastructure and agriculture. This effort to modernise Syria was limited by their recognition that 'a veritable social revolution' was a necessary prerequisite for true development and that only a nationalist government could have both interest and legitimacy to embark on it.⁹ Since independence, Syria has become a veritable 'arena of experiment' in political and economic innovation, including liberalism, socialism, military rule,

⁸ The sort of 'deterministic' tone suggested by expressions like structure, logic, and rationality, together with the propensity of scholars to systematise Foucault's theorization of discourse, is nowhere linked to the epistemology of his approach.

⁹ Whitaker, *The Union of Demetra with Zeus: Agriculture and Politics in modern Syria*, dissertation, 1996, p.356

autarchy, étatsisme', openness (*infītah*), and capitalism.¹⁰ The imperative to reinforce political independence by policies of economic and social development dominated the emergence of a national political economy. While rejecting western occupation and interference, the Syrian political elite, liberal and socialists alike, adopted the arsenal of Western development categories articulated by the same powers, which they had fought as colonialists. The notions of progress as a linear path from tradition to modernity; of the natural right of peoples to progress; of a central role played by the state in pushing history forward - all were central to the efforts made by Syrian regimes to build hegemony out of independence. The starting points were the will to change; the vision of development as progress bolstered by the faith in the necessity and desirability of reaching it; and finally the perception of the economy as a field of rational intervention where application of appropriate knowledge would bring about prosperity. Syrian modernizers of all credos were united by the necessity to break 'social barriers' to progress – that is to dissolve pre-modern economies and all their cultural buttresses - coupled with a reluctance to take the risk of doing so. The new nation's self imposed mission to assert the natural right of peoples to progress, in order to catch up with the developed West, quickly pushed Syrian modernizers to collide with an older national leadership contented by mere political independence. This imperative to develop was coupled with a strongly confrontational stand that had been shaped by the struggles for independence, and reinforced by the threats imposed by the Cold War and the occupation of Palestine.

Having seized power with the 1963 revolution (*thawra*), Ba'th leaders still faced the unresolved problems of creating a stable political order and a functional national economy. These revolutionaries resolutely launched the country on the way to progress armed with the legitimacy gained during anti- 'feudal' struggles; the authority of a nationalist government entitled to speak for the nation; the experience of statist techniques of economic management and bureaucratic organization inherited from the French; and the institutional legacy and the model of corporatist development of the union with Nasser's Egypt. The Ba'thist takeover in 1963 marked the birth of a populist authoritarian regime that pursued a self-declared socialist strategy of economic development largely based on étatsisme and autarchy.¹¹ The Ba'thist road to modernisation was characterised by strong nationalism; the perception of the state as the prime mover of economic activity; economic programmes based on nationalisations, land reform, subsidies, price control, import substitution and protection of local industry; the allocation of government resources to reward followers and punish opponents; peasant and urban underclass mobilisation against the oligarchy; growth of trade union militancy shadowed by government control of organised labour and its use as a reserve army for mass demonstration in support of the party; and a professed aim of restoring stability to the country and some dignity to politics, previously in the hands of politicians who did not represent the aspirations of society.¹² Such a society, in the name of which Ba'thist leaders were governing, did not exist yet. Between the sacralised notion of 'the Arab nation', and the fragmentation and backwardness of the Syrian populace, the Ba'thists envisaged a new Syrian Arab society: it was a society which had still to be forged in terms of identity, community of vision, will and interests. This would be one of the main tasks

¹⁰ Al-Samman, *Al-Iqtisad al-Suri wa-l-Rasmaliyya al-Jadida*, 1997, p.1

¹¹ this section is based on Sottimano, *The politics of economic reform in Asad's Syria*, in *Journal of Mediterranean Studies*, vol.14 no. 1&2, 2004, p 134-138

¹² This is a definition of populism by Benjamin Arditi, which is well tailored to Ba'thist Syria

of economic discourse. The Ba'th leadership took upon themselves to decide not only what policies were more appropriate to reach prosperity, but also which issues, values, forces and practices, would be placed under the heading of 'the national economy'.

The Ba'th appeared as a force of modernisation opposed to a class enemy composed of feudalists, bourgeoisie and bureaucratic groups 'incapable of protecting the wealth of the country'.¹³ These were held responsible for Syria's backwardness and dependence on international capitalism: therefore a socialist strategy based on étatism and autarchy was deemed necessary. At the level of discourse, the economy was constructed as a terrain of conflict: a struggle between a scientific 'true' knowledge and pre-existing attitudes; between new state institutions and old structures; between progressive and reactionary forces. The Ba'thists embraced Western scientific knowledge, nationalist passion, socialist planning, and class struggle together with the paternalistic model of development embodied by the mandate's mission. In this view, 'backward' people needed an extended period of education in order to be able to adopt the appropriate rationality that would enable them to progress, starting with perceiving themselves as living in a pre-historical stage from which they could and would emancipate. Development became a right of the people, more specifically a right of workers, peasants and progressive forces of the nation. As depositories of a true knowledge, a 'correct' morality as well as awareness of laws of historical necessity, Ba'th revolutionaries developed for themselves the image of those who lead the masses and 'rescue' them from the medieval mentality which impede their advance'.¹⁴ Not just to respond to people's demands, but actually to articulate and interpret them: this was the mission of the Ba'thist 'vanguard', which would exert 'continuous ideological effort among the masses' in order to spread 'the appropriate socialist morality'.¹⁵

The transformation of the ordinary Syrian citizen into an agent of progress could neither be enforced nor imposed by law or sovereign fiat; more effective techniques were necessary. Many of these were made available by the institutions of the modern state: the school, the army, the party, and the media were instrumental in re-organising public space and time. The many new venues of public life - including the square for rallies and state celebrations; the school for patriotic education; unions and cooperatives to train and organise workers and peasants; the discipline of military service and popular organisations – all acted as disciplining bodies involving people in public activities, disseminating a common language, and ultimately creating a new sociability and a sense of 'nationhood'. The availability of such modern state institutions and the ability on part of the Ba'th of make use of them as sites for disciplining people, made this massive project of social engineering possible. Above all, it was the institution of a new discursive economy of truth in relation to development that opened up this unprecedented space for political intervention, i.e. the promotion of appropriate values and conducts conducive to development. Individuals, groups, and classes were allocated in discursively defined categories of actors (worker, peasant, progressive forces, productive masses etc), which required

¹³ Arab Socialist Ba'th Party, *Some Theoretical Principles*, 1974 (henceforth *Muntalaqat*), p. 56

¹⁴ *Muntalaqat, cit.*, p.23

¹⁵ Arab Socialist Ba'th Party, *Party Program*, 1965, p. 27-28

from them new kind of participation and new sensibilities, in a new frame of meaning that was also discursively constructed.

It was principally to workers and peasants that this project was addressed: they were the main actors in the expected economic transformation of the country, and the pillars of the new Ba'th regime. The close regulation of industrial workers in unions supervised by party representatives ensured their disciplined participation in the Ba'thist development project, and their incorporation in the Ba'thist state. Workers were urged to recognise the fact that 'they are not in a battle against the authorities anymore'.¹⁶ Therefore the role of the union, which previously had been one of defending workers' rights whilst ameliorating their material conditions, became to embody the Ba'thist slogan of 'unity, freedom and socialism' under the 'guidance and enlightenment' of the party.

After 1963, the agricultural sector of the economy also became enmeshed with a network of institutional arrangements explicitly intended to re-orient peasant attitudes and reorganise their relations with the state. Regimented in cooperatives and collectives, peasants would acquire material benefits for themselves; become a 'productive force [... and] increase the wealth of the country' whilst undergoing the necessary training to develop an 'awareness' of their interest and their role in such a project.¹⁷ Their participation in the agricultural revolution was considered indispensable in order to 'throw the masses in the heart of the struggle for socialism and liberation' and ultimately for 'the creation of a new man and a new society'.¹⁸ Following the February 1966 coup, a full-blown state corporatist apparatus was developed. This encompassed existing professional associations as well as a large number of newly formed popular organisations, including paramilitary groups. The centrality of economic discourse in the Ba'thist project to install a new order in Syria can hardly be overestimated. People were 'inculcated' a political lexicon based on a virtually incontestable moral universe of shared meanings: social justice, rights, equality, freedom, national pride, progress, and welfare. In this new economy of discourse, economic actors acquired new roles to perform, and a new self-image, which smoothed the transformation of revolutionary leaders into legitimate rulers, and of the people into 'productive' workers and disciplined citizens.

By taking charge of the economy, the Ba'thist state would acquire a specific identity as well: that of the only possible agent of a development saturating the whole national territory, as well as the only possible guarantor of the equity of such development. By placing the economy within the space – material as well as symbolic – of the nation-state, the whole question of development became a central concern for sovereignty. Development, equated with economic liberation from external as well as internal exploitation, was discursively constructed as a right for the newly independent nation-state, and was the natural outcome of socialism. By recognising themselves as a society with a common vision and will, the working classes would acquire the right and the ability to attain development, and indeed 'give birth to the nation'.¹⁹

¹⁶ *Party Program*, cit, p. 33

¹⁷ Bitar, Cabinet statement, Damascus, May 23, in *Arab Political Documents*, 1964, p.168.

¹⁸ *Le Syndicalisme Paysan en RAS*, 1970, p. 4; and *Party Program* 1965, cit., p. 28

¹⁹ *Muntalaqat*, cit., p.18

Well beyond its function of remodelling the economic sector, Ba'thist economic discourse constituted a colossal repository of emotional, moral, ideological and symbolic potentialities from which Ba'thist policy makers could draw tools and tactics for the exercise of power. The allocation of individuals and groups in discursively defined categories of actors (the worker, the peasant, the bourgeoisie, etc.), which required from these subjects new kinds of participation in a new frame of meaning, was already an act of government. The redefinition of concepts and tactics in terms of a purported scientific knowledge also formed an act of political intervention. Programmes and policies presented as the result of 'sound scientific thinking' and 'deep objective study of Arab circumstances'²⁰ functioned as a mechanism for delimiting what could be said; for setting priorities; and for discrediting alternative views. Since only 'scientific rational planning' could guarantee development,²¹ demands that did not correspond to the fixed priorities could be rejected in the name of this plan. The dissemination of economic discourse was therefore part of a practice that required tacit acceptance and eschewed political debate.

A vehemently polemic style of narrative is another of the characteristics of Ba'thist economic discourse that needs to be seen as a power tactic. The economy was discursively constructed as a terrain of struggle between subjects who possess rights and principles and reactionary forces which are responsible for 'the inherited backwardness of the country'.²² The fracture between revolution and counter-revolution; progress and reaction appeared beyond redress: political opponents were discursively constructed as an enemy to fight until total defeat. This style of narrative was more than a rhetorical expedient: it validated real political practices that squarely put justice, right and innocence in one camp.²³

The discursive construction of Ba'thist 'socialist morality' fuelled a radical economic, social and political reconstruction that changed the profile of the country. This change included the redistribution of assets on a national scale; the marginalisation of the old land-owning and bourgeois classes; and the formation of a public sector that embodied and fostered the wealth of the nation. The creation of the 'national economy' also entailed a radical restructuring of the Syrian social imaginary, the nurturing of a specific agency (both individual and collective) for the people to 'awaken' and become capable, as a nation, of building their own prosperity.

The Ba'thist political agenda was as well a repertoire of useful tools for governing. The nationalist rhetoric of 'economy building' provided the necessary legitimacy and vision for the Ba'thists to take the lead in the march towards progress. The discursive construction of the inferior, underdeveloped masses provided the rationale for a disciplinarianisation of society deemed necessary to transform these masses into a proud people ('worth of the nation'). The discursive construction of the economy as a terrain of struggle against enemies within and without set up a powerful frontier between the friend and the enemy; the desirable and the unthinkable; correct attitudes and immoral behaviour. Opposite camps holding mutually excluding identities with fixed or pre-given choices and interests, associated with 'correct' behaviour, became characteristic of the discursive terrain on which identities were grounded and the Ba'thist project of

²⁰ Hafez, Interview, 10 August 1963 in *Arab Political Documents*, p. 356. Bitar, Cabinet Statement, cit., p.262. See also *Muntalaqat*, cit., p. 23-25

²¹ *Rapport sur l'Economie Syrienne, OFA, 1963-64*

²² *Muntalaqat*, cit., p. 90

²³ Rabinow and Rose, *The Essential Foucault*, 2003, p. 18-24.

social engineering was based. Grasping this discursive construction as operative and *enabling* is crucial to understanding the ways in which Syrian economic discourse operated as a discourse of power. This division mapped the terrain of possible – that is, meaningful, legitimate or obligatory – political action in many ways. Crucially, the purported qualities attributed to the ‘good’ citizen became part of a ‘correct’ behaviour. This helped to shape the identity of the Syrian citizen, including his expectations and demands, and the kind of sociability in which s/he was asked to identify.

This discourse nurtured the sensibility and shaped the Weltanschauung of Ba’thists of the first generation. Once in power, their political discourse continued to be proudly nationalist, strongly confrontational (domestically and in their foreign policy), and revolutionary progressive with respect to Syrian social, economic and political structures. During the turbulent 1960s, when strong rivals – the old oligarchy, Nasserites, the Muslim Brotherhood and even Communists – challenged the Ba’thist claim to rule, economic discourse functioned both as an instrument of and a stake in confrontation. The Ba’thists competed with other forces of the leftist camp for the appropriation of a revolutionary discourse, to serve as a weapon with which to sweep away the old ‘reactionary’ leadership and to marginalize ‘pre-modern’ Islamists. Within the Ba’th, intra-elite ideological differences persisted over the pace and depth of ‘Arab socialism’ and the proper definition of the constellation of issues around it. Ultimately the lack of ideological rigour and clarity was no obstacle to devising a mobilisation strategy based on the strongly confrontational resources of Ba’thist discourse. Crucially, the mobilisation of workers, peasants and progressive forces functioned both as an instrument of regime support and a vehicle of political indoctrination. The goal was the ‘inculcation’ of the politically correct sensibility, one that would guarantee ‘correct’ behaviour on the part of citizens, and ultimately bring about the Ba’thist transformation of the country. This discursive context shaped the formation of Ba’thist Syria; it also shaped the room for manoeuvre of Syrian politicians, as the ‘rectification’ of Ba’thist policies will show. Asad’s correction of Ba’thist techniques of governing the economy started from these premises and operated largely within the horizon of Ba’thist revolutionary discourse.

Asad’s “Corrective Movement”

By 1970 the Ba’thist model of development was already under discussion. The seizure of power by General Hafiz al-Asad in November 1970 saw the official inauguration of the ‘rectification’ of Ba’thist policies, and introduced significant changes in the political economy of Syria, changes which entailed serious breaches of socialist economic principles. Asad took power with the awareness that a strictly *dirigiste* economy meant condemning his country to economic stagnation, whilst radical socialist policies were not a winning strategy for the long term. He opened Syria to foreign capital and private initiative, promoted the mixed (public and private) sector, relaxed restrictions on foreign trade, legalised free zones, and forged alliances with conservative Arab states with no socialist credentials. On the home front, he presented these moves as the introduction of a new policy of ‘economic plurality’ and ‘openness to the people’, which included the launch of the National Progressive

Front, and a new Constitution.²⁴ Among the promises of the new regime, prominence was given to the establishment of economic liberalisation and popular democracy, both framed into a renewed ‘race to development’. Nevertheless Asad did not openly criticise the major accomplishment of Ba’thist socialism, nor did he discard the Ba’thist repertoire of ideological tools: the guiding principles of Syria economic policy, spelled out in 1973 after he had stabilised Syrian affairs at home and abroad, merely elaborated established guidelines and reaffirmed the centrality of socialism, the catalytic role of the public sector, and the importance of scientific planning.²⁵ The Ba’thist triad ‘unity, freedom and socialism’ continued to occupy centre stage in political language. In keeping with established Ba’th wisdom, the list of principles allegedly informing public policies included: the national economy as the expression of autonomy and progress; socialism as the path to people’s welfare under the leading role of the public sector; the containment of capitalism and defence of the revolution against imperialism and capitalism, whilst developing a modern economy to recover national wealth and pride. All changes introduced were ideologically justified as a ‘corrective movement’ (*haraka tashihiya*, as it has since been officially called), one that was directed to ‘rectify the methods by which the policy was being implemented’ and therefore correct rather than reverse what were seen as deviations from the party’s theoretical points of departure (*Muntalaqat*).²⁶ The Regional Congress promptly endorsed President Asad’s actions and programme.

The apparent contradiction between ‘the corrective movement’ and its professed continuity with Ba’thism has not attracted much attention. According to most scholars, socialism was maintained as a tenet in the rhetoric of the ruling party, whilst the political economy of Syria was turned into state capitalism,²⁷ the continued parade of Ba’thist slogans served at best as a legitimating tool, due to the preoccupation with the popularity of the Ba’th among the Arab masses.²⁸ As the credibility of Ba’thism became attenuated over time, discontent was deepening, and the confrontation between government and opposition assumed a ferocious and tragic dimension (suffice it to mention the savage repression of Islamist opposition in Hama), the explanatory force of the concept of legitimation in relation to the survival of Ba’thist ideology became at best questionable. Taken at face value, one could even argue that Ba’thist ideals actually backfired, as they came to be used against a leadership who appeared hardly to embody the image they projected through their own propaganda.

The analysis of Ba’thist economic discourse might offer other explanations for the continued use of Ba’thist rhetoric - provided we abandon the derogatory and dismissive meaning of ‘rhetoric’ as a vehicle for the delivery of ‘false’ meaning, and analyse instead rhetorical and symbolic signifiers as part of discursive strategies. By recognizing the normative and strategic dimension of discourse, and placing Asad’s ‘corrective move’ against the discursive context of Ba’thist discourse, we can re-assess Asad’s corrective movement and substantiate the hypothesis that the 8th March revolution shifted the development trajectory of the country in ways that have since continued to affect how its leaders responded to contemporary issues such as economic liberalisation and political

²⁴ *Middle East Records* 1969-1970, p. 1163

²⁵ *Rapport sur l’Economie Syrienne, 1973-74*, p. A10-11

²⁶ *Middle East Record*, cit., p. 1158 -1159

²⁷ See Perthes, *The Political Economy of Syria under Asad*, 1995

²⁸ See Petran, *Syria*, 1972

reform.²⁹ My contention is that the discursive strategies of Ba'thism possessed enough solidity and flexibility as to continue to limit the room for manoeuvre of Syrian policymakers whilst offering them valuable tools with which to manage economic and political processes. Under Asad's leadership, the discursive repertoire of the Ba'th was retained not only because it was a component of legitimacy the regime could not abandon, but also because it functioned as a powerful mechanism to form 'governable' subjects. So long as this functionality remained operable, Ba'thist discourse continued to provide the Syrian political community with common ground upon which a tacit consent could be assumed concerning the nature of the Syrian polity and the direction towards which it should move, whilst expecting an ultimate compliance with public policies.

From a discursive perspective, consent and compliance are based neither on Weberian charisma; nor on a notion of legal-rational legitimacy; nor on hegemony defined as dominant ideas that appear credible and valuable.³⁰ Each of these approaches focuses on instrumental elite manipulation and individual belief, both of which assume that actors conduct is based on conscious motivations. Discursive strategies instead operate by establishing norms which are prior to evaluation and belief; by constructing a subject which is disciplined and obedient because inscribed within these norms; by enabling practices which require and presuppose the active participation of a subject, whose choices and conducts are nevertheless predictable and governable. This kind of discursive 'normalisation', rather than the naturalisation of the substantive ideas and ideology of a particular regime, accounts for the political effectiveness of discursive strategies.³¹

Asad's 'corrective' operation did not correct the disciplinary practices institutionalised by the previous Ba'th leadership, nor the antagonistic logic underlying Ba'thist identity politics. Rather, the Asad rectification started from these premises and deepened or intensified the power effects of Ba'thist disciplinarianisation of society in order to reconstruct people's identity and demobilise popular participation. In Asad's Syria, established discursive mechanism continued to operate as a grid of intelligibility for political, social and economic realities whilst core signifiers of Ba'thism maintained their political instrumentality as power tools able to make citizens behaviour predictable, sanctionable and thereby governable. On the one hand, the network of popular organisations, which was created in the 1960s as a mechanism of controlled mobilisation, was further extended. A mass enrolment campaign was launched to ensure that the Ba'th party could reach every village, factory, neighbourhood and institution. The disciplining of citizens extended to virtually the whole of society, in an attempt to remodel the Syrian polity on the template of the Ba'th party, which 'in its very infrastructure is an embodiment of what the community ought to be'.³² On the other hand, state management of the economy remained essential to make the economy operate according to a principle of equity and social justice embedded in the notion of the 'national economy'. Finally, the privileged relation of workers and peasants to the state was not put under question. All of these elements were considered 'acquired gains' of Ba'thism, achievements of the

²⁹ Heydemann, *Authoritarianism in Syria*, 1999

³⁰ On legitimacy, see Beetham, *The Legitimation of Power*, 1991; Thomas, Walker and Zelditch, *Legitimacy and collective action*, in *Social Forces*, vol. 65, No. 2, 1986. For a discussion of the concept of hegemony in the Marxist tradition, see Laclau and Mouffe, *Hegemony and Socialist Strategy*, 1985

³¹ Discursive normalisation translates into practices in which citizens are 'accomplices' rather than mere victims. See Wedeen, *Ambiguities of Domination*, 1999

³² Rida, *History is Not Moved by Chance*, 1995, p 150

‘blessed revolution’ that could not be questioned, let alone reversed: a tacitly agreed boundary that policy makers could transgress only at their own peril. Yet in the new economy of discourse which was being established in the 1970s, the ‘acquired gains’ also functioned explicitly as a threshold for what the people could consider as their ‘legitimate aspirations’.³³ This was patent in the transformation of workers’ organisations from ‘demanding’ (*matlabi*) groups into those that embodied ‘political unionism’. The former had no more *raison d’être* since Syria was already a socialist country. Therefore unions were no longer allowed independent action, and were turned into vehicles to transmit the authority’s *dicta* whilst acting as an instrument to see to the proper execution of decisions taken at higher levels.³⁴ Other popular organisations functioned similarly.

Asad’s new course promoted a new profile for the private sector in Syria’s commerce and industry, with a view towards cooperation between the public and private sectors and in order to give ‘every opportunity to private initiative with which our people abounds’.³⁵ In Ba’thist ideology, capitalism together with feudalism, colonialism and imperialism, all belonged to the same cap of ‘reactionary’ forces, a multifaceted enemy acting without and within the country, against which ‘progressive’ forces were to be constantly mobilised. Asad’s policy of ‘relaxation’ (*infiraj*) and ‘openness’ (*infitah*) began to shift this line, gradually toning down the class content of the divide whilst opening up a venue for the incorporation of the domestic petty bourgeoisie and exiled businessmen, to whom Asad promised immunity and investment opportunities. This new course rested on a new conceptualisation of capitalism: while monopolist capitalism, in the hands of foreign or domestic bourgeoisie, was the arch-enemy deemed responsible of all setbacks, there was a second type of capitalism, non-monopolist and compatible with nationalism, which could be brought in to give an impulse to the national economy. Having thus carved up a space of virtue for ‘good capitalists’, the state would now preserve the activities of the domestic petty bourgeoisie, whose activity ‘away from exploitation and monopoly’ can contribute to national development.³⁶ The incorporation of the ‘good capitalist’ into the progressive front was presented as a policy move which, in keeping with Ba’thist tenets, would neither consign the Syrian economy to foreigners nor to monopolistic capitalists. Thus a window was open for those Syrian businessmen who were willing to contribute to the ‘construction effort’, i.e. to work within the ideological and geographical boundaries of the Syrian Ba’thist state.

The policy of openness to Syrian capitalists was an attempt to discipline businessmen, couched in the Ba’thist moral language of shared principles, patriotism and common identity. The bourgeoisie, which in Ba’th historiography ‘did not play its role’ in the development of the country, was now offered a new chance and a new economic ethic: the ‘bloc of the right, the good, the success’.³⁷ This opening carefully avoided both a probe of the established discursive frontier or a snuffing of the flame of antagonism always present in Ba’thist revolutionary discourse. The discursive frontier

³³ Arab Socialist Ba’th Party, *Bayan al Qiyada al-Qutriya*, 16 November 1970

³⁴ 1972 Congress of the General Federation of Workers Union, in Hannoyer and Seurat, *Etat et Secteur Public Industriel en Syrie*, 1979, p. 48-53

³⁵ *Middle East Record*, cit., p. 1181. Radio Damascus, Sana, 7 December, in MER 1969-1970, p. 1164- 1165

³⁶ Imadi, *Etude analytique de l’Economie syrienne en 1978 – 1979*, in *Rapport Economique Syrien 1978-1979*, A-1

³⁷ Asad’s speech at the ceremony of the 25th anniversary of the of the Ba’th party foundation, 1972

between the revolution and its enemies continued to work as a non-negotiable divide, whilst 'good capitalists' were asked to identify themselves with the camp of the 'right and good' and with the Ba'thist vision of the economy. The regime continued to depict capitalism as a potential danger for development and social cohesion. Against such evil, constant surveillance and struggle were necessary. Thus the 'revolution' was an 'ongoing' struggle, whilst the economy was still constructed as a terrain of conflict.

After some initial success in the early 1970s, the corrective operation proved unable to rescue Syria from economic stagnation. Brought in, but 'through the back door',³⁸ Syrian capitalists responded with caution and mistrust the hesitant embrace of the government and remained reluctant to accomplish their national duties ever after.³⁹ Amidst this general climate of distrust, private industry expanded in some sectors (textile clothing, shoes, soap, handicrafts and light metal) but too many difficulties, 'disguised or apparent' remained, from incompetence to structural problems.⁴⁰ Ignoring demands for greater deregulation from the business community, as well as the cautious critiques advanced by government agencies,⁴¹ state-run daily newspapers continued to show contempt for capitalists in a way that echoed 1960s anti-capitalists crusades, with accusations of corruption, conspiracy to destroy the public sector⁴² and an orientation towards less risky and more rewarding economic ventures. In such terms, the public debate revolved around social actor's responsibilities without questioning either the leadership's management or the economic vision itself. A class of 'parasite capitalists' was still publicly blamed as being responsible for the setbacks of the national economy.

Since it was based on a discursive strategy of antagonism constructed around the notion of the revolution, the Asad strategy of incorporation of business in the development effort whilst keeping the allegiance of the Ba'th traditional constituency proved unable to heal the sharp social antagonism on which Syrian society had been based. Growing Islamic opposition - at times violent - and criticism of governmental policies by business circles was met by the denunciation of 'reactionary acts and sabotage' from the regime press, along with calls for 'more loyalty to the principles of fighting confessionalism, more clinging to national unity and a quicker pace behind the leader of the march'.⁴³ Asad's failure to incorporate business in the national endeavour does not mean that his moves were without results or consequences: the general climate of mistrust and the moralisation of public life shaped the social and political landscape of Syria for years to come.

The reason why capitalists could not be fully rehabilitated as a collective subject of the Syrian economy is not only to be found in Syria history of socialist struggles by 'progressive forces' against exploitation, but also in the Ba'thist logic of the construction of political identities. The 'good' capitalists could never be discursively

³⁸ Nabil Sukkar interview in Haddad, *The economic price of regime security : mistrust, state-business networks, and economic stagnation in Syria, 1986-2000*, dissertation, 2002, p. 136

³⁹ Kanovsky, *What's Behind Syria's Current Economic Problems?*, 1985, p. 17

⁴⁰ 21st congress of the Syrian Chambers of Commerce, Industry and Agriculture, in *Rapport 1972-73*, p. A-25

⁴¹ The Central Statistic Bureau already in 1971 pointed to the problem of the several exchange rates and 'fictitious' prices of foreign currencies.

⁴² *Thawra*, 27 august 1977, in Hannover, cit., p. 87

⁴³ See Thawra, 2 March 1973; Imadi, *Etude analytique*, cit., A-2

grouped alongside with ‘the people’, because capitalists shared with this people neither a history of deprivation, nor the ‘struggling experience’ and ‘levelling instinct’ produced by that history.⁴⁴ This ‘struggling experience’ was the label, the symbol and the cement of ‘the people’ *qua* political subject: it comprised a variety of demands and grievances, all legitimate and all equivalent, which marked the identity of ‘the people’ as a discursive subject vis-à-vis ‘reactionary forces’. Since the only ‘wrong’ that Syrian capitalists had experienced in common with the people was foreign oppression, nationalism was the only common denominator grouping Syrian capitalists and Syrian citizens, and a nationalist stance was the only discursively shared demand that could form the ‘correct’ political identity.

The strongly confrontational logic of Ba’thist discourse prevented a full rehabilitation of the business class and its unconditional inclusion in the coalition of ‘correct’ political forces. Capitalism retained a sinister connection with potential exploitation, thereby ruining the investment climate for any potential investor; whilst private activity remained subordinated to state planning, and control agencies supervised its adherence to state economic strategies. Therefore it is not surprising that Syrian capitalists carefully avoided risky industrial enterprises and any possible exposure to a reversal of favour on the part of the regime. Syrian capital was still locked up in Lebanese and western banks, and private sector expansion limited to quick rewarding enterprises, whilst a few big businessmen gained selective entry in state monopolies through the establishment of joint ventures. In such an atmosphere, it was no wonder that leftists’ scepticism about the economic *infatih* of the regime and their mistrust of capitalists newly acquired ‘national ethic’ would only be reinforced.

The “Strategic Parity” Equation

Asad inherited from the radical Ba’th an unfinished development project as well as a truncated state and a defeated army: since the recovery of Golan - and with it of national pride – was linked to a deeper effort at economic development, a reworking of mobilisation strategies was also needed. From the early 1970s, official sources increasingly stressed the importance of the economic sector in the light of security objectives: development and the war effort required a restructuring of Syria society and a reversal of their relative importance. Syria was facing a ‘permanent aggression ... political, military and economic’,⁴⁵ therefore development was no longer an independent goal, but a ‘patriotic and national goal’ of all citizens tied to the strategic necessity to confront the enemy on an equal footing.⁴⁶ The concepts of permanent aggression, and later of ‘the double battle for development and liberation’ (*ma’rakat al-bina wa al-tahrir*)⁴⁷ embodied in the concept of ‘strategic parity’ (*tawazun istratiji*) spelled out the connection between Syria’s economy and foreign policy. This also justified a militarization of everyday life, exceptionalism in law and order, and ultimately legitimised a model of mobilisation which would substantially change Ba’thist ‘socialist’ socialisation.

⁴⁴ On the ‘levelling instinct’ see Laclau, *On Populist Reason*, 2005, p.76

⁴⁵ Heidar, Press Conference, 20 October 1973, in *Rapport 1973-74*, p. A1

⁴⁶ *Rapport 1971*; *Rapport 1973-74* p. A.17

⁴⁷ Hannover, cit., p. 40

Economic mobilisation involved more than an effort towards progress and victory: these calls were framed in an epic narrative of heroic gestures and grand passions, ‘a battle of life and death, the fate and existence of our Arab nation will depend on the outcome of this battle’.⁴⁸ As all aspects of life came into the strategic parity equation, this slogan entailed a redefinition of popular sociability and political correctness, as well as a rethinking of socialism and development. Development became a factor of national strength rather than an end in itself. Socialism now meant fast growth, a focus on production, and the exploitation of all available resources in order to resist aggression. One of the major themes of the corrective movement along with the ‘defence of the public sector’ was the ‘struggle for production’ in order to meet the requirements of defence, steadfastness and the battle for liberation.⁴⁹ It was actually a U turn from the principles of Ba’thist socialism, which linked production to welfare and explicitly ruled out accumulation ‘for the regime’ and ‘for the supremacy of the state over other states’.⁵⁰ In this way the Arab-Israeli conflict acted as a discursive context for a culture of total war, economic austerity, and an irreducible antagonism: all these elements became part of the ‘struggling experience’ (*tajruba nidhaliyye*) that characterized politically correct identity in Asad’s Syria, and became a precondition for inclusion in the political alliance. Asad’s discourse increasingly turned into an epic, grand narrative that, by requiring all to sacrifice and struggle for ‘Syria’s destiny’ further disempowered them vis-à-vis the imperatives of a superior national cause.

In another significant move from earlier Ba’thism, class struggle in Asad’s Syria came to be considered detrimental to the national interest, now pitted against imperialism and Zionism. In order to fight this ‘main battle,’ all internal contradictions had to be erased, because only a compact bloc would be able to resist and win.⁵¹ In the battlefield and in the struggle for development alike, it was unanimity of will, determination, and sacrifice that would lead to victory. Therefore ‘the people’ became an essentialised, superior collectivity purified of all contradictions and disagreements, and the nation became idealised as a space of innocence. The predominant concept was the dichotomy between reactionary and progressive forces: internal coalitions were no longer seen as class alliances, but as means to achieve national and social harmony. The Progressive National Front, formed in 1972 as an alliance of popular forces strictly controlled by the Ba’th, represented the transfer of classes from contending units into part of a totality with common interests, determination, responsibilities, and destinies. The endless struggle to which people were called – a struggle for development, for liberation, for defence, for recovery of territory and rights as well as for the protection of socialism, of acquired gains and of the public sector – all this was for them a moral responsibility as well as a valuable formative experience.

In Asad’s Syria, the subjects of economic discourse were still discursive subjects of rights and principles which they had first, to acknowledge, and then, to protect or recover. Their history remained a linear history from backwardness to progress, but their role was increasingly defined by the defensive stance of protecting acquired

⁴⁸ Asad’s address to peasants, 16 December 1972, in SWB ME/4172/A/1; see also *al-Ba’th*, 14 December 1972, and *al-Ba’th* 1978 in Hannover, cit., p. 40

⁴⁹ Middle East Record, 1969-1970, p.1141

⁵⁰ Da’uq, *Ishtirakiyya al-Ba’th wa Minhajih al-Iqtisadi*, 1974, p. 9 and 16-17

⁵¹ Asad’s speech, 25th anniversary of the Ba’th party, 1972.

gains whilst defending the revolution and its achievements. Cast in the role of the guardians of the revolution, people had to accept – more than ever, in the heavy atmosphere of the mid 1980s – the burden of a ‘historical mission’ that required from them ‘efforts, fatigue and sacrifices.’ In the 1970s, the peasant, as the worker, ‘now works, sweats and sacrifices for his own sake and for the sake of his family, the country and all the citizens’.⁵² In the 1980s, an unconditional effort was required by all progressive social forces for the nation and for Syria’s destiny.⁵³ A state that stands above all and demands obedience and sacrifice was the grand narrative for social demobilisation: the Ba’thist leadership was not interested in empowering certain classes, but rather intent on equally dis-empowering all sectors of society for the purpose of maintaining its own autonomy, of which the regime euphemism was ‘social peace’.

During the early 1970s, Asad’s ‘rectification’ amounted to a partial and selective openness of some ‘non strategic’ sectors of the national economy to private initiative. As capitalism could not be easily disciplined within the horizon of Ba’thist discourse, an alliance between the Ba’thist state and the bourgeoisie as a political subject could hardly be institutionalised. Rather, the selective, extra-institutional inclusion of part of the business community took the form of corruption and creation of economic networks.⁵⁴ These developments reinforced the mutual mistrust between leftists, within and without government, and business circles. Asad’s ‘correction’ did not transform the public sector into the motor of an efficient economy, yet officially it remained ‘the backbone of the economy’, ‘the physical expression of socialism’ and ‘the property of the masses’.⁵⁵ As an ‘acquired gain’ of Ba’thist socialism, it was a duty of the people to protect it. It also continued to function as an important safety valve (providing employment) as well as a powerful symbol of Ba’thist sociability, whose demise was perceived as politically dangerous. Aside from questions of productivity or corruption, the public sector retained its role as a signifier of Ba’thist discourse: questioning its role would have endangered the whole edifice of Ba’thism, including the roles played by subjects of Ba’thist discourse and the practices of disciplinary power which were based on such an edifice.

Crucially, Asad’s correction readdressed the nature and parameters of popular mobilisation and incorporation: hence one sees the turn in economic discourse from class confrontation to national solidarity; from a call for economic rights to be given to the people to a defensive stance towards the ‘acquired gains’ of the Ba’thist revolution. In the context of the ongoing confrontation with Israel, the new strategy of economic confrontation required the moralisation of economic actors, now struggling together as a ‘compact bloc’ to achieve the twin ends of ‘victory and progress’.⁵⁶

Developments in the 1980s, namely a deeper economic crisis and shortage of rents, meant that a development policy of grand infrastructural realisation and reallocation of resources was no longer feasible, and new economic measures were needed. With development and socialism already redefined, the economic reform of the 1980s revolved around the redefinition of the respective roles of the private and public economies. The sixth Five Year Plan (1986-1990) allowed the private sector to

⁵² Asad’s address to the Syrian Peasants Federation, 14 December 1972

⁵³ Tlass (ed), *Paroles d’Asad*, p 154

⁵⁴ On networks see Haddad, cit., chapter 5

⁵⁵ Imadi, *Al-Qita’an al-Mushtarak wa al-Khass*, in Nedwa, cit., 1986

⁵⁶ Asad, 8 March 1973 revolution anniversary address, in SWB ME/4241/A/4

engage in activities previously under State control and a number of incentives were provided to promote private investments. Another wave of selective and cautious economic liberalization followed. Once again Asad stressed the consistency of his strategy with Ba'thism, and changes were still ideologically justified in a narrative that posed a continuity with the history of the Ba'thist revolution. Ba'thism continued to provide concepts and norms for shaping social imaginary, identities and roles, as well as for disciplining bodies and minds. This political instrumentality, I suggest, is the key to understanding the longevity of Ba'thism and the ways in which it has continued to provide the ground for tacit consent about the nature of the Syrian polity and the direction towards which it should move. In this way the regime was able to avoid alienating its Ba'thist original constituency, as well as to retain the normative and disciplinary resources that Ba'thist discourse possessed.

Disciplining bodies and minds, shaping social imaginary and identity, centralising all authority in a state that stood above society whilst symbolising the unity of the social body: these practices never ceased to guide Asad's policies. State security, prosperity and pride occasionally required the adjustment of alliances and policies to comply with different historical conditions. Nevertheless the uncompromising discursive frontier delimiting friend from foe, prosperity from poverty, pride from shame, did not change. On the contrary, it was rather the change in economic policies that was justified in official discourses by the necessity of keeping within these very frontiers whilst adapting to a different political environment. In Asad's Syria the Ba'thist 'correct' sociability remained based on an uncompromising frontier between the good, productive and 'progressive' new man, and its 'other:' the parasitic, exploitative, reactionary capitalist/bourgeois. As such Ba'thist discourse continued to function as a reservoir of tools for governing.

The rationality of Ba'thist discourse: narratives of order

An analysis of Ba'th economic discourse discloses a new level of intelligibility of the political economy of contemporary Syria. In this discourse, a discursively constructed ideological, historical, moral necessity – a truth - converges with a political strategy that takes society as its point of application and works through identity policy and practices of disciplinarisation and normalisation. The birth of a modern economy in Syria required popular mobilisation and participation in the development project. Therefore governing became a matter of organising, guiding, leading and controlling people's activity. More than the mere possession and management of wealth, the task of developmental government was the management of people's conduct: people who were imbricated with wealth as producers, consumers, owners, and tax payers, were resource makers and thus a resource themselves. Against this background, the core question became one of social control: Ba'th policymakers saw Syria's development in terms of how to make a modern economy socially possible. In the end, disciplining bodies and minds was deemed necessary in order to make the people capable and willing of working, whilst being ready for progress, and 'worthy of the revolution'.

Ba'thist discourse simplified political space by replacing a complex set of differences with a stark dichotomy between good and bad guys, acceptable versus aberrant behaviours and phenomena. As is typical of revolutionary discourse, the Ba'thist logic

of constitution of political identities is Manichean: it tends to group all social singularities around one or the other pole of the dichotomy between friend and enemy. The historical ‘wrongs’ experienced by various sections of the people (the oppressed peasant, the exploited worker, the colonised patriot, the Bedouin locked in a pre-modern life by ‘reactionary’ politicians) could all be considered equivalent vis-à-vis greedy, imperialist, oppressive upper classes. The latter were themselves merged and grouped together as the ‘enemies of the people’.

Fixing a constellation of issues and ‘true’ definitions around people’s history and identity was just one of the mechanisms of power that Ba’th discourse possessed. To make the country modern and developed, people had to move from ‘correct’ self understanding based on ‘true’ values to the adoption of appropriate conducts. A profound social engineering operation accompanied the modernisation of Syria and the development of its economy.

The discursive frontier that constituted the backbone of Ba’thism was built on non-negotiable principles and an irreducible antagonism between opposed camps and identities; and on principled versus immoral behaviour. As the narrative of stolen, violated, negated rights painted a picture in which principles and pride belong squarely to one camp, it also validated the call for total ‘just’ war whenever morality and identity were at stake. In this way the discursive frontier functioned as a call to continuous struggle against an enemy that, by transgressing discursive lines and norms, was not just advancing competing interests, but was challenging the entire Ba’thist moral edifice and Syria’s social cohesion.

The discourse that has governed Syria for decades was based on social cohesion as a form of collective discipline; on individual responsibility vis-à-vis the collectivity; on individual subjects constructed as carriers of a public morality; on a notion of society as both the medium and the terminal point of application of power. In this discourse, it is through the ‘improvement’ of the people or the re-construction of society, that it is possible to develop the modern economy, the developed citizen, and the powerful state.

Asad’s Syria was governed through the moral disciplining of society: society understood as a moral body - an immature body, in need of guidance on the path to progress. The project of inculcating a ‘religion sociale’ in the Syrian social body presupposed a fundamental mistrust of people, who were construed as ignorant, backward and in need of constant education. Here lies a fundamental ambiguity in Ba’thist discourse: the project of constructing a populist subject independently of popular support. Certainly Ba’thist leaders were able to articulate and address genuine popular demands, but only within a paternalist and tutelary view of ‘the masses’ to whom they preached the Ba’thist virtues. Having turned from representing class interests to embodying the will of a homogeneous ‘people’, the Ba’thist regime erased from its political screen any possible mediation or negotiation of internal divisions in favour of a totalist view of power and political identity. The public display of support was still deemed necessary – as the theatrical demonstrations, festivals, marches, chants with their display of symbols and slogans demonstrate – as a disciplinary exercise for docile citizens. Genuine support from the people was not indispensable, so long as discipline and compliance were assured.

Ultimately, Asad’s Syria was a seemingly ‘populist’ regime that mistrusted people, the very people they claimed to represent, and turned into an authoritarian rule based

on surveillance, mistrusts and repression. The Ba'thist revolutionary utopia eventually turned into a totalitarian Weltanschauung: one in which only total change can bring about the ideal society; change that requires total and almost heroic dedication. Therefore the Syrian citizen is openly asked to work, sacrifice, struggle, and even die in the present, for the sake of an ideal which is always in the future.

A discursive perspective on Syria economic policies sheds new light on the nature and working of power in Ba'th Syria. In Foucault's terms, we see a sovereign style political rationality and a disciplinary power that work together: governing means not only to maintain territory and loyalty, but also to employ tactics that would create a disciplined and productive population.⁵⁷ Ba'thist practices of power have been developed in Asad's time to the point of fusing the subjectification of economic agents with the creation of a public morality. In this rationality, disciplinary practices and sovereign concerns coexist and reinforce one another. The affirmation of abused rights, the struggle for the reappropriation of the stolen national wealth coincide with the need for constant indoctrination and 'inculcation' of Ba'thist wisdom. Only in a nationalist environment, and through a continuous 'development of the citizen's consciousness', can the Syrian citizen become powerful agent of his own history. The kind of authority that such design expresses is an ever present master, above the people, source of 'true' knowledge and guidance. The personalisation of Syrian politics, which has gone from a bitter confrontation of societal and political groups to obedience to an inscrutable leader, feared but also respected for his political acumen, is the apotheosis of such a process of 'moralisation'.⁵⁸

Asad's transformist operation began with an attempt to shift the discursive frontier to the outer limits of the state, to homogenise society by denying the existence of domestic conflicts. The discursive construction of 'the people' proved solid enough to limit the room for manoeuvre of the Syrian leadership, preventing the full incorporation of subjects with dubious 'revolutionary' credentials into the socio-political equation. On the other hand, Asad's rectifications show how 'ideological' preferences and professed allegiances do not prevent reversals of policies: as discursive frontiers and signifiers shift, points of power application and effects change. During the late 1980s and the 1990s the operation continued with a rearticulation of issues and demands belonging to the revolutionary tradition, in which the signifiers maintain their radicalism while their content became a different one, and eventually the political meaning of the whole operation reversed itself.

Asad's inclusionary strategy of the bourgeoisie was intentionally pursued within the parameters of Ba'thist discourse for reasons other than exploiting its legitimating force, which was fading in the face of economic crisis and domestic repression. Asad's corrections maintained the pervasive instruments of control and disciplinary practices institutionalised by previous Ba'thist leaderships, and used them to reconstruct people's identity and demobilise popular participation. Keeping the power of discursive mechanisms deemed capable to discipline society on the one hand, whilst on the other, maintaining some social 'safety valves' and privileges for the popular strata that form the Ba'thist constituency, were clearly perceived as connected

⁵⁷ On the Foucaultian notions of sovereignty, discipline and government, see Foucault, *Governmentality* in Burchell, Gordon and Miller (eds.) *The Foucault Effect: Studies in Governmentality*, 1991, pp. 87-104.

⁵⁸ On Asad's cult see Wedeen, *Ambiguities of Domination*, 1999

elements of a single equation. Moreover the proverbial ‘caution’ and gradualism in allowing change is in part due to this perceived political usefulness of Ba’thist signifiers that function as real mechanisms of discipline, not as simple rhetorical figures in which most Syrian do not believe themselves any more.

Syrian economic reform in the 1990s

While in the mid-1980s it was possible to skirt an economic crisis by a selective liberalisation and minimal changes in political coalitions, the general recession of the 1990s required a comprehensive reform, which would include the revision of policies of redistribution and welfare. Moreover, against a dramatically changed international background (end of the cold war, Soviet perestroika and then collapse of Soviet Union, globalising capitalism and Gulf wars) the strategic parity was no longer a viable option and socialism had lost its credibility. Thus the climate for change was ripe.

The necessity of a deeper transformation was publicly recognised by the leadership and discussed in media and within civil society fora, which emerged at the beginning of the decade and became more vocal in 1997 and 1998, in a new atmosphere of dialogue and public discussion.⁵⁹ Issues begun to emerge in public discourse, in the print media and in the yearly lecture series organised by the Syrian Economic Association, a non-government organisation that became one of the most important fora for democratic dialogue on economic questions. A series of articles presenting contending views by academics, business people and government officials about Syria’s reforms was published on *al-Hayat* in May and June 1999, and sparked a lively debate which pitted state officials, economists and intellectuals of various backgrounds against one another.⁶⁰ Principles of market economy were introduced into public language, and it seemed that the Syrian government was reorganising state agencies as well as productive sectors of the economy in order to take into account economic principles of efficiency and productivity. Observers applauded at the beginning of the ‘retreat of the state’ from the Syrian economy.

Nevertheless the economic reforms introduced in Syria the third decade of Asad’s rule did not mean less discipline, less intervention from above, nor a major shift in Asad’s governmental strategy - despite the official introduction of a number of significant and non-reversible moves. The 1990s opened with the declaration of *ta’addudiya* (pluralism) and the issue of Law no.10 on investments. The decade unfolded amidst lively debates on the roles of public and private economic sectors, and on the conditions for a ‘proper’ investment climate. The launch of an experiment in management reform (*idara bil-ahdaf*) closed the last decade of Hafiz al-Asad’s rule. As for the previous moves (from Ba’thist socialism to *tashis* in the 1970s, and from *tahsis* to *infitah* in the mid-1980s), it would be inaccurate to evaluate these measures in terms of diminishing state intervention and increasing freedom for societal and economic dynamics.

⁵⁹ See the Syrian Economic Association yearly publication: *Nedwa al-Thulatha’ al-Iqtisadiyya* (*Economic Tuesday Symposium*; henceforth *Nedwa*) and website (Syrianeconomy.com)

⁶⁰ *Al-Hayat*, 14 and 15 May 1999: the papers were initially prevented from entering Syria, then few days later were sold everywhere in the country. See Haddad, cit., p 242

The rigidities and poor performances of the public sector had been an issue in Syria since the 1960s, with endless debates revolving around the impediments and obstacles to the optimal working of such sector. In the 1990s, with the formula of *ta'addudiya*⁶¹ the leadership officially indicated a willingness to reconsider the relation between the sectors of the economy, and a new wave of liberalisation measures followed. Economic pluralism as a strategy for the Syrian economy was hardly a novel move in Syrian political economy. From the very first days of *tahsis* (correction) the regime had placed emphasis on adopting pluralism in the development process, and on giving each sector a role 'according to its capacity, which changes, therefore the rules that govern them change, hence there were consecutive investment legislations to suit changing capacities'.⁶² Echoing declarations made in earlier years, economic pluralism was said to rest on three pillars: 'the leading role of the public sector, the private sector role as an essential partner, and the mixed sector as an approach to cooperation between the public and private sectors'.⁶³ The shift from a centralised to a pluralist economy did not dispense from 'holding tight to all that is national (*qawmi*) and moral in the context of Arab political discourse'.⁶⁴ Pluralism was presented once more as an independent Syrian choice 'imposed by the national will'.⁶⁵

At the beginning of the 1990s, leading policymakers reiterated the familiar line that the public sector was 'a duty, not a failed experiment to be discarded', and that planning and optimisation of resources remained state concern.⁶⁶ As for the role of the private sector, only when it agrees to 'take up a greater responsibility in building up the country, will the doors be open for political participation'.⁶⁷ The regime did acknowledge the existence of problems, yet five years later Syrian economists still maintained that, not just keeping the state sector, but continuing its expansion and maintaining its monopoly in essential sectors remained the most important characteristic of the Syrian economy.⁶⁸ By the end of the 1990s, the official stand was that 'the planned economy and the market economy are good neighbours' and the party leadership refused to dissolve the public sector by means of privatisation.⁶⁹ Maintaining the policy of 'social support, even if reduced in some areas' and keeping the policy of tariff protection for the inefficient national industry appeared to be the preferred policy line for the time being.⁷⁰

Syrian economists and businessmen not linked with the regime gave a different picture of the state of national business: Riad Saif called for urgent policies to 'save the private industrial sector', after years of marginalisation and restrictions in the form of licensing requirements; diversion of raw materials; placing obstacles to importation of industrial machinery; making financial support unavailable; imposing high taxes and tariffs on locally distributed products; and 'tormenting' entrepreneurs with special

⁶¹ The term figured prominently in Asad's inauguration speech in 1991

⁶² Abdel Nur in *al-Thawra*, 15 and 19 February 1997, quoted in Abdel-Nur, *Dawr al-Ajhiza al-Hukumiyya fi zhill Aliyat al-Suq*, in Nedwa, *cit.*, 1999

⁶³ Fouad al-Sayed, *Economic Pluralism: Future Perspectives*, in Nedwa, *cit.*, 2001

⁶⁴ Salama, *Al-Idara bil-Ahdaf ... ila Ayna*, in Nedwa, *cit.*, 2000

⁶⁵ *ibid*

⁶⁶ Zaim, *Al Qita' al-'am fi Suriya*, in Nedwa 1990

⁶⁷ Imadi, opening speech at the Damascus International Fair, in *Sirie et Monde Arabe*, 1990

⁶⁸ Seifan, 9 July 1998, quoted in Abdel Nur, *Dawr*, *cit.*

⁶⁹ economist and party member Naser Obeid on the pages of the governmental *al-Ba'th al-Iqtisadi*, 22 March 1998

⁷⁰ Seifan, in Abdel Nur, *cit.*

legislation such as the Security Tribunal and Decree 24 targeting their activity.⁷¹ The introduction of selective and limited reform of this ‘chronically diseased’ body could not reverse the situation: thus the private sector expanded, but remained ‘unhealthy’. Nevertheless selective deregulation, rather than structural reform or other potentially destabilizing strategies, became the chosen path to liberalisation, as the government saw a way out of economic stagnation by spurring the industrialisation process. The centrepiece of liberalisation in the 1990s was the new Investment Law no.10 of 1991 that welcomed international investors. The law represented an important turn from state tutelage to the encouragement of private initiative. Under the provision of the law, retention and private use of foreign exchange was legalised for the first time, whilst tax exemptions and other privileges were granted to investors with the aim of attracting foreign capital. Investment Law No.10 was widely considered the starting point of an incremental reform process, which was going in the direction of economic liberalisation and a diminished role for the state sector.⁷² Many agreed that ‘Syria is de facto exchanging the model of a centrally planned economy for that of a free market’.⁷³

The symbol of Syrian economic liberalisation, Law No.10 turned into little more than token gesture of good intentions. For years it stood alone with no efforts made to harmonise it with conflicting legislation, in particular the notorious Legislative Decree 24. The mixed results of the introduction of Law No. 10, as well as its shortcomings and adaptations, were presented as stemming from the halt of the peace process with Israel. Along the same lines, the debate on the investment climate in Syria showed a contradiction between an apparent consensus on the necessity to open up to international investment, and the inability to relax the heavy climate of suspicion of foreign ‘interference’.⁷⁴ Despite acknowledging the constraints built into the Syrian political system (bureaucratic obstruction, corruption, an inadequate banking system, a multiplicity of exchange rates), public debates continued to raise nationalistic suspicions of reasons behind a foreign interest, or indeed disinterest, in investing in the country.⁷⁵

In general, economic policies in Asad’s Syria seemed to follow a trend of gradual opening to private capitalism. From the complementary role accorded the private sector in the 1970s as a banner of economic pluralism⁷⁶, to the strategy of cooperation between public, private and mixed sectors in the 1980s,⁷⁷ to finally the competition between them⁷⁸, each stage of liberalisation or open-door policy appears as a gradually widening of the opening and a corresponding shrinking of the state

⁷¹ Saif, comment on lecture by Abdel Nur, cit. Decree 24 prohibits Syrian nationals from dealing in foreign currencies.

⁷² See Poelling, *Investment Law No 10: which future for the private sector?* in Kienle, *Contemporary Syria*, 1994. Hinnebusch, *Syria, the politics of economic liberalisation*, in *Third World Quarterly*, vol 18 no 2, 1997 p. 249-265; Hopfinger and Boeckler, *Step by Step to an open economic system: Syria sets a course for liberalisation*, in *BJMES*, 1996, 23 (2), pp 183-202

⁷³ Hopfinger and Boekler, *Step by Step*, cit., p 183

⁷⁴ Tishrin 6/12/1996, *Investing in Syria*. The final lines of the article read: ‘but until when will we need foreign investors?’

⁷⁵ The presentations at the ‘Investment Climate’ conference, Damascus University, 1998, illustrate this point

⁷⁶ Asad’s letter to the interim people’s Assembly, 22 February 1971

⁷⁷ Asad’s speech in occasion of opening of a new term for the People’s Assembly, 1986

⁷⁸ Asad’s speech on opening of the People Assembly new term in 1994

economic sector. Several indicators confirmed the new trend towards liberalism.⁷⁹ By the end of the 1990s, well-informed observers in Damascus gave a disillusioned picture of the state of the economy.⁸⁰ Syria had a mixed economy in which private enterprise coexisted with a large public sector in a still heavily regulated environment. A closer look at the private sector proved discouraging: small and medium enterprises were still heavily hampered by the inefficiencies of the banking sector, anachronistic import and export laws, and a constant struggle for licences authorisations and foreign exchange. A relatively successful oligopolistic private sector was formed by a group of firms belonging to a small number of businessmen closely linked to the political establishment, who appeared to be in the best position to profit from the partial liberalisation carried since 1991. Informal networks of private-public ties, already established in the 1980s, almost completely monopolised the largest new enterprises, enjoying tailored benefits and protection. After a decade of official liberalisation, the only thriving sector in Syria was the informal economy: this was formed from a cross section of Syrian society composed of those who had learned to circumvent the existing jungle of regulations, as a result of a connivance between private individuals and state officials – called ‘sharks and dinosaurs’ in Syrian jargon -with a personal interest in bypassing legislation and state control.⁸¹ This ‘sector’ represented an important element of flexibility in the system, playing the role of shock absorber and safety valve in areas such as finance and import trade. In conclusion, Law 10 of 1991 and economic pluralism led to the creation of ‘a process of transferring protection and monopolies from the public sector to individuals in the private sector’.⁸²

These developments give another dimension to the claim that the public sector was not a failed experiment to be discarded, but one that ‘has been made to fail’.⁸³ Supporters of a direct role of the state in the economy – among whom minister Zaim and a number of Syrian economists – complained on many occasions that the public sector was filled with underpaid and under qualified personnel, who were overburdened by bureaucratic routine. Less often criticism was openly directed at the collusion between corrupted politicians and businessmen, hinting at their vested interest in preventing reform of the public sector. Ultimately, the Syrian way to liberalisation produced an effective decrease in the role of the state sector, but the emerging private sector was private only in name, being protected *de facto* economically and politically by the proximity of its owners to the top echelons of

⁷⁹ Between 1985 and 1996 the share of the public sector in the total value of capital formation decreased; public investment on education and health decreased; the abolition of import restriction made the percentage of total import in the hands of private sector reach 69.3% in 1997. See Abdel Nur, *Dawr*, cit., chapter 2

⁸⁰ European Union, unpublished notes; EU Secretary Di Girolamo interviews, 1998 and 2000

⁸¹ See Batatu, *Syria's Peasantry, the Descendants of Its Lesser Rural notables and Their Politics*, p. 213-14 for details on smuggling activity between Syria and Lebanon. There are obviously no estimates of the size of the unofficial economy, but an unpublished report prepared in 1987 by economic experts suggested 30% of the GDP as a probable figure.

⁸² Ihsan Sanqar, 29 December 1998, quoted in Haddad, cit., p. 442. Key institutions set up by the new investment legislation became the locus of economic networks, including the Higher Council for Investments headed by Prime Minister Zu'bi.

⁸³ See the article *Fi Nedwa al-Thulatha al-Iqtisadiyya* in al-Ba'th, 4 may 2000. The editorialist made this claim -without further elaboration- whilst commenting on the lectures presented at the 2000 Syrian Economy Symposium (Nedwa)

power.⁸⁴ In the end, the Syrian version of state capitalist accumulation appeared to have benefited neither society, nor the state *qua* state.⁸⁵

Confronting the problem of the rigidities and poor performance of the public sector had been an important issue since Asad's takeover. Administrative reform in the 1970s and 1980s focused on lifting 'barriers' and external impediments; occasional anti-corruption crusades; and the tightening of hierarchical control and popular indoctrination in order to 'overcome the bureaucratic mentality' responsible for all setbacks in the public sector. Unsurprisingly the state agency called '*rakaba wa taftish*' (roughly 'control and supervision') had been the most authoritative office in the public sector ever since. In the 1990s, the rigidities of the administrative apparatus continued to be problematised in rampant disciplinary terms as incorrect behaviour on part of the individual civil servant, thereby requiring stricter supervision and more indoctrination. The problem of corruption as well was seen as a purely moral failure with collateral economic damage: the result of a 'faulty' understanding of higher national issues and individual responsibilities, remote from any technical or structural consideration. As late as 1999 the 'phenomenon of negligence' remained the central question.⁸⁶ Eschewing questions of transparency and legality, 'love of work' within the frame of 'patriotic loyalty' was considered the necessary condition for optimal administrative management of the bureaucratic state.⁸⁷

Striving to find a way to 'rehabilitate' the public sector, Syrian reformers during the late 1990s introduced the method called 'management by objective' (*al-idara bil-ahdaf*) in a few public companies.⁸⁸ This model was geared to the optimisation of performance and efficiency through setting goals for each administrative position, whilst granting financial and administrative independence and accountability measured according to results. In the Syrian experiment, managers of a few selected enterprises were granted a limited independent room for manoeuvre within a tight hierarchical system of control.⁸⁹ Despite the small scale of the experiment, and its relative success, many were opposed because 'it hinted at a road they did not want to walk'.⁹⁰ By addressing practices of power centralisation, the experiment called into question the very concept of authority: the modernisation of managerial administrative methods could not be pursued without a modernisation of concepts and methods of *rakaba* (control, supervision, surveillance). In the end, this modernisation of managers was abandoned, the Syrian managerial system remained alienated from the productive process, a pyramidal power structure in which hierarchical ties had to predominate over the autonomy of managers, whose only task was to pass orders and supervise the implementation of directives. If anything, the Management by Objectives experiment proved that the leadership was not prepared to move on from a concept of authority based on power radiating from a centre and to consider reforming the antiquated structure of control.

⁸⁴ For criticism of a private sector that is not private, see Abdel-Nur, *Al-Qita' al-Khass fi Zhill al-Himaya*, in Nedwa, cit., 2000.

⁸⁵ Haddad, cit. p. 280

⁸⁶ Abdalla Tulba, *The Phenomenon of Negligence in the Administration of Developing Countries*, (in Arabic) in Fikr Siyasy, 1999

⁸⁷ Salama, cit.

⁸⁸ A management method introduced by Drucker in 1954

⁸⁹ On a total of 7 companies, 4 companies were in the textile sector, see Salama, cit.

⁹⁰ *ibid*

Reading the *infitah*-s: authoritarian governmentality

The common reading of the evolution of Syrian economic policies privileges the relation between the public and private sectors, and is aimed at demonstrating how economic openness was used as a stick or carrot to domesticate business circles. Another possible reading of the various *infitah*-s could view them as an incremental demobilisation strategy. In the 1970s, Asad's power consolidation strategy consisted of balancing bourgeoisie and populist interests by bringing businessmen back into esteem. By selectively opening to the private sector and establishing the mixed sector, the public sector itself would be stimulated to work more efficiently. Part of this strategy was to set national goals above workers' interests, thus promoting a strategy of taking a step back in social progress and two steps ahead in patriotic struggle. Cohesion and solidarity within the Syrian polity replaced class divisions; 'pragmatism' or realignment with regional powers was framed in the nationalist narrative; maintaining the socialist/leftist identity of Syrian socialism was the winning card to obtain support and cooperation from the Soviet bloc.

The end of the 1970s saw a new economic crisis, which fuelled an Islamic rebellion. The regime was posed against the business class, but acknowledged the necessity of economic reform. In the mid 1980s, Asad retained power by resorting to a new *infitah* and a rearticulation of Ba'thist discourse. Since the public sector had exhausted its propelling force as a stimulus for the economy, the regime resorted to a self-imposed austerity, deregulation, and labour intensive projects. This was accompanied by an even more tightly controlled disciplinarianisation - extending the grip of control agencies to virtually all aspects of social life - and a deeper 'moralisation' of discursive subjects and public life. One can view this paternalistic moralisation of society as a balance to the adverse effects of economic measures on workers and employees, caught between inflation and a salary freeze. This second track of public-private strategy, what is called 'balanced political decompression', was still merely an opening directed towards the domestic sector rather than an approach to the world economy. It was designed to integrate the bourgeoisie, whilst minimising the alienation of populist forces. The regime saw it as a selective, reversible liberalisation, and continued to view development as national strength.

During the 1990s, changes in the international system of bipolarity and globalisation with no Soviet alternative resulted in Syria's alignment with the West in the Gulf war of 1991; a more substantial political decompression; a corporatist - rather than pluralist - strategy of business incorporation; and an opening to international capitalism. To get rich and consume was no longer a reproach as president Asad himself made clear.⁹¹ The third *infitah* had several economic aspects: making Syria a tourist destination, building the oil industry, inviting private investment without national restrictions. But the tilt towards the private sector was in large part misleading, as the beneficiaries of the liberalisation wave were individuals colluding with the regime, who were in a position to take advantage of the new opening. Liberalisation measures, such as Law No. 10, resulted in massive investment in the

⁹¹ Hinnebusch, *Syria: Revolution from Above*, 2001, p.108

early 1990s, but either in non-productive sectors or in sectors protected from competition. All this ‘gives a nuanced meaning to ‘private sector’.⁹²

In the 1990s, the language of public life changed in small ways. Spokesmen for the regime now made elaborate arguments for the democratic nature of Syrian politics, and the pluralism of its economy. The fact that these claims were offered might suggest something of a change in the political climate, but uncrossable barriers remained and a clear resistance to liberalisation came from not only the party leadership, but also unionised workers, public employees, peasants, and some intellectuals. The main concern of these circles was to maintain existing policies of social welfare, which liberalisation threatened.⁹³ The Syrian press exhorted citizens to have ‘patience not to rush in the opening journey... lest the transformation turn into chaos’.⁹⁴ Criticisms of the reduction in social spending were not suppressed, but Asad warned Syrians that freedom had to be pursued within the ‘framework of responsibility’ and not that of ‘contradiction and fragmentation’.⁹⁵ In this view, social disruption and chaos were associated with the market, while the protection of social cohesion and stability, which is a duty of the state, requires a rationalisation of the market. At the end of the 1990s the main lines of the Syrian economic reform were: to keep the state economic sector, continue its expansion and maintain its monopoly in strategic sectors; to maintain the policy of social support, even if reduced in some areas; to retain the policy of tariff protection on national industry.⁹⁶

One could argue that the professed ideological commitments of the regime provide an explanation for the preference of its leaders to maintain its autonomy from the bourgeoisie. As a result Ba’thist rhetoric constrained the leadership and prevented the institutionalisation of a state-bourgeoisie alliance. Yet by the late 1990s, as networks of ‘sharks and dinosaurs’ became the *loci* of power in Syria, it is hardly convincing to say that Ba’thist discourse could still have a legitimating function. The regime could certainly not afford to dispense with the party and its organised base in the absence of a substitute for this constituency. Yet by using the discursive – rather than ideological – resources of Ba’thism, this same regime proved able to impose a significant reversal of socialist policies whilst controlling potential opposition. It did not demand that the demobilised and disciplined society now present in Syria believe in market laws as a substitute to Ba’thist ideology or socialism, but nonetheless expected this society to comply with decisions sent down from on high regarding a turn –*tashih, infitah, islah*– in the direction of the national economy. Similarly, it is difficult to maintain that, at a time when Syria ruled *de facto* by a restricted *jama’a* largely autonomous from institutional accountability, and controlled by a multiplicity of security agencies, the purported alliance of Ba’thist governments with their populist constituency meant that the regime could less easily afford to offend mass opinion.⁹⁷ It could as well be argued that only a Ba’thist leadership could ask from the people that they shoulder ‘national responsibilities’ and show ‘steadfastness’ in times of austerity. In the end, even considering the limited room for manoeuvre made available by populist commitments, Asad had been able to institute a veritable transformist programme.

⁹² Haddad, cit.

⁹³ See the 1997 Workers’ Conference report in *Al-Thawra*, 21 March 1997

⁹⁴ Article in *Surakia*, no 675, August 1996, later published in *al-Thawra*, 15 February 1997

⁹⁵ Lawson, *Domestic pressure* in Kienle, cit., 1994

⁹⁶ Seifan, in *al-Thawra* 9 July 1998, cit.

⁹⁷ Hinnebusch, cit. p. 112

Moreover, this had been carried out within a Ba'thist matrix, using the disciplinary resources made available by Ba'thist discourse.

The questions raised by these remarks are important and intriguing. The relationship between rhetoric, ideology and politics is as ancient as Aristotle, and keeps resurfacing in Syrian studies and studies of authoritarianism. A difficulty here lies in the notions of rhetoric and ideology: Syria's modern history shows that professing an ideology does not pose *ideological* limits to the leadership's action. If there is a continuity in the history of Ba'thism, it is more visible at the level of discursive strategies of social discipline, rather than in ideological consistency. The 'open door' policies were indeed part of a strategy that 'closed the door' to socialist transformation. Yet 'the revolution' as a Ba'thist signifier of antagonism to reactionary forces was retained. An analysis of Syrian economic discourse has shown that Asad was able to steer the direction of Syrian politics using a strategy of identity re-shaping, for which Ba'thist discourse provided the tools. Far from discarding them, Asad used the discursive norms governing the dynamic of Ba'thist identity politics: the ideological and policy revision led by Asad shifted discursive frontiers, but the frontier itself, was actually reinstalled and reinforced by his corrections. For virtually each policy move, Asad provided an ideological justification which, convincing or otherwise, interpellated or recalled the Ba'thist constellation of issues and norms. The Ba'thist discursive subject of revolutionary action was kept alive in Asad's Syria because, as subject of a discourse build around normative notions of antagonism, 'principled' action and hierarchical power, s/he could be invested with the capacity and willingness to 'believe, obey and sacrifice'; thereby s/he could be disciplined and controlled. In short, Ba'thist discourse was not abandoned because it was perceived as offering an array of mechanisms for producing 'docile subjects' and a disciplined society.⁹⁸ These mechanism, I would argue, rather than ideological commitments or a feeling of solidarity (although these cannot be ruled out), acted as resources for governing, as well as limitations of the room for manoeuvre for all the subjects acting within this discursive horizon, including the 'vanguard', the *qa'id* and even the opposition.

“Authoritarian Civilities”

Another aspect of the production of docile, governable subjects relates to the political appropriation of signifiers, symbols and narratives. The appropriation on the part of Asad's regime of a discourse centred on the notion of 'revolution' as a master signifier organising all meanings - from 'true' social action to history - deprived the opposition of the possibility to express their grievances in a 'revolutionary' language, which would be typical of anti-regime discourse. Those who were opposed to Asad's remaking of Ba'thism, and those who were threatened by economic liberalisation, 'did not have a populist ideology of protest ready for appropriation' not only because 'Marxism was discredited, and political Islam... espoused a free market ideology'⁹⁹ but also because they were deprived of the 'revolutionary' symbols and language, which remained the preserve of the Ba'thist regime.

⁹⁸ On 'docile bodies' See Foucault, *Discipline and Punish*, cit., and *The Foucault Reader*, cit., p.179-187

⁹⁹ Hinnebusch, cit., p. 113

The hegemonic grip of Ba'thist discourse on Syrian society is a highly debatable issue. It has been observed that, despite the authoritarian character – at times brutal-of Asad's rule, Syrian society has not been atomised (Hinnebusch) or disciplined (Wedeen) in the same way as Western societies. Yet the traces of Ba'thist disciplinary power are visible in the social fabric: fear, cynicism and suspicion are the result of the constant indoctrination and daily exposure the repertoire of disciplinary practices of the Syrian regime. Of greater even importance, authoritarian practices – including the dissemination of Ba'thist hegemonic discourse – had the effect of creating compliance and a degree of self censorship.¹⁰⁰ As people have learned that corruption is the norm, they are willing to tolerate degrees of illegality and even praise this conduct as *shatara* (cleverness). Mistrust is so engrained in Syrian society that everyone in a position of authority – or successful in private enterprises- is automatically suspected of being a protégé of the regime. The same applies to bureaucrats or intellectuals who propagate a reformist line: by so doing, others suspect them of having compromised their own independence.¹⁰¹ Authoritarian governments form citizens who dissimulate and pretend, whilst conforming without believing: such conduct is operative in maintaining the regime in.¹⁰² such widespread attitudes in Syrian society help to explain why the civil society movement which emerged in 2000 after the death of Hafiz al-Asad was apparently unable to seize the moment and draw active popular support.¹⁰³

Moreover it could be argued that part of the opposition actually articulates its grievances and demands *within* the discourse horizon provided by the regime. The discursive frontier is so deeply rooted in Syria that each party tends to view the relationship in zero-sum terms: advances on one side are automatically considered to be losses for the other side.¹⁰⁴ The Syrian thinker Tayyeb Tizini noted that there is a tendency to view the struggle for change as one between two opposing side only.¹⁰⁵ By acritically replicating the binary (friend/foe) construction of possible subject positions disseminated by Ba'thist discourse, the whole issue of change is reduced to the objective of removing the ruling group from power with little understanding of the subtlety of such power, let alone the infiltration of disciplinary power into Syrian political culture - and how to understand it and confront it. The vision of change is top down, and all action remains state oriented. This is an important dimension of authoritarian power, often neglected or worse, mistaken for an inherited cultural trait, an unchanging Arab mind, or an Islamic relict.

The Syrian poet and intellectual Adonis has expressed a concern with the influence of religion as one of the reason for Syrian political and cultural stagnation.¹⁰⁶ This concern is echoed in western quarters, where frequently religious fundamentalism is associated with all negative aspects attributed to Islamic culture, with a spectrum extending from sex discrimination to terrorism. An analysis of Ba'thist economic

¹⁰⁰ Wedeen, *cit.*

¹⁰¹ Ismail, *Authoritarian Civilities and Syria's stalled Political Transition*, paper presented at the American Political Science Association annual Meeting, 2006, Philadelphia, p. 15

¹⁰² See Wedeen, *cit.*

¹⁰³ Ismail, *cit.*, p.18

¹⁰⁴ Haddad, *cit.*, p 296

¹⁰⁵ Ismail, *cit.*

¹⁰⁶ see Adonis interview, available on Utube

discourse shows that the constellation of issues that characterises this discourse comprises many *fikra musabbaka* (pre-concept) that are nevertheless neither an Islamic nor a traditional cultural heritage. Rather these are very much a characteristic of Syrian modernity: their genealogy points to modern faiths such as nationalism and revolutionary progress, linked to state building and modern imagined communities – as well as to an array of discursive norms used for the definition of true and false, friend and foe, progressive and reactionary, which have become deeply ingrained into the way in which Syrians understand the world and themselves.

The necessity of authoritarian governments in developing countries is spelled out in *Fikr Siyasi* in crystal clear words: ‘Countries of the Third World need a political leadership that can make its peoples accept, under the banner of higher national interest, to start being doubtful of old negative behaviour’.¹⁰⁷ A discursive analysis of Ba’thism suggests that the possibility of Syria moving beyond the present impasse requires a move away from a totalist revolutionary discourse - centred on antagonism - to one which allows re-negotiation or mediation of the various forces and interests present in the country.

Whilst there are all indications that there is in Syria a general consensus on the necessity to change, it is not yet clear what the paradigm of ‘transition’ means in Syrian political discourse. The top echelons of the regime and their big businessmen protégées are prepared to take advantage of the country’s economic resources under this *dirigiste* system as well as under one with a more liberal market. They understand that a richer economy would present more opportunities for accumulation of wealth and power with possibly less risk of domestic discontent or external pressures, if not direct intervention. A turn-over of the leadership cadets from military academia into private business, and a degree of privatisation were already occurring under the shadow of Asad’s regime. What the leaderships seemed unable to do (and still cannot do) is a qualitative leap from a practice of power based on surveillance, prohibition, negation and authoritarian control to the governmental technologies of power that, in the western model, underpin a successful market economy. This move would require a re-problematisation of the discursive field of the economy and a break with the notion of an essentialised society as the field of operation of government. Only when this threshold had been passed, the regime will be able to discard the institutional, coalitional and distributive arrangements that are the defining features of its populist authoritarian rule.

¹⁰⁷ Tulba, cit.

It's the Mentality, Stupid: Syria's Turn to the Private Sector

By Kjetil Selvik¹⁰⁸

Introduction

*"The private sector has become the citadel of progress and development in the country..."*¹⁰⁹

Syria is in the course of becoming a "social market economy". Like other socialist republics before it and especially those of a populist-authoritarian nature¹¹⁰, this process confronts the Ba'ath regime with a triple, economic, political and ideological, challenge. Economically, it exposes long-protected actors and institutions to market forces and international competition. Politically, it puts strains on the rulers' alliance with peasants and workers as the latter tend to be negatively affected by economic liberalization (at least in the short term). Ideologically, it compromises the legitimisation formula of those in power as the original claim to serve the popular classes is undermined by increasing support for the private sector.

The fundamental question is how to handle market adjustment when your ideological legacy and political set-up is marked by antipathy to capitalism and the bourgeoisie.¹¹¹ China – which notwithstanding fundamental differences from Syria is one of Bashar al-Asad's role models – has dealt with this dilemma in a head-on and interesting manner. The father of China's economic opening, Deng Xiaoping, argued that economic growth took precedence over equality in a primitive economy, because "there is no such thing as socialism and communism with poverty".¹¹² In the name of development and China's international dignity, he then went on to introduce Maoist-anathema tools like private ownership, differential wages, unequal wealth distribution and foreign investments to improve productivity and output. Far from turning to capitalism, this was for Deng a strengthening of socialism (or what he called "socialism with Chinese characteristics") as

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¹⁰⁹ Rateb Shallah, President of the Syrian Chamber of Commerce, Author's interview March 2007

¹¹⁰ On the populist-authoritarian regime type, see Raymond Hinnebusch, *Syria: Revolution From Above*, London & New York: Routledge, 2001, p. 1-14. "Populist authoritarian regimes embody a post-decolonization state-building strategy adopted by nationalist elites which face simultaneous external threat and internal instability (...) [they] attack the old dominant classes while seeking legitimacy through egalitarian ideology and the political incorporation of middle and lower strata" (p. 2).

¹¹¹ The Ba'ath party was originally fighting capitalism (*al-rasmaliya*), imperialism (*al-imberaliya*) and reactionary forces (*al-rajai'iyah*).

¹¹² Quoted in Maria Hsia Chang: "The Thought of Deng Ziaoping", *Communist and Post-Communist Studies*, vol. 29, no. 4, p. 381.

it assured the longevity of the system. As long as the communist party stayed in power, China was only moving closer to real socialism.¹¹³

Like China, Syria seeks to combine economic reform with political stability. This paper argues that selective economic reform has been a survival strategy for the Asad regime since the early 1970s. While preserving stability-enhancing features of the old order like subsidies and the size of the state administration, the leadership has allowed for a lopsided liberalization of rules and regulations for the private sector. It thus aims to address the two main downsides of the Syrian economy – low investment rates and falling productivity – through the mobilization of private capital. This ambition finds its ideological counterpart in the call for a “mindset change”.¹¹⁴ According to a frequently stated opinion among businessmen and technocrats, 45 years of socialism has created a legacy of practices and mentalities that inhibit economic growth. Bolstering the private sector is thus believed to herald a “cultural change”.

The aim of this paper is to give a fieldwork-based assessment of the reform process through interviews with private entrepreneurs and, more particularly, to identify leading themes in the Syrian discourse on reform.¹¹⁵ Our starting point is the recognition that Syria’s turn to the private sector is more than an economic process; it also involves important ideological and political rearrangements as explained above. The report provides insight to these changes through an overall interpretation based on secondary sources (part I) and a first-hand analysis of businessmen’s behaviour and discourse (part II). As players in an economy dominated by political actors and subject to strict state control, the entrepreneurs are likely to remain conformist. Their discourse can therefore shed light on dominating thoughts and ideological trends. On the other hand – within the borders of the political acceptable – businessmen also have their margin of action. Their discourse is thus also the expression of a social group promoting its interests and opinions. Indeed, as we shall see, the entrepreneurs’ ideals are breaking with the Ba‘thist ideological legacy on a certain number of issues.

Part One: The State

The politics of selective economic reforms

The history of market adjustment in Syria dates from the very first years of the Asad dynasty. When Hafiz al-Asad gained control of the system in 1970 he broke with the revolutionary socialism of his predecessors and relaxed relations with the private sector. From this initial peace with the bourgeoisie to Bashar al-Asad move towards a social market economy, Syria’s economic reform has always happened within the broader

¹¹³ i.e. equality *and* welfare. When the time was ripe, Deng argued, the government would use taxation to enforce a redistribution of wealth from the rich to the poor.

¹¹⁴ This is among other the message communicated by the Syrian Enterprise and Business Centre (SEBC) – the EU-supported foundation working to promote private sector competitiveness and growth. According to SEBC director Noha Chuck, the problem of reform in Syria is “not political resistance – it is a mindset change” (Author’s interview February 2007).

¹¹⁵ The views and impressions of twenty private industrial entrepreneurs form a particularly important basis of the report’s analysis and conclusions. The author would like to thank all who have agreed to be interviewed and shared their valuable insight.

aim of regime consolidation.¹¹⁶ It has sought to generate private capital as substitute for dwindling state resources, and rally previously discontented groups to the regime by offering ways of enrichment. In periods of comfortable state revenues like the 1970s and the “oil surge” of the early 1990s, the pace of reforms has been slow. Conversely, the regime has responded to shocks like the 1986 fiscal crisis, a near bankruptcy in the late 1990s and the 2003-2005 regional turmoil by speeding up reforms. Even then, however, has Syrian economic liberalization been far more gradual than in most other Arab countries (to say nothing of post-1989 Eastern Europe or China).

Exhaustion of a development model

Syria’s slow but steady market adjustment has its roots in a regime and development model threatened by exhaustion. The original populist arrangement whereby the state provided for peasants and workers in return for political acquiescence and support in its fight against the West and the upper classes has been undermined by dwindling state resources and falling productivity.¹¹⁷ The turning point in this respect was the 1986 fiscal crisis. Until then, the state had been the undisputed motor of the economy, serving at the time as entrepreneur, employer and investor. State monopolies in key economic areas like manufacturing and foreign trade had kept the private sector small, while inflow of development aid from the Arab Gulf states and the Soviet Union had allowed for constant expansions in the public sector. When the inflow of external resources decreased as a cause of falling oil prices in the 1980s, the state ran into a severe foreign exchange crisis. This again produced shortages in the import-dependent productive sectors and threw Syria into recession.

The government responded by introducing an economic reform program along two main axes. On the one hand, it targeted public expenditures to curtail the budget deficit. The thus far expanding Syrian state embarked on a course of austerity by cutting wages, reducing subsidies and downscaling public investments.¹¹⁸ On the other hand, the state delegated an increasing part of its developmental responsibilities to the private sector. Through what is usually referred to as the second Syrian *infitah*, the legal business framework was gradually liberalized to give room for private investments.

The definite breakthrough for private capital was the promulgation of a new investment law in 1991, through which most sectors of the Syrian economy including manufacturing industry were opened for local as well as foreign investors. As a consequence of the liberalization, the relative strength of the private sector improved significantly. By 1990, gross private investments, which had dropped to less than 30 percent in the 1960s and only slightly improved in the 1970s, exceeded those of the public sector.¹¹⁹ The change could be observed through the rise of a “new class” of entrepreneurs who thrived from

¹¹⁶ See Steven Heydemann: “The Political Logic of Economic Rationality: Selective Stabilization in Syria”, in *The Political Economy of Stabilization Measures in the Middle East*, ed. Henri Barkey, New York: St. Martin’s Press, 1992.

¹¹⁷ For a discussion of the “Ba‘thist social contract” see Heydemann, Steven: *Authoritarianism in Syria: Institutions and Social Conflict 1946-1970*, Ithaca & London: Cornell University Press, 1999.

¹¹⁸ Volker Perthes: *The Political Economy of Syria under Asad*, London & New York: I.B. Tauris, 1995.

¹¹⁹ *Ibid.* p. 59. The primary reason for the shift in the public-private balance was not private sector growth, but the deteriorating performance of the public sector however. Despite an initial hike in private investments in the years following the introduction of the investment law, the private sector did not compensate the falling investments of the state.

political contacts and preferential treatment.¹²⁰ Leading businessmen like ‘Utman al’ ‘A’idi, Saib Nahhas and ‘Abd al-Rahman ‘Attar built private empires in the tourism and transportation sectors.¹²¹

The early 1990s were good years for the Syrian economy. Large deposits of high-quality oil was discovered in the late 1980s and by 1995 output had been brought to 610 000 barrels per day.¹²² Syria also received generous financial compensation from Kuwait, Saudi Arabia and the United Arab Emirates for having sided with the Coalition forces in the 1990-1991 Gulf crisis. Rentier income joined with rising investor confidence to produce an average yearly growth rate of 7 percent in the first half of the 1990s.¹²³ To transform this fortuitous conjuncture to sustainable export-led growth for Syria would however have required more structural reforms, which under Hafiz al-Asad never came. Instead, the president froze the reform process to concentrate on the emerging peace negotiations with Israel. As long as the relation to Syria’s intimate enemy had not been settled, he was not going to risk economic destabilization at home. Oil revenues had also removed the feeling of urgency by temporarily solving the foreign exchange crisis. But from 1996, fortune started to change as Syria entered years of decreasing oil production, falling oil prices, fading private investment and drought. The economic nadir was reached in 1999 with a growth rate of - 3,6 percent. With substantial population increase in the same period, average GDP per capita growth in the period 1997-2002 was zero.¹²⁴

Bashar al-Asad under pressure

The combination of windfall gains and a favourable regional situation during the early 1990s should in principle have made economic reform *easier*. But it would take another period of political turbulence before the reforms again picked speed. Bashar al-Asad’s first five years in power were replete with political challenges. Relations with Israel were strained with the outbreak of the second Palestinian *intifada* in September 2000, and the Israeli withdrawal from South-Lebanon simultaneously increased criticism of Syria’s presence in that country. In the USA, 9/11 and the subsequent “war on terror” led to a tougher stance on Syria’s relations with Hezbollah, Hamas and militant Palestinian groups in exile. After the military invasion of Iraq in 2003, the Bush administration made thinly veiled threats that Syria could be next. In 2004, the UN Security Council adopted resolution 1559, which called for the end of Syrian occupation of Lebanon and the disarmament of Hezbollah. After the assassination of former Lebanese Prime Minister Rafiq al-Hariri in February 2005, the Syrians were forced to leave.

In this context of regional crisis, whereas political liberalization was put on hold in the name of stability, economic liberalization actually intensified from 2004. The explanation should be sought in a combination of economic, personal and political

¹²⁰ See Joseph Bahout: *Les entrepreneurs syriens: Economie, Affaires et Politique*, Beirut: Cermoc, 1994

¹²¹ Volker Perthes: “The Syrian Private Industrial and Commercial Sectors and the State” in *International Journal of Middle East Studies*, vol. 24, 1992, p. 211

¹²² Eliyahu Kanovsky: “Syria’s Troubled Economic Future”, in *Middle East Quarterly*, June 1997, p. 3

¹²³ United Nations Development Programme: *Poverty in Syria 1996-2004: Diagnosis and Pro-Poor Policy Considerations*, http://www.undp.org.sy/publications/national/Poverty/Poverty_In_Syria_en.pdf p. 12

¹²⁴ Ibid.

factors. Economically speaking, the prime mover was reports that Syrian oil wells are facing depletion. With crude oil output falling to 370 000 barrels per day in 2007, and domestic consumption growing, Syria for the first time in years became a *net oil importer*.¹²⁵ According to estimates by International Energy Agency, output will drop to 300 000 barrels per day by 2012 unless new reserves are developed or explored.¹²⁶

Outside pressure generated by developments in Lebanon and Iraq at the same time posed an existential threat, and created a feeling of urgency in Damascus. Dwindling oil revenues are in themselves alarming, but under conditions of war-like international isolation, they become a huge liability. Generating foreign exchange by increasing economic efficiency and mobilizing private capital thus became a matter of national security. The 2003 US invasion of Iraq and 2004 Hariri assassination may in this respect well have accelerated market adjustment in Syria.¹²⁷

In terms of pull factors, economic deregulation bore promise of attracting Foreign Direct Investment from the burgeoning Gulf economies. Since the beginning of the second oil boom in 2000, FDI in the Arab World has increased more than tenfold, driven by Gulf investors with unprecedented capital reserves and a preference for regional over Western investment locations after 9/11.¹²⁸ For Syria, this offers the double opportunity of creating new sources of revenue and bypassing American economic sanctions. As of 2008, the four main sources of FDI in Syria were Saudi Arabia, Iran, Kuwait, and Turkey.

Personal and political factors added to economic realities to reinvigorate the reform process. The 2004 acceleration of market adjustment coincides with the designation of the energetic and ambitious ‘Abdallah Dardari to head the State Planning Commission. Dardari came to the job from a leader-position in the United Nation Development Program (UNDP), and brought with him a well-formulated vision of the benefits of economic liberalization. He gained the ear of the President who in the same period started to emerge as a stronger leader.

Having outlived the first challenging years as his father’s successor, Bashar al-Asad gradually imposed his will on “old guard” politicians and replaced several of them with younger technocrats. The eviction of strongmen like Vice-President and Foreign

¹²⁵ Oxford Business Group: “Syria: 2007 Year in Review”, 15 January 2008.

¹²⁶ www.eia.doe.gov. Hoping for relief from new discoveries and improvement of the oil sector, Syria has recently entered agreements with Iranian, Venezuelan, Chinese and Indian companies to build refineries and boost production.

¹²⁷ Al-Hayat correspondent Ibrahim Hamidi explicitly links the opening of Syria’s economy with the “loss” of Lebanon, if only for somewhat different reasons. In Hamidi’s view, the Syrian bourgeoisie used to do its economic transactions and buy its luxury in Beirut, but when Lebanon became inhospitable due to political tensions, they needed modern finance institutions, fashion boutiques and access to “Western lifestyle” at home. (See Ibrahim Hamidi, “Mashad Dimasq ba’d sanawat al-infatah al-iqtisadi: ba’duhum yastadhill al-taghyir... wa-l-ghalibiya tantathir”, al-Hayat, 20/7 2007). Consulting editor of Syria Today, Andrew Tabler, supports his reading by stressing how the new money exchange law was introduced right after the report on the Hariri murder. “In that period”, Tabler explains, “everybody wanted to sell their Syrian Pounds and the authorities wanted to keep control by making the money exchange happen in Syria. The way to do that was undermining the black market that operated through Lebanon by unifying the exchange rates” (Author’s interview 10.06.07).

¹²⁸ The Middle East and North Africa region’s share in global FDI inflows grew from 0,4 percent in 2000 to 4,1 percent in 2005. See Steffen Hertog: “The GCC and Arab Economic Integration: A New Paradigm”, *Middle East Policy*, vol. 14, no. 1, 2007.

Minister ‘Abdulhalim Khaddam, Army General Hikmat Shehabi and Security Chief Ghazi Kanaan especially improved the President’s steering capacity. Bashar’s consolidation process culminated with the June 2005 Ba’th Congress that declared Syria’s march towards a social market economy.

In modernizing the Syrian economy, Bashar al-Asad moreover found a legitimization formula and political mission. It offered an opportunity to redress his reformist credentials after the crackdown on the 2000-2001 “Damascus spring” movement. By substituting economic liberalization for the abandoned political opening, Bashar al-Asad could claim that he was still a progressive moderniser. From now on, faced with “terrorism” and external threats against his country, he would simply switch development focus to political stability and the economy. His credibility as moderniser was strengthened by his young age, intellectual appearance, technical interest and background as president of the Syrian Computer Society. In the words of his most intimate Western observer and biographer, what he [Bashar] wants is a society where everyone will know how to set up a computer, turn it on, and operate it”.¹²⁹

Last but not least, the regime would gain support from proponents of economic liberalization in the business community. It also hoped to co-opt wider parts of the private sector through business opportunities. The predominance of Sunnis (and Christian Orthodox) among Damascus’ traditional bourgeoisie gave the strategy a special attraction in the eyes of the ‘Alawi leadership: By rallying the bourgeoisie to the regime through market adjustment, it hoped to appease anger with the perceived ‘Alawi monopoly on the state among the country’s majority Sunnis.

The Main Economic Reforms

The most striking change in Syria’s economy under Bashar al-Asad is the liberalization of the finance sector. For the first time since the 1963 Ba’th takeover, the private sector made its appearance in services like banking, insurance and foreign exchange. In addition, the government has taken steps to reform Syria’s tax system, trade regime and investment law.

The first private banks¹³⁰ were opened in 2004 and within three years the number of private credit institutions had grown to 10.¹³¹ Insurance companies were cleared for private investors in 2005, and within three years 5 private insurance companies were operating. Interestingly, the liberalization of the finance sector also included Islamic Banks and insurance companies. Fuelled by Gulf capital, the first Islamic credit institutions¹³² entered the market in 2007.¹³³

¹²⁹ Cited in David W. Lesch: *The New Lion of Damascus: Bashar al-Asad and Modern Syria*, New York & London: Yale University Press, p. 200.

¹³⁰ The Banque BEMO Saudi Fransi, The Bank of Syria and Overseas and The International Bank for Trade and Finance.

¹³¹ The Syria Report: *Banking & Insurance Syria 2007*, Paris: MEICA, 2007

¹³² Cham Bank, a joint-venture between several Kuwaiti and Saudi financial institutions, and the Islamic Development Bank, affiliated to the Arab League.

¹³³ The Syria Report: *Banking & Insurance Syria 2007*, op. cit. p. 24

Regulation of foreign currency transactions has traditionally been very strict. Commercial Bank of Syria was for a long time the only institution authorized to issue US Dollars, which again could only be used for specific purposes. Since January 2007, however, Syrian traders are allowed to purchase all their foreign exchange requirements from local banks to finance imports. The Central Bank simultaneously abolished the multiple exchange rate system and set a unified rate for the Syrian Pound.

The opening of a capital market is expected in 2008. A Capital Market Authority was established in February 2006 and the legal framework for the Damascus Stock Exchange is in place. The actual opening and functioning of the market will however need to bridge the historical lack of trust between the private sector and the state in Syria. A stock exchange requires companies to go public, meaning they will have to provide financial statements for their last working years. But in the aim to evade taxes these same companies have consistently declared to be losing money year after year. The criteria of success in a stock market, i.e. proof that your company is profitable, is exactly the opposite of what it took to “get the state of your back” in socialist Syria.

Syria has moreover simplified its trade policies by cutting tariffs, reducing the list of prohibited products, abolishing the exclusive rights of import agencies, and merging import monopolies. Maximum import tariffs are down from 255 percent to 60 percent and the list of banned items, which previously counted 24 pages, is now down to eight.¹³⁴ Damascus enacted the Arab Free Trade Agreement (GAFTA) in 2005 and two years later a free trade area with Turkey came into effect. Non-tariff barriers remain substantial however.¹³⁵

In a move to encourage private investment, the Syrian government also simplified the tax system and lowered the corporate tax rates. Until it was brought to 35 percent in 2003, the top marginal corporate tax rate in Syria was 65 percent. Decree No. 51 of 2006 furthered lowered the top tax rate to 28 percent on net profit exceeding 3 million Syrian Pounds. Private companies that offer at least 50 percent of the share capital for public subscription will only have to pay 14 percent corporate tax, and will be exempt from paying local taxes.¹³⁶

In October 2006, the Cabinet approved a new investment law, replacing the famous and once so groundbreaking Law 10 of 1991. It includes establishing an autonomous investment authority and transforms previous lengthy bureaucratic and administrative procedures into a “one-stop shop” for foreign as well as local investors. It also allows for free repatriation of all profits, not just profits generated from exports.

Absent reforms

¹³⁴ Syria Today: *Interview with Deputy Prime Minister for Economic Affairs, Abdullah Dardari*, July 2007.

¹³⁵ See Beatrice Gaitan & Bernard Lucke: “The Barcelona Initiative and the importance of NTBs: a dynamic CGE-analysis for Syria, *International Economics and Economic Policy*, vol. 4, nr. 1, 2007, p. 33-59.

¹³⁶ The Economist Intelligence Unit: *Syria Country Report November 2006*, www.eiu.com

In reference to the above-mentioned progress, officials and loyalist businessmen often express great satisfaction with the state of reform. According to an industrialist and member of Parliament Bahaeddin Hassan, for instance, Syria “in two years time will have a completely open economy without obstacles of any kind”.¹³⁷ In reality however, different reform dossiers have progressed at a very uneven speed. Development in the following components of a standard market transition has especially been slow.

The first is *public sector reform*. Despite what is widely seen as appalling productivity, the government has not touched the administrative sector to preserve the work of an estimated 1,4 million Syrians. Technocrats believe the inevitable solution is to lay off civil servants and spend the money saved on higher wages and incentives for those who remain, but that requires modification of the labour law and serious political will. So far, the signal from Finance minister Muhammad Husayn and deputy Prime minister for Economic Affairs Abdallah Dardari, is that the public sector is a “red line”.

There has secondly been little progress in terms of subsidy reduction. According to Dardari, Syria is to allocate 7 billion US Dollars in its 2008 budget to subsidise energy, basic commodities and food supplies, a major increase from last year and more than 20 percent of the country’s GDP.¹³⁸ Much of the state’s subsidies go to agriculture, aiming to keep down the price of “strategic foodstuff” like cotton, wheat and barley. They come in the form of cheap fuel and in direct payments to producers. The government also subsidises the price of electricity for industry and households. Fuel subsidies alone represent more than 10 percent of Syria’s GDP.¹³⁹

Last but not least, institutional reform required for “levelling the playing field” is lagging behind. For instance, Bashar al-Asad’s approach to market adjustment comprised no judiciary reform or anti-corruption law. The reform package similarly lacked a proper anti-monopoly legislation and tools for enforcement. Likewise, the 2004-2008 streamlining of business laws and regulation had no legal framework for trust and dumping. The absence of such “fair play” institutions is likely to cause great harm to the Syrian economy.

Friend with capital, friend with labour

On balance, the reforms carried out in 2004-2007 may be qualified as “easily scored points” in a political perspective. By liberalizing rules and regulations for the private sector and avoiding the fundamental issues in the public sector, they have generated goodwill in the business community without antagonizing the regime’s traditional constituency.¹⁴⁰ Bashar al-Asad protected bureaucrats from employee

¹³⁷ Author’s interview June 2007

¹³⁸ Oxford Business Group: “Syria: No Subsidence of Subsidies”, 30. July 2007.

https://webmail.uio.no/src/read_body.php?mailbox=INBOX&passed_id=3757&startMessage=31

¹³⁹ The Economist Intelligence Unit: *Syria Country Report November 2007*, www.eiu.com

¹⁴⁰ The damaging effect of the one reform that *could* threaten an important state sector, i.e. the opening of private banks, has been contained by posing restrictions on the services private banks are allowed to offer.

reduction, peasants and workers from subsidy cuts, and rent-seekers from transparency. At the same time, he effectively turned to the private sector.

The ideological outline for reform reflects a similar ambiguity with the aim of pleasing all classes. For one, the idea of a “social market economy” was introduced at the 2005 Ba‘th Party Congress to signal departure from socialism without having to embrace the word capitalism. Preferring vagueness to counterbalance opposing ideological currents inside the state apparatus, the Ba‘th Party avoided to define its new development goal.¹⁴¹ Nor did it change the article 3 of the constitution, which defines Syria as a “socialist Arab state”. The proponents of the one or the other production system can thus alternatively refer to the constitution or the Ba‘th party to justify their views. Officially, Syria is indeed *both* socialist and becoming a social market economy.

The 10th Five Year Development Plan is marked by a similar consensual approach to the remodelling of society. It calls for a “new social contract”, but never approaches this in class terms. Instead, the contract shall be forged among the “vital forces in society”, which it defines as the private sector, civil society organizations and the state. The omission of peasants and workers among society’s “vital forces” in the Syrian context is striking, though officials will retort that they inherently are part of the Ba’thist state. The fact remains that the working class is never really recognized as such in the 10th Five Year Plan, which rather adopts a modern technocrat vocabulary (using words like poverty control, social equity issues, impoverished regions etc.). Likewise, the private sector is described as a “co-investor” and “partner” without any reference to class terms.¹⁴²

While class is not an issue in the 10th Five Year Plan, mentality and culture are. In line with the plan’s focus on the challenge of globalization and calls for competitiveness and knowledge, a number of key-points in the fundamental “Future Vision: Syria 2025” introduces such considerations. Among the long-term recommendations for Syria listed in Chapter 3 we find “human and intellectual capital, characterized by efficiency, critical and creative mind”, (p.3), “a radical change in the prevailing attitudes and behaviours at the work and management of public sector establishments and central and local state machinery”, (p.5), “a modern institutional structure with new and modern institutional mentality and behaviour, as well as a culture aimed to promote quality, high productivity, saving and well-advised investment” (p.5), “a culture dedicated to free enterprise as part of the social and educational upbringing, aimed at creating a series of new values for the rising young entrepreneurs” (p.6) and “a new national character ... enabling the Syrian citizen to

¹⁴¹ In the absence of a definition of the concept, the new development goal has provoked some heavy criticism and debate. Bashar al-Asad had the following comment to this in his July 2007 address to the Syrian Parliament: “*There have been a lot of talk and discussions about the term ‘social market’. Most of these discussions started from what we read in books. Of course, there are a lot of views and thoughts and academic debate. But for us as a state... we only bow for the interest of the people. Nobody can impose on us a term or any other thing we must abide by. We decide ourselves which term to use and what meaning to give it. Remember at the time of the Socialist block there was a huge difference between the Eastern and Western socialisms. Even inside the Eastern socialism there was sometimes divergence on the application of socialism. So when somebody comes to us and says ‘this is the dictionary and this term is different from what we’re doing’, we say to him ‘don’t mind us, this is what we want and this is our interest’*” (Sham Press, 18.07.2007).

¹⁴² See the fundamental chapters 1 and 3 of the 10th Five Year Development Plan.

deal with the complex societal demands ... to keep abreast with the spirit of modern age” (p.7).¹⁴³ It’s the mentality, stupid!

Part Two: the Private Sector

Answering the call...

Bashar al-Asad’s vision for a new and modern Syria has sparked enthusiasm in the private sector. Confident that the new president will move the country their way, and reassured by his ability to stay in power, the business elite is hedging its bets on him and complying with his wishes. The presidential referendum in June 2007 gave a particularly striking illustration of business’ support and compliance. Big capital and not the Ba’th party formed the financial and logistical backbone of the president’s “Yes campaign”. In the weeks preceding the election, entrepreneurs organized praising street parties all over the capital. Proudly showing off their expenses for the festivities, businessmen distributed food and sweets and had music for young people dancing.¹⁴⁴ Entrepreneurs also sponsored massive Bashar-advertisement on billboards and street posters. The Syrian billboard market is controlled by a handful of investors with strong ties to the regime and the president. Willingly or out of fear of not appearing enthusiastic, other business actors found themselves in an overbid for advertising space to sign a picture of the president with their brand name.

In the weeks following the referendum, it was rumoured that state representatives had put pressure on business groups by asking managers whether they intended to organize a street party or put up a banner. Irrespective of the veracity of these claims, the motives behind the businessmen’s actions are arguably less important than the fact that they actually did stage massive public support and made the president look “modern” and powerful. As Lisa Wadeen argues, the symbolic domination and show-off effect of pro-regime rallies in Syria is more important than the personal conviction of the people behind it.¹⁴⁵ Be that as it may, interviews with entrepreneurs in fact leave the impression that private sector’s enthusiasm with Bashar al-Asad may be genuine. For a first indication of this claim, consider the following evaluation of the Bashar era from a Damascene industrialist:

Under Bashar a whole new picture emerged. The new president wanted to change the killing routine that we were living. The private sector was invited to participate in decision making as a national rather than private concern. Good new laws started supporting the private sector, and confidence between the state and the private sector increased. The transformation was methodological, gradual, organized and well studied. Today, the public and the private sectors are supporting each other. We always write, “made in Syria” on our products.¹⁴⁶

¹⁴³ All page number from Chapter 3: Strategy, Objectives, and Goals.

¹⁴⁴ See Joshua Landis: “The Presidential Plebiscite and Pageantry: What does it Mean?”, Syria Comment 4th June 2007, <http://joshualandis.com/blog/?p=274>

¹⁴⁵ See Lisa Wadeen: *Ambiguities of Domination: Politics, Rhetoric, and Symbols in Contemporary Syria*, Chicago and London: University of Chicago Press, 1999.

¹⁴⁶ Author’s interview June 2007

As a parallel to the inclusion of private entrepreneurs in Deng Xiaoping's China¹⁴⁷, the industrialist's feeling of having become a national concern is very interesting. The unspoken backdrop for the argument is the negative view of private capital that was brought to Syria by Nasserism and the Ba'athist revolution of the 1960s. Official diatribes against the "reactionary bourgeoisie" were frequent at the time.¹⁴⁸ The private sector was alternatively presented as a "parasite" eating the fruits of society for its own personal greed, and a "traitor" in alliance with Western capital and the fallen nobility. Though popular scepticism to the rich and wealthy still exists, the regime's turn to the private sector has politically deflated the anti-capitalist rhetoric. In fact, entrepreneurial values have been integrated in the official Ba'athist ethos, allowing entrepreneurs like the one quoted above to identify themselves with the state. Demonstrating a self-conscious perception of his profession's contribution, the industrialist in question actually suggested that engineers working in the private sector should be exempt from military service in recognition of their value for the nation!

Private sector support for Bashar al-Asad's modernization project is also seen in its contribution to the emergence of a loyal associative sector. Since 2000, several modern-oriented businessmen have invested their time, energy and money in the creation of NGOs and press publications. A case in point is 'Abdulsalam Haykal, the son of Mohamed Haykal, an influential entrepreneur from Tartus who made his fortune in shipping. After studying at the American University in Beirut and later at the School of Oriental and African Studies in London, 'Abdulsalam was part of a group of 11 founding members of the Syrian Young Entrepreneurs' Association (SYEA). The SYEA primary aim is to promote entrepreneurship among youth in Syria. A stronger ambition posted on its website is to "create a new economic environment where young entrepreneurs contribute on the basis of science and modern management techniques".¹⁴⁹ One could hardly find a better replication of Bashar al-Asad's call to modernize the Syrian economy and society. The SYEA was according to now-president Haykal the country's first non-charity NGO. From the very start it won the support of Asma al-Asad who provided authorisations and helped the association raise its first funds. The First Lady notably obtained a contribution to the SYEA from Saudi Prince Walid Bin Talal.¹⁵⁰

'Abdulsalam Haykal also publishes, through his company Haykal media, the Arabic monthly *al-Iqtisad wa-l Naql* and its English-edited counterpart *Forward Magazine*. The former promotes itself as the "journal of the Syrian elite" while the latter primarily targets expatriates and international readers. The name "Forward" is meant to convey a fundamental optimism in Syria's development and future. As its website reads: "Forward speaks hope. It speaks of good things in Syria. It preaches optimism. It highlights the talent, character, and potential of the Syrian people. It does not distort facts, however, nor does it falsify realities. Simply, it looks at the bright side of things, while pointing to the shortcomings, with the objective of change and reform, rather than

¹⁴⁷ For a discussion of the Chinese development see Deng Peng: "From Outcast to Honoured Guests: The Changing Fortune of Private Entrepreneurs in China and the Struggle for CCP Legitimacy", *Journal of Third World Studies*, vol. 23, no. 1, 2006, p. 23-50.

¹⁴⁸ See Steven Heydemann: *Authoritarianism in Syria: Institutions and Social Conflict 1946-1970*, Ithaca & London: Cornell University Press, 1999, p. 181-192.

¹⁴⁹ http://www.syea.org/index.php?option=com_content&task=view&id=3&Itemid=5

¹⁵⁰ Author's interviews with president and vice-president of the SYEA June 2007.

criticism”.¹⁵¹ This discourse echoes a theme developed by Bashar al-Asad since his 17th July 2000 address to the Syrian Parliament. In it, he distinguished between “constructive criticism” (which he condoned) and “destructive criticism” (which he condemned) and called the ability to see positive as well as negative aspects “the secret to any development”.¹⁵² Forward’s first issue bore the picture of a road sign with an arrow straight ahead as opposed to other signs commanding stop in the background. Below the arrow, the magazine had summarized its credo as follows: “BETTER LIFE AHEAD. NO STOPPING. NO GOING BACK”.¹⁵³

... But not settling for a social market economy

“I don’t know what a social market economy means”, affirmed an influential member of the Aleppo Chamber of Commerce, “either it’s a free or it’s a regulated economy – there is nothing in between!”¹⁵⁴ The comment reflects the two principal attitudes of Syrian businessmen toward the development goal declared by the Ba’th Party Congress: confusion and impatience. On the one hand, entrepreneurs seem bewildered by a concept that they do not understand and the leadership has made little effort to elucidate. Thus a leading businessman who regularly states his opinions in the press confidently claimed that Syria’s solution was “neither socialism nor capitalism”, but became very hesitant when asked to describe the alternative: “Well, I think liberal... liberal economy... but nobody accepts this system”.¹⁵⁵ On the other hand, most of the entrepreneurs interviewed for this report expressed their preference for a clear-cut market economy. A leading member of the Damascus Chamber of Commerce had the following comment:

*“The government keeps talking about a special system that does not exist anywhere. There are talking about a “social market economy” which is a concept that only exists in Syria. They want to improve and enlarge the private sector while simultaneously strengthening the public sector. But as long as they have this conception, we will not have real reform. You know, it’s like the son (the government sector) and the son-in-law (private sector). You may care for your son-in-law and want to help him, but at the end of the day, you will give priority to your own son”.*¹⁵⁶

There is in other words still scepticism in the private sector of the “middle road” proposed at the Ba’th Party Congress. While pleased with the departure from socialism, the entrepreneurs will only celebrate victory when a formal embrace of capitalism is made.

Identifying the problem

¹⁵¹ http://www.fw-magazine.com/index.php?option=com_content&task=view&id=93&Itemid=9

¹⁵² See <http://www.rtv.gov.sy/index.php?m=15&id=f1118750563>

¹⁵³ Forward Magazine, Issue 1, January 2007.

¹⁵⁴ Author’s interview March 2007

¹⁵⁵ Author’s interview March 2007. The same entrepreneur later made an insightful comment on the difference between Syria and a socialist economy: “Socialism the way I see it is that everybody should have money. Syria is not like that”.

¹⁵⁶ Author’s interview June 2007

A 2005 World Bank report on the Syrian investment climate identifies three main obstacles to “unlocking the potential of the private sector” in the country. The first is limits of opportunity caused by public sector monopolies (in sectors like cement, sugar-refining, fertilizers, oil refining, mineral water, electricity, and telecommunication), non-tariff barriers, and barriers to entry and investment. The second is high and uncertain costs of doing business arising from taxes and tax administration, customs and trade facilitation, bureaucratic discretion and regulatory procedures and an outdated legal framework for contracts and property rights. Finally, the report stresses factor market weaknesses in labour markets, financial services, infrastructure (including electric power) and technological factors.¹⁵⁷

When private entrepreneurs describe the downsides of the Syrian economy, however, such factors are seldom in the picture. Rather, considerations of culture and mentality dominate the list of problems identified by the private sector. First and foremost, businessmen lament the skills and work ethic of bureaucrats in the state administration and their own company staff. Consider, to start with, the following assessment of state personnel by a Damascene industrialist:

We were expecting faster economic reforms. But the main problem is with human resources. Most of the people working in the government did their studies in the Eastern block and are thinking in an old-fashioned manner. They were under average gifted students who got their certificates without real studies. The government at the time sent all the people from the Ba‘th party and student unions to study in Eastern Europe regardless of capabilities. This is why we have a lot of incapable people in our governments who are not able of driving reforms. In fact, they are actually against economic reforms because they will lose their privileges. They know perfectly well that when reforms are carried out, there will no longer be need for them.¹⁵⁸

The entrepreneur later explained that “Bashar al-Asad and his family” want reform, but is obstructed by the people around them. There is in other words a clash between the progressive, modern-oriented president and his East Block-educated bureaucrats who are “thinking in an old-fashioned manner”. These yesterday’s men are clinging to their privileges because they know they will be useless in the Syria of tomorrow. Entrepreneurs are also critical to the education in Syrian universities. A young western-educated business manager sighed the following when asked about the fundamental problems his company is facing:

*We recently refrained from applying on a project because we knew we would not have enough qualified employees to carry it through. If I were working in Europe I would probably hire a lot of newly post-graduate youngsters and work with them. But here, “interns” from the universities cannot be used to anything before two years. They’re more of a burden than they will help you.*¹⁵⁹

Even more than qualifications, it is the attitude of the Syrian workers which the most upsets the private sector. One of the most recurring arguments in interviews with the

¹⁵⁷ See The World Bank: *Syrian Investment Climate Assessment: Unlocking the Potential of the Private Sector*, June 8 2005 See <http://web.worldbank.org>

¹⁵⁸ Author’s interview June 2007

¹⁵⁹ Author’s interview June 2007

industrialists is the idea that mentality, and not reality, accounts for poverty and unemployment in Syria. As explained by a Damascene industrialist:

- *How do you think that Syria can solve its poverty problem?*
- *There is no poverty in Syria, and no unemployment. I always lack 50-60 workers in my factory. This tells me that there is only self-imposed unemployment. People are lazy and don't want to work. Open the newspaper and see how many companies are looking for employees. There is always a job for you.*¹⁶⁰

An investor from Aleppo presents a similar argument to explain (and justify) the country's growing social differences:

- *Some say that economic reforms are increasing inequalities between rich and poor in Syria...*
- *The inequalities you see are simply the differences between those who work and those who don't. If somebody is rich it is because he has been working hard. Many workers in Syria only work a couple of hours a day (...) There is no real unemployment in Syria. If someone wants to work there is always something to do. The problem is related to our education. They are not taught that you need to work. In the final analysis the problem returns to the state.*¹⁶¹

Even a businessman member of the highly conformist Syrian parliament explains that the problem is mentality:

- *Some say that economic liberalization is increasing poverty by making living conditions difficult for the dispossessed...*
- *I don't believe in this. On the contrary, closure increases poverty. In today's globalized economy, there is no escape from economic reform. We have to make the Syrian economy competitive in the world market. We have to work on the mentalities. Today, the people are used to laziness. Their only ambition in life is to get a position in a public office. But there are no longer any posts in the public sector. People have to learn to depend on themselves, to create work for themselves, rather than expect to get everything from the state. Let me give an example: In this country of poverty and unemployment, if I decide to open a factory and need to hire 200 workers I might not find them. They will understand that this is a job where they will actually have to work and prefer to stay in a public office. The negative result for Syria is that we have growing differences between the rich and poor in our country.*¹⁶²

Absent from these considerations are the structural reasons behind falling labour productivity in Syria. The entrepreneurs never mention that wages for blue and white-collar workers are low¹⁶³, that low and middle-ranking bureaucrats and workers often have a second job to make a living, that health services and insurance are better in the state than in the private sector, or the various barriers of entry (financial, political etc.)

¹⁶⁰ Author's interview June 2007

¹⁶¹ Author's interview March 2007

¹⁶² Author's interview June 2007

¹⁶³ According to a 2005 survey by the Syrian Bureau of Statistics, 64 percent of Syrian workers earned less than 8000 Syrian Pounds, 16 percent between 8000-9999 SP and another 14 between 10 000-14 999 SP (SBS: *dirasat al-talab 'ala al-quwwa al-'amila fi-l-jumhuriya al-'arabiya al-suria*, 2005)

that prevent the Syrian working class from starting their own businesses. Quite on the contrary, in the businessman-parliamentarian's assessment, the workers' "unwillingness to work" becomes the very reason for social inequalities. And the clue to create a competitive Syrian economy is accordingly to "work on the mentalities".

Representing the solution

As much as the problems identified above are personal (as opposed to structural) and culture-oriented, the "entrepreneurial way of thinking" appears like the solution and ideal. And the more the state-led development model seems to be failing, the stronger gets businessmen's confidence that they represent the cure for Syria's ills. A young and ambitious entrepreneur gave an eloquent formulation of this widespread conception: "We should tell young people to be job creators, not job seekers", he explained, "to avoid them knocking on the already overloaded public sector's door".¹⁶⁴ "Syrians must learn to take personal responsibility", the entrepreneur went on, underlining his point with an example from his own business group:

My dream is for this office to turn into a modern organization, where I can be the business owner without carrying all the responsibility; an organization that would no longer be a 'one man show' where all matters – big or small – end up in my office, an organization where I could answer on the phone that 'this is not my field – you will have to talk to the sector manager'. In such an organization, I could take a take a holiday, write a PhD or found other companies without affecting the affairs of the current one. But this does not exist in Syria. It needs a cultural change. The present system is a legacy of our family business culture where, for any decision or authorization, you have to talk to 'daddy'.¹⁶⁵

Traditionally, because of a lack of trust and a well-defined legal framework, the huge majority of private enterprises in Syria have been run as family businesses. Several entrepreneurs explain that they only share investments with their very closest associated to avoid being deceived and then incapable to reclaim their right if their adversary has stronger personal contacts and manipulates the judiciary. The family-oriented model has its own problems however, as another young entrepreneur explained: "family enterprises make us vulnerable to quarrels, misuse by personal interest and falling standards when the company is passed on to the next generation".¹⁶⁶ Moreover, as family businesses are used to keep information for themselves and allow minimal public insight, they will find it hard to enter the soon-to-be-opened Syrian stock exchange. It is against this background that one should understand the above-formulated dream of a "modern organization" and perception to be leading a "cultural change". The business manager explained how he is training company staff to become "intrapreneurs" in the sense of innovating and seizing opportunities inside the company. This discourse is also an interesting echo of the modernization-call of Bashar al-Asad. Indeed, for the young and energetic manager in question, entrepreneur-style personal responsibility is precisely what is needed for the Syrian public sector:

- *What are the key elements missing in Syria's reform achievements?*
- *Number one is administrative reform. If you have a correct administration everyone can work in Syria. We need bureaucrats that are willing to take*

¹⁶⁴ Author's interview June 2007

¹⁶⁵ Author's interview June 2007

¹⁶⁶ Author's interview June 2007

responsibility. The present employees in the public sector are either careless or afraid. It is easy to understand why – they would risk prison for making the wrong decisions. But we need entrepreneurs, people who are not afraid, in the public sector as well. The government has to start major training of bureaucrats to strengthen responsibility.

In a convincing discourse like this, entrepreneurship breaks loose from the narrow associations of personal enrichment and becomes the quality required for reforming the country and the state. It marks the “comeback” of the private sector in face of the once so unattainable bureaucracy and symbolically puts entrepreneurs on top of the development. They have the courage, technical capacity and modern ideas. Not all entrepreneurs are as compassionate and creative as the above-presented this young entrepreneur however. On the subject of bureaucratic inefficiency and workers who are left out by Syria’s adjustment to globalisation, a wealthy Damascene businessman suggested a far more radical solution:

- *Syria needs to go through a “surgical operation”. It is like when there is a sickness in your body and you need to take it out. Unfortunately, a lot of people who have made a lot of efforts are no longer useful. It is very unfortunate that they have to suffer, but it’s like that.*
- *Is there no way to alleviate the problems for those who will suffer from reform?*
- *Not that I know of.*¹⁶⁷

This total embrace of social Darwinism deepens our understanding of the earlier presented entrepreneurs’ view that there is nothing between socialism and a free-market economy. In a follow-up comment the businessman précised that “the public sector can go to hell”. The interesting point is of course that we are facing an entrepreneur who built his company within the framework of the Ba’thist system, benefited from the state-enforced absence of competition, knew how to manoeuvre in its politicised environment etc., but now calls for a total break with the past. He has nothing but contempt for the protectionist bureaucracy he has made his fortune knowing how to manipulate, and cynically compares the remnants of the socialist system with a disease. When a businessman who thrived under Ba’thist protection calls for a “surgical operation” to give room for the private sector, you can tell that Syria has changed. Still, though the entrepreneurs in this respect have lost their fear, their outspokenness and courage do not extend to the political scene.

Carefully dealing with politics

Businessmen in Syria have clear political visibility. While private entrepreneurs stayed aloof from politics in a country like Iran, which has undergone a similar adjustment to market economy since 1990, the Damascene bourgeoisie’s political agency is both recognized and practiced.¹⁶⁸ As part of Hafiz al-Asad’s first economic *infitah* in the 1970s, business was allowed to stage some “independent” candidates for parliamentary elections. The scale of this practice increased with the second *infitah*, and since 1990, business has always had a considerable presence in the

¹⁶⁷ Author’s interview March 2007

¹⁶⁸ For a discussion of the Iranian bourgeoisie’s position see Kjetil Selvik: “The Rise and Newfound Legitimacy of Iran’s Industrial Bourgeoisie”, University of Oslo Gulf Studies, no. 2, 2005 <http://www.hf.uio.no/ikos/forskning/forskningsprosjekter/gulf/2.pdf>

Syrian popular assembly. In the 2007 parliamentary election, all major “independent lists” in Damascus consisted of businessmen in association with religious sheikhs. Thus, from the winning Fayha list industrialist Adnan Dakhakheni, merchant Bahaeddin Hasan, businessman Samir al-Dibs, lawyer Ghalib ‘Unaiz and engineer/regime crony Muhammad Hamshu were sent to Parliament with the spiritual guidance of Sheikh Abd al-Salam Rajih from the Kaftaru religious academy.¹⁶⁹ From the rival Sham list, the high-profile businessmen Hashim ‘Aqqad and Zahir Da‘bul made their way to the People’s Assembly.

According to parliamentarian and sheikh Mohammad al-Habash, who aligned himself with the Sham list, only some 10 per cent of independent candidates are not businessmen. Though the estimate is clearly on the high side (especially if one looks beyond Damascus) business’ financial muscle is an undeniable source of success in the electoral campaigns. For Habash, the lack of interest and awareness of the Syrian electorate strongly favour private capital interests. He explained: “only Damascus has 1000 electoral boxes. In order to get people to vote for you at each voting station, you therefore need 1000 representatives (sing. wakil) around the city. The wakil sits by the box throughout the election, shows pictures of you and encourages people to vote. Each wakil will cost you about 100 US Dollars for two days, so if you add up with 1000 boxes you’ll be paying 100 000 US Dollars. And some candidates send 10 representatives to each electoral box”.¹⁷⁰

The predominance of businessmen among Damascene independent candidates does not make them a strong political factor. For one, the Syrian Parliament has very limited decision-making power. Most laws are introduced by presidential decree with the Parliament reduced to a rubberstamp function. Secondly, while “independents” control one-third of the seats in Parliament, the National Progressive Front of the Ba‘th party and its allies have preserved a two-third majority. Last but not least, businessmen lack a clear political agenda and even fail to act as a block. The electoral lists are mere convenience-based strategic alliances without as much as a formal program, whose candidates – when elected – act as individuals in the People’s Assembly. In conversation with the author, a leading Fayha businessman gave the following explanation for this state of affairs:

- *[to the author]: It seems you followed our elections closely?*
- *I was in Syria at the time.*
- *So what did you think of our poster?*
- *It was nice, but the only problem was that there was so little information about the candidates. One could not really differentiate between the ideas of a person on this list versus the other.*
- *You’re right, but in Syria you must remember two things. Firstly, it is a small country, where people know a lot about you just by hearing your name. The voters may not know me personally, but they know I’m a successful businessman for instance, belonging to a liberal rather than socialist trend. Secondly, given the majority of the National Front in the Parliament, having a program would not be very fare. As independents, we will in anyways belong to a minority and have to align ourselves with the majority. Independent candidates would be*

¹⁶⁹ When interrogated on the rationale behind the composition of the list, Samir al-Dibs explained that Fayha wanted “all professions of society to be represented: industrialist, merchant, engineer, sheikh. If there had been enough place we would have included a doctor too... and a Christian (...) we also thought of including a woman” (Author’s interview June 2007)

¹⁷⁰ Author’s interview with Muhammad al-Habash June 2007

hypocrites if they were to pretend that they had a program they could realize in Parliament. Not even 1 percent of your political ideas will be taken into consideration, so you have to be realistic about your role.

- *Then what is your role in Parliament?*
- *Supervising members of the government. That is the whole reason why I'm there. I'm especially following economic issues. Politics are sensitive in this country so I prefer to concentrate on economic affairs.*¹⁷¹

Beyond the estimate that “less than 1 percent of independent parliamentarians’ ideas will be taken into consideration”, and that it therefore is futile to pretend to have a program, the entrepreneur’s last comment gives an additional hint as to why businessmen have not taken over the political life in Syria. With money invested in a range of business projects, they simply have too much to lose. Politics is a risky exercise in Syria, and as an industrialist explicitly stated, “capital is always afraid”.¹⁷² A successful investor like the one quoted above therefore prefers to concentrate on economics in Parliament, which he considers a safe bet. Other parliamentarians adapt by taking on a strict consensual language when commenting on political affairs. Asked to situate the preference of his electoral list in the heated debate on Syria’s new economic system, another deputy from the Fayha list gave the following answer:

Syria is going through a period of economic growth and openings for investments. The goal has to be to raise the income of the citizen and fulfil his needs. We all support the idea of a social market economy. We must take care of the partnership with peasants and workers that we cherish, and not hurt the public sector. The Syrian way is agreement of opinion. We have to avoid divisions. In our Parliament we have no lobbies, but harmony and cooperation.¹⁷³

The reflections on the need to “take care of the partnership with peasants and workers and not hurt the public sector” are quite different from the neo-liberal views related above that the entrepreneurs expressed in private. Speaking as a member of parliament to a foreign researcher on a contentious issue makes the deputy sound very conformist. He is not prepared to admit that conflicting class interests affect the Parliament or Syria. Instead, he chooses to praise internal unity, echoing the corporatist vision of society the Ba’thist regime has promoted for decades. By failing to state their views under conditions of political pressure, however, the entrepreneurs lose every possibility to influence the public debate. For comparison, consider the straightforward attack on businessmen in Parliament by the outspoken and renowned Muhammad al-Habash:

“The result [of businessmen’s dominance among independent candidates] is terrible. For instance, the number one candidate in Damascus, Hamshu, is a completely incompetent politician. During the last parliamentary round, I had not heard him raise his voice a single time. Still, due to the money side of the elections, he got the greatest vote number. Businessmen do not play a positive role in the Parliament. 90 percent are there for publicity only. They attend the first 20-30 minutes of the day’s session when there is filming. If there is a

¹⁷¹ Author’s interview June 2007

¹⁷² In Arabic: “*ra’s al-mal jaban*”, Author’s interview June 2007

¹⁷³ Author’s interview June 2007

*special occasion they might stay a little longer. But they do not contribute anything to the creation of laws and the political debate”.*¹⁷⁴

If their political interest and experience is as weak as Habash suggests, the question becomes why businessmen care to stand for parliamentary elections at all. The answer seems to lie in a combination of prestige and political contacts. Though the Parliament has very limited decision-making influence, there is undoubtedly an aura of respect to the status of parliamentarian that enhances entrepreneurs’ social capital. This again opens business opportunities as you’re invited to feasts and occasions and get to mingle with ‘people in high places’. Following a typical pattern of military-mercantile capitalism, crony capitalists have a tradition of informal business deals with military and intelligence officers, gaining privileged access to market positions, monopolies and state contracts. As a consequence, businessmen are reported having invested up to 3 million US Dollars for the electoral campaign to bring them into Parliament. Asked for an explanation for this heavy spending given the tiny dividend in terms of decision-making influence, a businessman who himself denied having any political ambition gave the following explanation:

*It is because they fancy it. Look at it this way: I’m going to buy the top model of an Audi car. I love expensive cars. It is my vice. Some people like to go to the parliament for the prestige it gives them and maybe also some business opportunities. It is their vice.*¹⁷⁵

It should be noted that few of the really big Syrian entrepreneurs are members of Parliament. Presumably, the most influential actors already have the prestige and connections it takes to do business in Syria. One of the most successful industrialists interviewed for this report, often included in the business ventures of the President’s cousin Rami Makhluf, gave the following description of his social and political status:

*I’m in a very special position. I am very near the people and at the same time have very, very good relations with the government. My influence in both camps is due to respect. There are not many people like me have strong connections and at the same time enjoy the trust of the population. There are not many people like me who are familiar with the two realities of society – down to the small shopkeeper – and the state. Because I’m trusted and respected, people come to me with their problems. The phone call I just received was from a friend who went to prison and needed my help to get out. I often help people who go to prison, not because they are criminals of course, but for economic problems and those kinds of things. Afterwards they’re all very grateful, and now this guy wanted to give a party to thank me. Next week we’re celebrating that I managed to bring together two families who for a long time were in war with each other.*¹⁷⁶

Privileged entrepreneurs like the one in question here gain leverage through personal access to decision-makers. More specifically, a history of friendship or interaction with the President and/or his closest family can allow a businessman to circumvent the otherwise constraining features of the Ba’th apparatus. The manager of a rapidly growing enterprise for instance explained that knows the Asad family from his childhood and used to play with Bashar as a child. Still today he sometimes spends his holidays with the President and family. Though the friendship according to the businessman is strictly personal and unrelated to politics, it nevertheless constitutes a useful political capital in times of trouble. The company manager for instance recalls

¹⁷⁴ Author’s interview with Muhammad al-Habash June 2007

¹⁷⁵ Author’s interview March 2007

¹⁷⁶ Author’s interview June 2007

how he was allowed to build a factory outside the ordinary industrial zone of Damascus thanks to the personal intervention of Hafiz al-Asad.¹⁷⁷ Such entrepreneurs can potentially exercise considerable political influence, though in capacity as individuals and not as a social group. In the assessment of several well-informed sources interviewed for this report, key “insider” businessmen are among the very most powerful in Syria, dominated by the heads of the military and intelligence services, but frequently more influential than government and Ba‘th party leaders.¹⁷⁸ No wonder “people come [to them] with their problems” as the above-quoted industrialist put it. Indeed, the newfound weight within the system, combined with their non-state background, make them perfect “go-betweens” and fixers. This way, the entrepreneurs are both accumulating social capital and helping to “lubricate the system”.

While some particularly influential businessmen are dealing with politics on a personal basis, most actors in the private sector prefer not to be dealing with it at all. This reflex to avoid playing with fire – shaped by decades of authoritarianism – is still the most common political attitude among Syrian entrepreneurs. The following reflection on the subject by a damascene industrialist is a typical illustration:

I don't care too much about politics. It is not my business. I am the president of this company and trying to make it work ideally. If everyone fulfilled his role in society, we would not have any problems. In the future I would like to contribute to the development of the nation by founding an educational institution. As my work is in engineering, I would like it to be a technical university. The most important would be to teach the students discipline; to come on time, keep their appointments and do what they have promised. When this is in order, the rest comes naturally. (...) Syria is a very safe country. As long as you stick to the rules and don't enter areas of concern for the security services, nothing will happen to you. Even girls can walk alone in the streets at night.

The entrepreneur’s disinterest in politics does not equal indifference to social and political organization in Syria. What comes out of a comment like this on the contrary a very strong case for stability, security and the status quo. The self-declared political sidelining rests on a corporatist vision of society where everyone does his duty and sticks to what he knows the most. For the entrepreneur as industrialist this means “building the country” through production or passing on his experience and knowledge as suggested here. Interestingly, in the projected technical university, “the most important would be to teach the students discipline”. Seen in the light of the later admonition to “stick to the rules” and not provoke the security services, the entrepreneur’s ambition is clearly compatible with Syria’s authoritarianism. In this context, silence certainly means approval of the political system in place. Seen from the regime’s perspective, gaining the support of entrepreneurs who put their energy and creativity behind Bashar al-Asad’s project is an important achievement.

¹⁷⁷ Author’s interview December 2007

¹⁷⁸ Author’s interviews April and June 2007

Part Three: Towards a New Equilibrium?

The guarantor of relative privilege

Since the beginning of its ‘corrective movement’ in 1970, the Asad dynasty has led Syria through a gradual accommodation with the private sector. Under Bashar al-Asad, the fruits of this reconciliation are fully starting to show. By reaching out to investors and private entrepreneurs the pressured Syrian leadership has rallied a new dynamic force behind the system as businessmen bring fresh resources of organization, communication and patronage and substitute a modern face of the Ba’thist system for its traditional austere socialist image. Most importantly, they represent a group outside the traditional Ba’thist system that wholeheartedly gives it support to the President. In this they serve to reinvigorate a regime whose class-base and ideology long seemed to have frozen.

The regime simultaneously seeks to maintain its traditional clientele by avoiding painful economic reforms. It has developed a dual response to the challenge of market forces that makes it the “guarantor of relative privilege” for both winners and losers in the process. For crony capitalists and (to a lesser extent) small and medium enterprises, economic liberalization represents an *opportunity*, while for workers, peasants and civil servants, it has become a source of *fear*. The regime skilfully exploits this situation by opening up for the private sector while at the same time protecting its clients from a potentially harsher economic reality. Thus, while business may praise the regime for things getting better, peasants, blue and white-collar workers may thank it for not getting worse.¹⁷⁹ The result is a convergence of class interests towards the upholding of a political order that several groups might ideally like to replace.

In the meantime the state has backed down from its original mission and adopted a “class-neutral” posture. It is friend with capital and friend with labour and carefully avoids the vocabulary of class antagonism. Syria is moving towards the “liberalized autocracy”-model that has become the norm in the Arab World.¹⁸⁰ Rather than pinning its legitimacy to a single state ideology and commanding total obedience, such regimes allow the emergence of competing ideological trends in society and rule by counterbalancing rival groups. It is a game the Ba’thist regime has learned to play by pitting secularists against Islamists in Syria. By choosing the ‘golden mean’ of a social market economy, Bashar al-Asad hopes to gain a similar role as mediator between proponents and opponents of capitalism.

Differences nonetheless occur in the recognition of the groups’ political agency: Whereas the bourgeoisie is allowed to organize outside the corporatist framework,

¹⁷⁹ This argument of course is only valid for workers in the formal sector or others who implicitly benefit from state subsidies. The primary beneficiaries of the current state of affairs are farmers working with (the heavily subsidized) “strategic crops” like cotton, wheat and barley; workers in state-owned enterprises; and civil servants.

¹⁸⁰ See Daniel Brumberg: “Liberalization versus Democracy: Understanding Arab Political Reform”, in *Democracy and Rule of Law Paper*, nr. 37, Carnegie Endowment for International Peace: Washington, D.C., 2003.

and express their views through private media outlets, the peasants and workers continue to be forcefully represented by the state. As Syrian economist Samir Seifan perspicuously argues: “In the populist social contract, the state told these groups that they did not have to express their viewpoints because the state would express them in their place. The state’s withdrawal from the role as the working class’ representative should imply that workers and peasants would be allowed to stage parties, unions or demonstrations, but none of this is accepted”.¹⁸¹ In fact, as we have seen, the working class is wholly left out of the discussions on Syria’s new social contract among the ‘vital forces’ identified in the 10th Five Year Plan.

The entrepreneurs’ interviewed for this report blame workers’ attitude for their country’s economic problem. They are in line with the recommendations of the 10th Five Year Plan which stresses the need for a mindset change. The dominating discourse does not relate culture to politics, however. Syria’s economic reform is dissociated conceptually from considerations of regime and class. Yet, as this paper has argued, there is indeed a political logic behind the present shape of reform: it aims to preserve a political system which at the end of the day has a far greater impact on Syrian mentalities than socialism itself. One can in other words not blindly put one’s hope in the “spirit of capitalism” to save the country’s economic and political future. The search for a new social contract started in the 10th Five Year Plan should rather be extended to political issues.

¹⁸¹ Author’s interview June 2007

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The Centre for Syrian Studies

The Centre for Syrian Studies of the University of St. Andrews was officially founded on November 3, 2006. The mission of the Centre is to foster scholarship and dialogue about Syria and exchanges between Syrian and British scholars and others. It undertakes research on contemporary Syria, specifically, on economic and political reform in Syria and on security and foreign policy issues concerning Syria. Centre fellows do research in St. Andrews and Syria and their findings are disseminated through a website, periodic conferences, and a publishing program. The director of the Centre is professor Raymond Hinnebusch and the centre is funded by the Asfari Foundation with offices in London and Aberdeen.

<http://www.st-andrews.ac.uk/~wwwir/syrian/>

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