

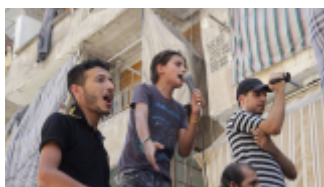
Syria: The Social Origins of the Uprising - Neoliberal Policies and Despotic Expansion

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Remembering the real causes of the eruption the popular uprising in Syria, which is increasingly turning into an international war.

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Boustan Al Kaser, Aleppo 2013

Doha Hassan, Rosa-Luxemburg-Stiftung

More than seven years after the beginning of the popular uprising in Syria, which increasingly turned into an international war, the causes of this eruption are often forgotten. When they are discussed, the vast majority of authors reduce the uprising to a struggle against authoritarianism while neglecting its socio-economic roots almost entirely. Yet the way in which the relations of production in contemporary Syria constitute a blockage to the development of the productive forces is in fact a key element in understanding the popular base of the Syrian uprising.

The most important component of the movement was economically marginalized Sunni rural workers, along with urban employees and self-employed workers who have borne the brunt of neoliberal policies, particularly since Bashar al-Assad came to power in 2000. The geography of the revolts in Idlib, Dar'a and other middle sized towns as well as in other rural areas exhibits a pattern_ namely, all were historical strongholds of the Ba'th Party, and benefited from agricultural reforms in the 1960s.

The Acceleration of Neoliberalism under Bashar al-Assad

Syria underwent an accelerated implementation of neoliberal policies in the decade after Bashar al-Assad's took power in 2000, which also represented an instrument with which the new ruler could consolidate his power. Unlike his father, Bashar allowed the World Bank and the IMF to intervene in the process of economic liberalization. In 2005, the "social market economy" was adopted as a new

economic strategy at the Ba'ath Party's 10th Regional Conference. In other words, the private sector rather than the state would become a partner and leader in the process of economic development and in providing employment (Abboud 2015: 55). The aim was to encourage private accumulation principally through the marketization of the economy while the state withdrew from key areas of social welfare provision, aggravating already existing socio-economic problems.

The attraction of foreign investment and Syrian funds held outside of the country by nationals and expatriates, particularly in the service sector, was fundamental to this new economic strategy. Foreign direct investment climbed from \$120 million in 2002 to \$3.5 billion in 2010. Investment inflows drove a boom in trade, housing, banking, construction and tourism (Hinnebush 2012: 100).

The share of the private economy continued to grow, reaching up to 65 percent of Syrian GDP (over 70 percent according to some estimates) in 2010, while also being the largest employer. Approximately 75 percent of the Syrian labour force worked in the private sector (Achcar 2013: 24).

Neoliberal policies benefitted the Syrian upper class and foreign investors (particularly from the Gulf Monarchies and Turkey) at the expense of the vast majority of Syrians, who were hit by inflation and the rising cost of living. During this period, the regime also significantly reduced taxes on business sector profits for both groups and individuals. These measures were implemented despite the fact that tax evasion was already widespread, reaching 100 billion Syrian pounds in 2009 according to some estimates (Seifan 2013: 109).

The small and medium-sized enterprises which made up more than 99 percent of all businesses in Syria were for the most part negatively affected by marketization and economic liberalization.

The Syrian economy became increasingly rent-based, as the share of productive sectors diminished from 48.1 percent of GDP in 1992 to 40.6 percent in 2010, while the share of wages in the national income was less than 33 percent in 2008-2009, compared to nearly 40.5 percent in 2004 - meaning that profits and rents constituted more than 67 percent of GDP.

These liberalization measures were accompanied by lowering of subsidies, the halting of public sector employment expansion, and the reduction of the state's role in domestic investment. Social security spending was reduced considerably by the cutbacks to the pension system in the 2000s. Health care and education spending did not rise in accordance with population growth. The share of the education and health care sectors as a percentage of GDP expenses was approximately 4 percent and 0.4 percent before 2010. In this context, the regime embarked on the gradual privatization of schools, in particular universities and colleges, and of health care. This process was accompanied by the reduction of the quality and quantity of public health services, which forced Syrians to turn to the private sector in order to enjoy basic services. Subsidies were also removed on key foods items as well as on gas and other energy sources. Price liberalization meant that products essential to everyday life grew increasingly unaffordable for most low-income families (Abboud 2015: 55).

Responsibility for social services to ease rising inequalities was increasingly shifted to private charities, and therefore bourgeois and religiously conservative layers of Syrian society, especially religious associations.

In agriculture, land privatization took place at the expense of several hundreds of thousands of peasants from the northeast, particularly following the drought between 2007 and 2009 in which one million peasants received international aid and food supplies, driving 300,000 to Damascus, Aleppo and other cities. However, this social catastrophe should not be perceived as the consequence of a mere natural disaster. Even before the drought, Syria lost 40 percent of its agricultural workforce between 2002 and 2008, dropping from 1.4 million to 800,000 workers. The

sector's share of employment fell from 32.9 / 30 percent in 2000 to just 14 / 13.2 percent by 2011.

Agricultural liberalization measures took place under Bashar al-Assad from the end of 2000 with the privatizing of state farms in the north after more than four decades of collective ownership. Yet according to researcher Myriam Ababsa, the real beneficiaries of these privatization processes were nevertheless investors and entrepreneurs able to unlawfully rent out former state holdings. Land ownership became increasingly concentrated in a small number of hands. In 2008, 28 percent of farmers utilizing 75 percent of irrigated land, while 49 percent of them had only 10 percent, evidencing the inequalities in this sector.

Neoliberal Policies and Despotic Expansion

Neoliberal policies and deepening processes of privatization created new monopolies in the hands of relatives and other figures associated with Bashar al-Assad and the regime, either through familial ties or public and governmental positions or posts in the military and security service. Rami Makhlouf, Bashar al-Assad's cousin and richest man in Syria, represented the mafia-style process of privatization led by the regime. His vast economic empire included telecommunications, oil and gas, as well as construction, banks, airlines, retail, and more (Seifan 2013: 113). The role of the new businessmen emerging from the state bourgeoisie and high officialdom grew prominent in Syrian economic life, increasingly taking up positions occupied by the old and traditional bourgeoisie.

The regime thus expanded its predatory activities from control over "rents derived from the state" to a position that permitted it to dominate "private rents" without even a modicum of transparency. These new incomes also enabled ruling elites to establish a network of associates whose loyalty was purchased with market shares and protection.

The Socio-Economic Consequences of Syria's Neoliberal Project

Bashar al-Assad's political rule and economic policies led to an unprecedented impoverishment of society while wealth inequalities continued to increase, despite GDP growing at an average rate of 4.3 percent per year from 2000 to 2010 in real terms, but benefiting only a small strata of economic elites. GDP more than doubled, passing from \$28.8 billion in 2005 to around \$60 billion in 2010.

In 2003-2004, the poorest 20 percent of the population accounted for only 7 percent of total expenditure, while the wealthiest 20 percent were responsible for 45 percent of total expenditure. In 2007, the percentage of Syrians living below the poverty line was 33 percent, representing approximately seven million people, while 30 percent of them were just above this level.

The labour force participation rate for people aged 15 years and above actually declined from 52.3 percent in 2001 to around 42.7 and 43.5 percent in 2010. This was a direct result of the regime's failed neo-liberal policies, which proved unable to absorb potential labour market entrants, especially young graduates. The Syrian economy created only 400,000 net jobs between 2001 and 2010, at an annual growth rate of 0.9 percent, which resulted in a decline of the employment rate from 47 percent in 2001 to 39 percent in 2010. The diminution in the labour force participation rate took place in both rural and urban areas, but was sharper in the countryside.

Women suffered massively from this development, as the labour force participation rate of women aged 15 and above decreased from between 21 and 20.4 to 13.2 / 12.7 percent between 2001 and 2010 - one of the lowest in the world. The male participation rate also diminished from 81 to 72.2 percent during the same period.

Economic liberalization also had consequences on the labour market. Prior to the uprising, the informal sector was a significant contributor to the Syrian economy. It was calculated to contribute about 30 percent of employment and about 30-40 percent of GDP, according to estimates in the 10th Five-Year Plan, suggesting that the informal sector was at least as productive as the formal sector. It is worth noting that more than 50 percent of informal sector workers were between the ages of 15 and 29, revealing the decreasing opportunities available for Syrian youth during liberalization .

Poor neighbourhoods around the cities actually expanded considerably, while the urban real estate speculation unleashed by the influx of Gulf capital together with an end to rent controls drove the cost of housing beyond the means of middle strata (Hinnebush 2012: 102). This pushed many Syrians into marginal areas of cities where they were often forced to live in illegal housing. This in turn led to a housing crisis – a shortage of around 1.5 million formal dwellings according to the Syrian Economic Center in 2007 (cited in Goulden 2011: 188-190), with sections of the population becoming homeless or living in informal areas (Hinnebush 2012: 102). For example, between 1981 and 1994 the informal sector met 65 percent of new housing needs in Damascus and 50 percent for the country as a whole (Goulden 2011: 188).

Estimates of what proportion of the population lived in informal housing vary, usually fluctuating between 30 to 40 percent. They may have been as high as 50 percent (Goulden 2011: 188). In Aleppo, 29 informal settlements (out of a total of 114 neighbourhoods registered by the municipality) occupied about 45 percent of the city's inhabited area and were home to an estimated total population of 2.5 million (Ahmad 2012: 8). In addition to often being poorly constructed and therefore dangerous to live in, these neighbourhoods lacked medical services and had few public health facilities (Goulden 2011: 201).

The proportion of poor was higher in rural areas (62 percent) than in urban areas (38 percent), while over half (54.2 percent) of all unemployment was located in rural areas.

There has been a continuous impoverishment of Syria's rural areas since the 1980s, while the droughts beginning 2006 accelerated the rural exodus. This situation was exacerbated by an annual population growth rate of around 2.5 percent that particularly affected small to mid-sized towns in rural areas, in which the population has often multiplied by five to ten times since the 1980s. Public services provided by the state in these towns did not increase, in fact they often even shrank as a result of neo-liberal policies, leading to a deterioration of living conditions for the local population (Baczko, Dorronsoro and Quesnay 2016: 46-47).

Conclusion

Bashar al-Assad's rise to power in 2000 considerably strengthened the patrimonial nature of the state, characterized by the growing weight of crony capitalists within the regime's inner circle. Its accelerated neoliberal policies led to an increasing shift in the original social base of the regime which originally consisted of peasants, government employees and some sections of the bourgeoisie, to a regime coalition crony capitalists at its heart – the rent-seeking alliance of political brokers (led by Assad's mother's family) and the regime-supporting bourgeoisie and upper-middle classes.

Large sections of those left behind by liberalization, particularly in the villages and medium-sized cities, have been at the forefront of the uprising. The absence of democracy and the growing impoverishment of broad segments of Syrian society, against the backdrop of corruption and growing social inequality, prepared the ground for the popular insurrection, which was simply waiting for the appropriate spark. Initial protesters in the country were inspired by the uprisings in Tunisia and Egypt, and saw an opportunity to launch a similar movement in Syria following the

events in Dar'a.

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