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ABSTRACT

Syria is one of the countries influenced by the Arab Spring. Syrian Civil War, which started in 2011 with protests in the aftermath of Arab Spring, has had its effects on Syrian citizens and the world in several aspects. When the civil war started in Syria, people gathered together in city squares to do protests with a lot of different demands and discourses. The common demand was for more reforms, more freedom and change of the authoritarian regime. In the anti-government demonstrations, the oppressed people demanded termination of economic downturn continuing for years and the implementation of reforms that had not been made in spite of the promises of those in power. In this thesis, the political economy of the country was examined under the headings of economic, political and social circumstances before demonstrations. The reasons that lead the people to rebel and demand radical changes in Syria and the impact of the economic liberalization policies in economy and society were investigated. The factors deemed necessary to analyze are general political economic indicators such as GDP, inflation, unemployment figures and corruption and the environmental factors that have economic impacts such as drought, climate change. As a result of the investigation it was concluded that prior to the civil war, the Syrian people had problems in many areas including economic welfare and the protection of fundamental rights and freedoms. The steps that the government took for economic liberalization without political liberalisation did not bring the desired reaction from the society living under the pressure of the authoritarian state. The positive effects of the reforms and the increase in welfare were not felt equally by all parts of the society. Therefore, this thesis concludes that neo-liberal economic reforms without political liberalization under an authoritarian rule in Syria has resulted in serious popular discontent.

Keywords: civil war, Syria's economy, political economy, climate change, liberalization

ÖZET

Arap Baharı'nın etkilediği ülkelerden biri olan Suriye'de 2011 yılında protesto gösterileri ile başlayan iç savaş dünyayı ve ülkenin vatandaşlarını pek çok yönden etkilemiştir. Suriye'de iç savaş başladığında meydanlarda gösteri yapan halk bir çok talep ve söylem etrafında birleşmiştir. Ülkede genel anlamda daha fazla reform ve özgürlük talepleri konusunda birleşen halk otoriter rejimin istifasını istemiştir. Hükümet karşıtı gösterilerde, baskıcı rejim yapılanması altında ezilen halk, ülkede yıllardır süren ekonomik kötü gidişatın sona erdirilmesini ve yöneticiler tarafından sıkça vaat edilmesine rağmen uygulanmayan reformların yürürlüğe konmasını talep etmiştir. Bu tezde Suriye'nin iç savaş öncesi ekonomik, politik ve sosyal durumu başlıkları altında gösterilerden önceki dönemde ülkenin ekonomi politikleri incelenmiştir. Suriye'de halkın isyan etmesine ve köklü değişimler istemesine sebep olan unsurlar ve ekonomik liberalleşme politikalarının ekonomide ve toplumdaki etkisi araştırılmıştır. Bu unsurlar, GSYH, enflasyon ve işsizlik rakamları gibi genel ekonomik göstergelerin yanı sıra Suriye'de etkili kuraklık, iklim değişikliği ve yolsuzluk gibi incelenmesi gereken politik ekonomik unsurlardır. İlgili başlıklar incelendiğinde ortaya çıkan; Suriye'de yaşayan halkın iç savaş öncesinde temel hak ve özgürlüklerin korunması ve ekonomik refah gibi birçok konuda sorun yaşadığıdır. Hükümetin ekonomik liberalleşme adına attığı adımlar otoriter devlet baskısı altında yaşayan toplumda istenilen karşılığı bulamamış, reformların getirileri ve refah halka eşit yayılmamıştır. Sonuç olarak, bu tezin ulaştığı sonuç siyasal liberalleşme olmadan otoriter yönetim altında yapılan neo-liberal ekonomik reformların Suriye ciddi ve genel bir hoşnutsuzluk yarattığıdır.

Anahtar Kelimeler: iç savaş, Suriye'nin ekonomisi, ekonomi politik, iklim değişikliği, liberalleşme

INTRODUCTION

The Syrian civil war has been on the world agenda for many years. Much has been discussed on its reasons. The purpose of this thesis is to analyse political economic conditions in Syria before March 2011, the time when Syria was dragged into civil war. Within this framework, it is to question why Syrians demonstrated against the regime, in relation to the pre-war political economic indicators showing discontent. In short, this thesis is an attempt at analysing of Syria's political economy in pre-civil war period. The economic indicators in Syria, the economic liberalization policies, severe drought, authoritarian rule and corruption are among the topics that will be studied.

The wave of rebellion began when Mohamed Bouazizi -a 26-year-old street vendor with university diploma- burned himself to death as a protest in Tunisia on December 17th, 2010 and later expanded to other Arab countries, turning into 'Arab Spring'. The wind of Arab Spring unseated Zine El Abidine Ben Ali, who had been in power in Tunisia for 23 years, in only 28 days and later Hosni Mubarak, who had been in power in Egypt for 30 years, in only 18 days. The wave hit Libya after Tunisia and Egypt. Muhammad Gaddafi's government, which had been in power for many years was now shaking when news of revolt came from Syria. Soon afterwards, the wind of change, which put Syria under its spell, blowed stormier and for a longer time in this country. Only few people had predicted that Syria could be the next rebelling country, because the number of demonstrations in this country was very low. (Phillips, 2012, p. 37) The Arab Spring protests were also seen in Bahrain, Yemen, Qatar, Saudi Arabia, but it did not have the same effect in these countries. In Syria, this wave of rebellion, which still continues today as a civil war, has grown into a different extent both for its citizens and for the countries involved in various aspects of civil war.

On January 27th, 2011 in Haseke, Syria, similar to the self-immolation protest in Tunisia, a 26-year-old unemployed man, burned himself to protest the Ba'ath

regime, which had President Bashar al-Assad in charge. (CnnTurk, 2011) Then demonstrations were held in front of the Libyan Embassy in the capital city Damascus and also in various other cities. The demonstrations flared up when 15 children (under 17 years of age) were imprisoned because they allegedly wrote "The people want the regime to fall" on a wall in Dara'a. Then, on Friday, March 18th, riots began in many cities of the country (Baniyas, Qamishli, Douma, Deir ez-Zor and the capital, Damascus). (Abouzeid, 2011) In the following years of the war, it was claimed that one of the reasons for the exacerbation of insurgencies was that Dr. Fatima Masalma was arrested because of a phone call that she made. This is how Mohja Kahf describes this process in his article The Syrian Revolution, Then and Now;

"... Rallies dotting Syria in February included a protest by thirty people in Dara on February 25, 2011, resulting in the planning of meetings hosted by the Masalma family of Dara in outrage at the treatment received by thirty-five year-old Dr. Fatima Masalma when she was in prison for remarking on the phone that Mubarak's deposal on February 11 should happen to "ours next." Then, on February 27, twenty boys were imprisoned for writing "freedom" and "the people want the fall of the regime" on the walls of their school in Dara, reports emerged that the boys were being tortured. Their fathers appealed for their release to Dara security chief Atef Najib on March 4 and 5, but were rudely rebuffed. Kurds in Syria's north were extremely restive in February 2011; mid-month arrests included the sweeping of four children. Other sparks were the Hamadiye Market rally of about one hundred and fifty youth in Damascus on March 15 as well as the March 16 sit-in of about three hundred people organized by women in front of the Interior Ministry, Damascus, for the release of prisoners of conscience. Mass uprising began in Syria on March 2011. Four major Syrian cities saw crowds of over a thousand: Dara'a in the south, despite the city's high numbers of Baath Party membership; Homs; Damascus, the capital; and Banyas in coastal Syria..." (Kahf, 2014, p. 558)

In Syrian Arab Republic, the protests which started in January 2011 turned in March 2011 into a civil war which still continues today, affecting not only Syria and Syrian citizens, but also becoming an issue that the world speaks about. Millions of people who fled Syria because of the war have found asylum in various countries, settled in refugee camps and become migrant citizens. Those who escaped from the civil war in Syria have affected the domestic policies of many countries and caused

refugee crisis and controversy in the countries where they settled. This has turned into an important humanitarian and political issue especially for Lebanon, Turkey, Iraq and Jordan, which are Syria's neighbors, for some European countries such as Germany, Greece, France, Italy and for Balkan countries that are in the migration path. Some of the Syrian refugees experienced numerous tragic incidents in the refugee camps on the borders of the countries from which that they requested asylum and others have lost their lives in crowded refugee boats which they boarded in order to emigrate. To sum up, since 2011, the Syrian civil war has been the main scene of tragedy for the ones who escaped from the war, for those who chose to fight or simply stay in their country, those who unwillingly become a part of the war and for those who became refugees. Since the start of the war, there has also been migration to Syria, though not as intense as the migration from Syria. The incoming migrants include radical Islamist fighters from all over the world who joined radical Islamist groups fighting against government forces, Kurds living in other countries who joined groups formed by Kurds and those who joined groups called “moderate opponents”. These fighters waged a war in Syria in certain periods to bring into force their points of view and to establish a regime that they desired in Syria, which has become a cradle of war. They also sought political and military support in various countries and platforms to forge ahead or to reach their goals in the ongoing war. Various countries also supported these groups in accordance with the position they held for Syrian war. Opposition groups have been receiving more and more open support from external parties and civil war has evolved into a proxy war. While the USA and western countries have been supporting Syrian oppositions, Russia, Iran and China have been giving military and financial support to Assad regime and have been advocating the regime in international platforms such as United Nations Security Council. (Asseburg & Wimmen, 2012, p. 3)

It would be very superficial of us to see the current situation in Syria as another link in the chain of events that we saw during Arab Spring in the Arab countries which had been unfavorably governed by dictators for many years. Although rebellions seem to be targeting a government and/or a leader that the people in general want to “resign” it is known that there are other trigger factors. The leading one of these

factors and the one that people mostly talk about is the problem of economy and belated steps for reform. Although generally political and economic problems lead to such kinds of upheavals, country-specific problems may also lead a country into a civil war. Each civil war or rebellion may have general and widespread causes, as well as a country-specific motives. For developing countries like Syria, which are under the rule of authoritarian regimes, the plans and policies of the government might have serious effects on the society and even might to lead to unrest.

When the demonstrations began in Syria, many scholars regarded this conflict as a justified effort for power sharing between Alawite Assad Government and the Sunni majority. It was claimed that the main body that was governing the country was the Alawite, who allegedly suppressed the Sunni majority and their right to come into power and as a natural consequence, the majority started the rebellion movements in the country. Those who opposed this claim indicated that there were also Alawites among those who participated in the uprising that the Sunni rulers were dominant in the country and that reading the insurrection as a simple sectarian conflict would be both theoretically and empirically flawed. (Azmeah, 2016, p. 500) While some stated the economic deterioration in the country, rising unemployment rates and prices as the reasons for the upheaval the people who demonstrated in the streets during the rebellion expressed their problems as the oppressive regime, the restrictions, corruption and the desire for reform. Even in February 2011, when the demonstrations started with limited participation, the people gathering in squares remonstrated with regime's repressive practices, such as the increases in travel and internet bans and the detention of political prisoners. (Flock, 2011)

After a long period of military coups, Syria achieved a steady growth with Hafez al-Assad's presidency beginning in 1970. We can say that he created a strong state to a certain degree in the region. During the 30 years Assad ruled the country, he was supported by minorities and the people living in the countryside. However, in all those years no significant change was seen in the structure of political and power elites. (Van Dam, 1996, p. 137) He appointed many members of his family to important positions within the party bureaucracy, army and intelligence agency.

Hafez al-Assad established a 'one man' regime with a constitutional amendment in 1963, strengthening his position in power with strategic appointments and maintained his presidency until his death. It is a matter of great interest that Hafez al-Assad played a big part in the construction of Syria, which was dragged into civil war in 2011.

President Hafez al-Assad died on June 10th, 2000 and his son Bashar al-Assad took his place. Bashar al-Assad was doing internship in ophthalmology in London but he left his post after his brother Basil al-Assad died and he returned to Syria to be his father's political heir. Bashar al-Assad's presidency looked promising and raised expectations because of his young age and his education overseas. (Zisser, 2017, p. 554) It was a nationally and internationally popular estimation that the young president Bashar al-Assad would give a new image to Syria and bring innovations to the way that the country was being governed. Indeed, in his inauguration speech Bashar al-Assad gave some signals of reforms. Assad promised constructive criticism, transparency and democracy in this speech and mentioned the need for 'creative thinking'. (al-bab.com, 2000) Assad made a similar speech at the Arab Summit, which he attended shortly after he became the president. He said that he would be transparent, that he would support initiatives, respect human rights and follow a political agenda in which he would act in accordance with the international law and then he issued a call for cooperation with Arab countries. (Mercan, 2012, p. 143). In this period called "The Damascus Spring", which brought politic and economic reforms since 2000, the government was sympathetic towards the opposition and took steps for reform. However, the spring ended in 2005 with the assassination of Rafiq al-Hariri, former President of Lebanon. Syria returned to security policies again, within and outside the country. (Topal, 2016, pp. 68-76)

But Hafez al-Assad's resident Ba'ath squads, whose average age was over 60 and most of whom did not have university education, had suspicions about and did not understand well Bashar al-Assad's reform agenda's. They thought that stock market, private bank, private university, internet and freedom of expression were dangerous and they could not comprehend these well. The local bureaucracy, where

corruption and nepotism were settled for good, opposed the reforms, too. (Taştekin, 2015, p. 46) According to the opposing female writer Samar Yazbek, the regime and Assad told a lie whenever they talked about a reform. According to her, Bashar al-Assad did not make any reform because simply he was not capable of making reforms. If he honestly had wanted to make reforms, he would have had to close fifteen departments of the intelligence service, release thousands of political prisoners and judge those who murdered people in prisons. Increasing wages and changing the economic system without taking these political steps did not satisfy the public. But he couldn't make such reforms because it would be the end of Assad regime. (Yazbek, 2012, p. 7) It was certain that in Ba'ath Party there was a group that Bashar al-Assad could not handle and that this group interrupted the reforms of Assad administration because the members of the group did not want to lose their privileges. (Koyuncu, 2018, p. 159)

After the 30-year-long rule of Hafez al-Assad, his son Bashar signaled economic liberalization as soon as he took office. Bashar al-Assad reduced the state aid, tried to emerge from oil-based economic growth and open up the economy to the foreign actors by supporting the private sector. He wanted to pave the way for commercial activities by signing agreements with various unions and countries. (The World Bank, 2017, p. 9) However, although economic indicators showed steady growth, Syria was not catching up with its neighbors in terms of economic growth. Even though the GDP of Syria increased year after year, the number of poor people increased, the capital gathered in the hands of big businessmen. The level of poverty rose to the worst levels in the region in comparison with similar Arab countries such as Egypt, Lebanon and Libya. The population was growing rapidly and the rate of unemployment was increasing as well. Although Syria signed several trade agreements, there was no increase in the variety of its production. The agricultural sector, which constituted an important part of income and employment, became increasingly inefficient due to the drought and the decline in government support. Irrigation had been uncoordinated and irrigation technologies had been insufficient for many years and the resulting contraction in the agricultural sector caused severe economic problems.

In the later years of the civil war, many scholars who were pointing to the economic indicators argued that even climate change had an impact on the process. The articles published by Peter Gleick and Colin P. Kelly et al in 2014 were the studies that first examined this issue and its sphere of influence. Some also argued that the abnormal levels of drought in the region and the following migration from rural areas to cities caused severe economic and social problems in the country. It was pointed out that the long lasting droughts that came about before the civil war had serious adverse effects on agriculture in Syria, a country originally known as a self-sufficient food producer and that the country consequently had to start importing agricultural products, especially wheat. Undoubtedly this was one of the economic problems indicated as main causes of the revolts. (Ide, 2018, p. 347)

Syrian economy went through six important periods from 1946, the year when the country declared its independence, until the Civil War. Steps were taken towards the establishment of free economy between the years 1946 and 1963. After this period which ended with the coup of 1963, the economy was predominated by the state. There was economic crisis in the 1980's and steps were taken towards economic recovery and liberalization in 1990's. In 2000's, this recovery and liberalization process gained momentum. (Al Wazani, 2014, pp. 33-40) Income from agriculture and oil is the backbone of Syrian economy. Therefore, the drought and the changes in the global oil prices showed its effects on economic growth of Syria. In the pre-war period there was a gradual increase in GDP and growth. Between the years 2001 and 2010, the average annual growth of GDP was over 4%. However, although there was a regular rate of growth in economy between the years 2001 and 2010, we can say that per capita income in Syria was the lowest compared to other countries in the region (such as Egypt and Libya). (Nasser, et al., 2013, p. 18)

We can say that in the 48 years since Hafez al-Assad took over the presidency in 1970, the Assad family has become the most influential group in the country shaping the modern-day Syria. (Zisser, 2017, p. 554) The Assad family's effect was not only confined to that of Hafez al-Assad and that of his son Bashar al-Assad.

Most members of the Assad family were in the top administrative positions of the country. In a way, talking about the modern history of Syria means talking about the Assad family. Hafez and Bashar al-Assad and the family have led to drastic changes and breaks in domestic and foreign policy of Syria. (Merican, 2012, p. 51) At the same time, some members of the family and their close relatives were allegedly involved in significant cases of corruption which were widely expressed in the rebellions in 2011. Close relatives of Assad family and a group headed by Bashar al - Assad's cousin Rami Makhlouf were involved in a large-scale case of corruption and this issue was also frequently raised before the riots, becoming a very-widely known scandal. In addition, the bribery and nepotism tradition, which spread to all institutions of the state, made it difficult for citizens to do business with state institutions. (Tokmajyan, 2016)

When the riots started in Syria, the other demands of the people were abolishment of state of emergency, release of political prisoners and abolishment of the limitations on media and the internet. These demands proved that people in Syria were not in conditions favoring welfare in political and social terms and it also proved that there was an authoritarian state, which had been in power for many years. The longlasting state of emergency and the intelligence agency, which got a significant amount support from the state, caused many human rights violations. The minorities' -especially the Kurdish people's- demands for rights, their struggles with the government and the pressure on the media were among the most well-known problems. Syrian society thought that the regime would not hand on its power even with elections, because of the electoral system and the structure of the parliament.

All the updates about the Syrian War are included in world agenda almost every day and every development in Syria draws attention from all over the world. However, relatively few of these developments are explained by analyzing roots of the demands and the period before the onset of the demonstrations. The purpose of this research is to analyze political economic conditions in Syria before March 2011, the time when Syria was dragged into civil war. Why did the people living in

Syria fail to make the authorities hear their voice and start the demonstrations? What were the pre-war economic indicators showing in the country, did they indicate welfare of the people or economic problems? How effective was the liberalization policies? In short, this thesis is an analysis of Syria's political economy in pre-civil war period. The following chapter will elaborate Syrian economy, the economic indicators in Syria, the liberalization policies which have been around for a while and the effects of these policies. Periods of severe drought, the effects of these periods, the widely discussed claims about corruption and the current political circumstances will also be among the topics that will be studied.

CHAPTER I

ECONOMIC AND FINANCIAL SITUATION IN PRE-CIVIL WAR

1.1 An Overview of Syrian Economy

While studying on the factors of civil war in Syria, it is necessary to take economic conditions into account as well as the social and political factors. Many scholars who work on Syria thought that the country's economy was a test site for Bashar al-Assad and the continuation of his regime. Excessively large state sector had been the guarantor of the regime for many years in the country; while providing its power and legitimacy, it supported the masses of people on which the regime is based. It was a common belief that the transformation and change of the economy, which was extremely weak and nonproductive, would determine the future of the Assad administration. (Tür, 2011, p. 161)

Syria has started to transform its nearly 40 year old socialist and closed economy as of 2000. The process which began with becoming a member of the World Trade Organization in 2001, carried on with the free trade agreement with Turkey in 2007. The loan and deposit interest rate by 22%, which remained stable in the country for 22 years, was reduced from 22% to 1% with decisions made by the Credit and

Money Council established in 2002, with the aim of transforming savings into investment. In 2004, the government allowed to establish private bank for the first time, and accordingly, the following step was to open Damascus stock market in 2007. With five-year plans, the state started to implement policies compliant with the free market until 2011. Particularly, with the decrease of oil revenues, these reform policies proceeded with reducing tariffs and income taxes, regulating exchange rates and improving the business environment. Despite of all these economic developments and nearly five percent economic growth each year, the per capita income of the Syrian people was \$ 2,949 in 2010, while it was 4,521 dollars in Iraq and 8,846 dollars in Lebanon. These numbers show the Syrian people's economic status compared to the neighbor countries. (The World Bank, 2017, p. 9)

Until 2011, we can describe Syria as a middle-class country having a relative economic stability with an average growth rate of 4.5%, where 91% of the population has their own houses with running water by 85%. (Al Mahammad, et al., 2016, p. 52) In Syria, where public expenditure plays a role in the economy and public sector employment constitutes a significant part of the workforce, education and healthcare services are also free of charge. The state also offers free registration to universities for all students who have completed high school. In the meantime, Bashar al-Assad was running a liberalization policy in the economy and there were incentives to promote and develop the private sector across the country. (Azmeah, 2016, p. 506)

Just before the Arab Spring, six Levant countries, including Syria, Iraq, Turkey, Jordan, Lebanon and the Arab Republic of Egypt, were far from predicting the civil war while working on accelerating economic growth, creating jobs and diversifying the economy. These six countries were discussing about economic reforms and deepening the commercial ties. (Ianchovichina & Ivanic, 2016, p. 1584) It is not hard to say that there is a general discontent among the countries with Arab Spring protests. However, according to Ianchovichina et al., these uprisings have surprised

the world because 'standard development indicators' could not predict a rebellion of this size in Tunisia, Egypt, Yemen, Libya and Syria. (Ianchovichina, et al., 2015)

Nevertheless, in the Arab Spring, when we consider the voices raised in the streets in general, we can say that various social and economic factors such as unemployment, inflation and demographic factors had a profound effect on the ongoing rebellion. As much as social and political reasons, economic indicators are also shown as 'potential suspects' in the mobilization of masses who had obeyed their leader for years in both Syria and the other uprising countries. (Cunedioğlu, et al., 2011, pp. 3-4)

This chapter elaborates the economic issues that can be considered to have led to unrest in public before the civil war in Syria. It deals with the current workforce, unemployment rates, the degree of poverty and agriculture and energy sectors, which make a big part of production and income in Syria. In addition to these, this chapter examines GDP and inflation rate in order to understand the current economic circumstances, corruption and nepotism, which are widely known problems in Syria.

1.2 The Change in Syrian Economy from the Independence to the Civil War

We can say that the Syrian economy passed through six important stages from the independence in 1946 until the civil war in 2011. In this period, the changes that the economy had undergone caused serious volatility and in this sense, it separated Syria from many other countries in the region.

The years between 1946 and 1963 can be perceived as the years when development and progression started, along with recovery of the wounds thanks to the gained independence. In these years, the progress in agriculture was provided by the economic factor that kept Syria up until the start of oil and natural gas production. Farmers were the actors who gave a direction to the economy as nearly three quarters of the population worked in the agricultural sector. In this period, certain regions started to get capital inflow. Socialists were opposed to monopolization of

the capital by certain groups, therefore disagreements and conflicts emerged in the country and as a result, in 1948, a military coup was led by Husni Al-Zaeem. Power games and instability continued until Husni Al-Zaeem took the stage in 1952. Economic development continued until the end of the 1950s and bilateral trade agreements were made with countries such as the Soviet Union and the Czech Republic. The wheat and cotton production, which we will discuss in more detail below, doubled and became the main factors of agriculture. When Shukri Quwatli came to power in 1954, the unification of Syria and Egypt was added to agenda, and although the United Arab Republic was constituted, life of the union did not last long due to economic and political disagreements. Therefore, once again, Syria was driven to economic and political instability. The years of military coups continued until the elections in 1961. With this election, which enabled the transition to pluralist democracy for the first time in country's history, Nazim Qudsi came into power and started to take steps in order to bring about critical changes in the economy. As opposed to these steps, including transition to free economy, privatization of banks and the emergence of large-scale companies, the Ba'ath party took the lead in 1963 and terminated the liberal economic initiatives. These reform movements in economy provided an advantage to Ba'ath Party that politically opposed liberal reforms. From 1963 to the 1970s, the period of nationalization and political transformation became prominent in the country while the Ba'ath party gained strength. And consequently, the period of the state of emergency, which would last until 2011 civil war, started. The free economy completely came to an end in the country, and along with the socialist ideology, private sector was replaced by a public economic model. (Al Wazani, 2014, pp. 33-34)

Between the years 1970 and 1981, a period of planned economy began in order to take considerable steps towards development and industrialization. The efforts to transform agricultural based Syrian economy into an industrial economy, ended up with the government directing resources to industrial companies and enterprises. Industrial workers, craftsmen and small retailers were encouraged and guided to establish their own industrial companies. Infrastructure, roads, bridges, transportation, water, sewage systems began to make remarkable progress. With the

Arab-Israeli war, rising oil prices and the post-war economy benefiting from these rising prices, the cash flow increased, and the economy started to rise rapidly. The increase in the national income per capita and improvement in the standard of living in the late 1970s came to an end with the protests of the Islamic opposition that began in the early 1980s. Syria went into an economic crisis and fought with it until the early 1990s as well. The years between 1981 and 1991 can be called Syria's period of economic stagnation and chaos. Internal disturbances, protests and bloody suppression of riots made the country confront with international embargoes. Therefore, these years are known as country's efforts to overcome embargoes and economic difficulties. Despite of the Syrian Pound having devalued twelve times until 1988, and all difficulties, the economy continued to grow, albeit slowly, with the help of the gulf countries. With the Gulf War in 1991, the embargoes applied to Syria were loosened and the West started to take a relatively brighter view of Syria. (Al Wazani, 2014, pp. 34-35)

In Syria's economic history, we can consider the years between 1991 and 2000 as the years of economic recovery. In this period, the welfare increased thanks to oil and natural gas revenues and a wave of liberalization began in the economy. With a growth up to 7% per annum in the early 90s, total GDP of the country and GDP per capita, which we are going to explain in detail below, increased significantly. Likewise, after President Hafez al- Assad's death and his son Bashar al-Assad's presidency, we can say that private sector started to be supported again and the state loosened its central planning economy. In the 2000s, Bashar Assad began to introduce some economic reforms. These reforms can be listed as follows; liberalization of the market, support to the private sector and, more importantly, the promotion and support for foreign investment. By means of supporting laws on banking, foreign exchange, free zones, insurance reforms, Syria became able to find a place in global markets and global economy. Besides, investment climate of the country changed, its economic growth accelerated, inflation pressure decreased and foreign trade and current deficit problems decreased significantly. The country further extended liberalization movements through international trade agreements such as GAFTA (Greater Arab Free Trade Area). In these years, Syria's developing

economy had passed other countries in the region and the private sector's ratio in GDP increased by nearly 10%. In addition, investments and capital of the private sector surpassed those of public sector. Unemployment rate and inflation dropped down, as a result, we can say that the economy became sound. (Al Wazani, 2014, pp. 36-40)

In addition to the positive aspects of these reforms, which were supported by Western countries, limited reform movements caused social divisions in the society and raising political tension. Also, problems began to emerge when the Ba'ath Party created patronage, nepotism network and market monopolies, destroying competition, while it should have established a policy-making power. In the country, while a certain elite got the lion's share of the income, poverty increased and the visibility of social, economic and political injustice in society also increased considerably. (Bertelsmann Stiftung, 2018, p. 5)

The share of public sector in Syrian economy declined over the years while the share of private sector increased. In the 1970s, the share of public sector in the economy was around 50-60%, and this share decreased down to 40% as a result of the rapid growth of private sector in the 90s. Especially, private sector came to the forefront in trade, construction and tourism sectors where public sector did not take much part. The growth of informal economy is another issue that needs to be addressed. Although economic reforms were implemented, competition was encouraged and the laws on property rights were strengthened, there were deficiencies in their implementation. As a result, Syria barely took part in the Economic Freedom Index, ranking only 145th among 157 countries, in 2006. With an effective implementation of market economy in the following year, Syria's rank in this index increased to 91 in 2008. (Bertelsmann Stiftung, 2009, pp. 11-12)

According to the Haddad, the Syrian economy has made progress, but it had been also experienced numerous political and economic challenges. By 2010, Syria was seen as relatively stable economically and politically. Balanced budget was an important indicator for being optimistic about economic progress plans and also most 2010 reports indicated opportunities for enterprises. Despite the all optimistic

table, politic and economic stability was still unreliable. With the economic liberalization, there was an increase in diversity of private sector. The most developing sector appeared as tourism; in Syria, unlike other countries in the region, tourism has been growing and income - generating sector and in 2009, the contribution of 6.1 million tourists to GDP was approximately 11%. Despite all the implementation of economic liberalization, the public sector was still the largest single employer, nevertheless the private sector share in GDP was increasing. The private sector ratio has reached 60% of GDP, while it was about 52.3% in 2000. Much of the public sector in the country has continued to be burden on state, for example by the summer 2010, less than 10% of 260 public institutions have been profitable. On the other hand, although Syria signed the GAFTA (Greater Arab Free Trade Area) agreement, the increase in intra-Arab trade was not at the projected rate. But after the agreements, increasing volume of Turkey, Iran and European Union trade raised expectations. (Haddad, 2011, pp. 46-48)

One of the most substantial studies on this subject was done by Erez Cohen. Having many studies on Syria, Cohen states that the neoliberal movement in Syrian economy, which began in 2000s, increased socioeconomic differences as mentioned in the other studies above. He also indicates the protests that started in March 2011 were directly related to economic shrinkage, declining growth and emergence of livelihood problems. In the beginning, protests were quiet and small, and the main demands did not overthrow President Bashar al-Assad's government; they were the continuation of economic reforms and West – friendly policies. However, in the course of time, Syrian citizens who lost faith in their president, began to make a stand against the regime. Assad, who found these protests as marginal and trivial movements, believed that nothing would happen to the regime and his power. The leaders of other Arab countries who had ruled their countries for many years were overthrown by the Arab Spring. On the other hand, Bashar al-Assad maintained his position. There were internal and external factors that supported and strengthened Assad's position. First of all, Syria's stable opposition and stand against America and Israel had a positive impact on Arab countries and their citizens, and played a unifying role against the real enemy. The Syrian army

and security forces were also deeply loyal to the Assad regime. Although some of the military and security forces in other Arab countries supported the protests instead of dispersing the demonstrators, the Syrian forces' commitment to Assad remained unchanged. As a result, they turned to the act of violently suppressing protests. Assad, who lived in a more modest life than the leaders of other Arab countries, appeared as more reassuring and convincing when the Syrian opposition did not have a unified and coordinated structure and even became divided, thus could not create a leader. Despite of all these factors and Assad's strong position, Syrian government could not avert the spread of protests. In particular, Assad's oppression of civil rights caused serious reactions in the society among local people and youth leading to an explicit resistance to security forces. (Cohen, 2016, pp. 13-14)

1.3 Agriculture and Syrian Economy

From a historical perspective, Syria's economy has particularly been based on agriculture and in the following years oil, trade and production were added to the list of economic income besides agriculture. Syria is a mid-size country that has total land area nearly 18.5 million ha and the area that is for agriculture nearly 13.7 million. In 2004, almost half of the total population has lived in rural areas and also almost two third of rural households worked in agriculture. (Szonyi, et al., 2010, p. 42)

Since the beginning of 2000s, the role of agriculture in economy has lost its power even though it was the largest sector building the gross domestic product and labor force until this time. While agriculture made up more than 50 percent of the economy in 1970s, this rate dropped down to about 20 percent by 2010. The number of people working in agricultural sector is also relatively higher than the neighboring countries in the region. Moreover, Syria's investment in agriculture has surpassed 200 billion Syrian pounds over the last 30 years. (Arraf, 2016, pp. 28-31)

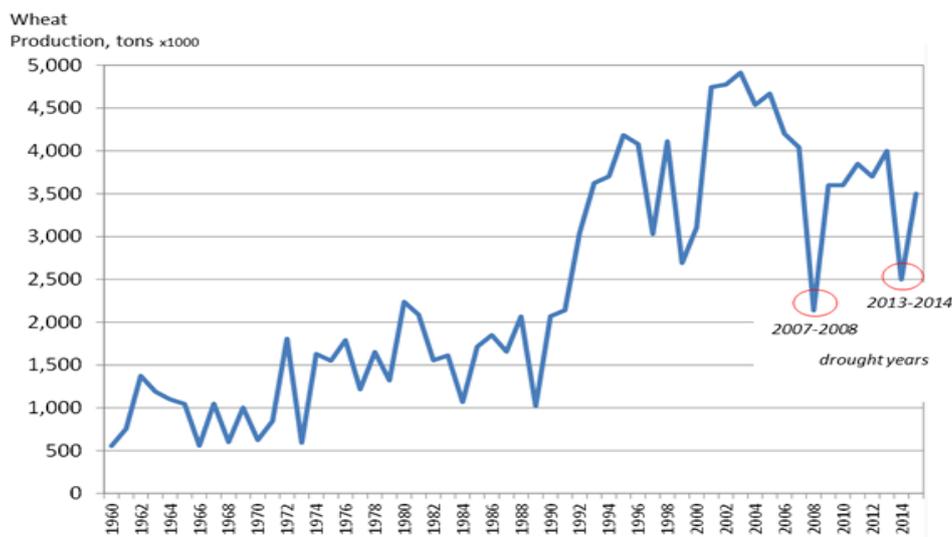
In 2011, agriculture's share in Syria's GDP was about one fifth, and a significant part of the workforce was particularly provided by female employees working in this sector. Considering that half of the Syrian population lives in the countryside, the importance of agriculture for the Syrian society becomes even more prominent. We can observe the effect of drought on agriculture and accordingly on the society by looking at the declining numbers in wheat production.

Syria's most important and strategic product is wheat and in this period of drought, wheat production decreased drastically. In 2008, wheat production decreased by 47% in comparison with the previous year. Barley production also decreased dramatically, and more than wheat production by 67% compared with the previous year. (Selby, 2019, p. 264)

Syria's wheat production was worth less than 2 million tons until the 1990s and after this year it increased incrementally, reaching up to 4.5-5.0 million tons between 2002 and 2004. With the following drought, it dropped down to 2 million tons in 2007-2008, and 2.5 million tons in 2013 and 2014. (Butter, 2015, p. 12)

Table: 1.3.1

Figure 1. Syria wheat production from 1960 to 2015 (USDA Production, Supply and Demand database).



Source: <https://ipad.fas.usda.gov/highlights/2015/07/Syria/images/Figure1.htm>

After 2000, the government followed a series of policies supporting tourism and service sectors while neglecting agriculture and reducing subsidies on agriculture, which resulted in downsizing of the sector shouldering a huge part of labor force. This downsizing in agriculture led to the unemployment of a large number of people working in the field of agriculture. In 2003, before the start of drought, agriculture made up 25% of the GDP in Syria, but this rate decreased to 17% in 2008. (Kelly, et al., 2015, p. 3245)

In one of his interviews, Riyad Hijab, the former minister of agriculture and prime minister of Syria, stated that in terms of farmers and agriculture sector, on which country's economy highly depends, there was no good progress for a long while. Hijab's point of view about this was as follows: 'since 2005, country's standards of living began to decline. Prices escalated incredibly; life became more expensive. In those years the government was more inclined to be liberal. Free trade agreements were signed, economy was opened to foreign countries. All of these harmed middle and small-scale enterprises. The state quit its duty to provide job opportunities for its people. Farmers were supported and subject to special treatment by the state before 2000. Then, they were completely left neglected and ignored. Fuel prices increased and almost tripled. Many other technic materials and tools became more expensive in the same way and farmers' cost became burdensome. With that, many farmers had to leave their lands. Unemployment rapidly increased because the state quit its duty to provide what their workers needed and did not provide job opportunities for its people. Even though we announced many new projects, employment was not improving, on the contrary, was getting worse. This poor progress in economy was disturbing Syrian people, that's mainly why Syrian revolution started from rural areas. In a sense, the places, where people were affected by economic policies the most, became the places where the revolution started initially.' (Gümüšoğlu, 2013, pp. 133-134)

1.4. Climate Change and Drought in 2006 – 2010 Period

Recently, many scholars such as Gleick, Kelly et al. and Selby, did a lot of research about the possible effects of environmental factors, besides the economic, political and social factors on Syrian Civil War. In the aftermath of the riot that started in Dara'a, a rural city with agricultural activities as the main source of income, many studies were conducted on drought and social unrest. It was concluded from the studies that climate change had serious effects on Syrian public, along with the period of drought between 2006 and 2010 and the influence of the state on this process. Syria is known for its water scarcity and the effects of drought were not only felt in agricultural land but also on the outskirts of the cities.

Drought is not a new phenomenon in Fertile Crescent, a very old agricultural region, which also includes Syria. Syria is known for its limited resources of water and water related problems that it has in its international relations. Therefore, it would not be unnecessary to discuss drought and its effects in the context of Syria.

The temperatures in Syria indicate increasing trends, and in the past 20 years the winters became drier and drier. Syria started to experience drought once in every two years in the past fifty years and it is thought that the frequency of the droughts will increase even more. Syria has various climatic zones including very arid, arid, humid, semi-arid, and semi humid climatic zones. (Ülker, et al., 2018, pp. 84-85)

There was a period of serious drought between the years 2006 and 2010, before the riot started. The drought made a peak between the years 2007 and 2008. In their studies on drought, the scholars took into consideration also the precipitation levels, groundwater and surface water. Many of them discussed the effect and the magnitude of the drought and they also argued that the Assad regime did not manage this process successfully. (Ide, 2018, pp. 347-348)

In Syria, the agricultural activities are generally carried out in the six-month period between November and April depending on the precipitation levels. The agricultural productivity decreased in the period of 2006-2007 when the severe drought started. Small and medium scale farmers did not get any product or got nearly no product, and they lost their cattle to drought. Turkey and Iraq, two other

countries which have land in the Fertile Crescent, were also affected by the drought. However, the economy of Iraq does not depend so much on agriculture, and Turkey has a great geographical variety, it is richer in water resources and it also has done investment for irrigation. Therefore, the drought was not as destructive in Turkey and Iraq as it was in Syria. In their studies, by taking 'the century-long trends in precipitation and temperature' into consideration, the researchers estimate that there is an increasing probability that severe 3-year droughts will be experienced in the future as well. (Kelly, et al., 2015, pp. 3241-3243)

Climate change leads to two types of drought in countries like Syria. In the first type, because of weaker winds, less precipitation comes from the Mediterranean and in the second type, the temperature increases along with evaporation in the already arid land. According to the "Foreign Agricultural Service Commodity Intelligence Report" and Annual Vegetation Health Index of United States Department of Agriculture, 97.1% of Syrian flora was seriously affected by the extreme drought in years 2007 and 2008. (Almahdi, 2017)

From summer 2006 to autumn 2008, North-Western Syria experienced an unprecedented drought. Especially the years 2007 and 2008 went down in the history as the driest years of the region. If we take into consideration all Syria, we can say that not all the regions were affected in the same way by this drought and some regions got average or above average levels of precipitation. (Selby, 2019, p. 261)

In the critical studies arguing that climate change cannot be the only triggering factor for the Civil War, the researchers stated that they cannot form a direct correlation between climate change and the war. According to these studies, the drought did not last for more than five years. It was experienced in periods of 2006-2007, 2008-2009 and unexpectedly 2007-2008. The drought hit Syria, but it did not affect all the regions of Syria equally. Especially in Dara which is seen as the region where the war started, the precipitation level was nearly close to the average level. It was consequently stated in these studies that macroeconomic events and fundamental structural transformations (removal of fuel and fertilizer subsidies and

withdraw of price support) were also effective and that drought cannot be highlighted as the only and dominant trigger factor for the Civil War. (Selby, et al., 2017, pp. 233-239)

Francesca De Chatel is one of those who criticizes -even if partially- the argument that the drought intensified with climate change and became a significant reason for the Civil War in Syria. She argues that the possible role of climate change in the Syrian Civil War was useless and distracting. She also argues that the focus on drought gave an excuse to Assad regime, which tends to redirect the accusations about their failures and their unwillingness to do reforms to external factors and that it took the responsibility to discuss the real problems of their hands. Furthermore, she asserts that the main problem in Syria is water management, the only factor cannot be drought, which is not a rare phenomenon in Syrian land, and that the flora is accustomed to the semi-arid climate and can resist the effects of drought. (Chatel, 2014, pp. 522-523)

According to Abdallah al Dardari, Syria's former Minister of Economy between the years 2005 and 2011, one of the most important part of the crisis in Syria is "institutional deadlock". In this interview, the former minister of economy pointed out that the state was fully aware of the fact that crisis collapsed the rural economy but that it could not deliver the much-needed help to the affected regions because of the administrative stalemate between competing interests within the state bureaucracy. According to Dardari, the state could not deliver the aid because Ba'ath leadership, which had to confirm the delivery of aid first, was opposed to it because the leadership thought that it would weaken its power in rural areas and would disturb the way that the power is shared. As a result, the state postponed the plan for two years. (Richani, 2016, p. 49)

Moreover, According to SIDA (Swedish International Development Cooperation Agency) report, even though there is not a clear proof that there is direct connection between climate change and the clashes, there is certainly a relation. In this report SIDA tried to elaborate on this relation. (SIDA, 2018, p. 4)

The studies conducted show that climate change affects the society and the resources in five different ways, which are water, unexpected weather and climate events, problems in food safety and rise in the level of sea level. The uncertainty in the accessibility of water and agriculture is important, especially in the arid and semi-arid regions. Food safety is directly affected by the global climate change. Production decreases, price volatility increases, which makes an adverse effect on the budget of low-income families who have to spend most of their income on food products. Especially the food crisis, which started after the year 2008, led to long-term social unrest and problems, and those in executive team could not handle these problems. (SIDA, 2018, pp. 7-8)

As stated in this report before, there is no consensus about the presence of direct relation between climate change and armed conflicts. The common view is that there is more than one reason for this type of conflicts and that these conflicts cannot occur with only one triggering factor. Syria experts conducted studies on this issue thinking that the Syrian Civil War is a result of the wrong agricultural policies which have been kept for years, the wrong use and waste of water and land, the change in oil production, the global rise in food prices and the wrong policies of the government in terms of the use of water resources and the oppressive regime. As a consequence of the long-lasting drought and the wrong policies of the government, people migrated from rural areas to cities which already had social problems. This problem, along with wrong management, led to the Syrian disaster. In addition to this, there are some examples which show that climate change may lead to conflicts in the countries where the economies depend on the natural resources. (SIDA, 2018, p. 9)

1.4.1 Declining Agricultural Productivity and Water Scarcity

The vulnerability of Syria in the face of drought and climate change results from the water scarcity. According to Gleick, the environmental problem in Syria is based on the issue of water and he states the triggering factors as follows: the natural scarcity of water in the region where Syria is located, the early start of irrigated farming in this region and the religious and ethnic variety in the region. He

underlines the fact that Syria is one of the driest regions in the world, the pressure of water problem is gradually increasing and that its population is increasing rapidly. He also states the fact that Syria's population increased from 3 million in 1950 to over 22 million in 2012 and that per capita renewable water availability decreased from 5500 cubic meters to below 760 cubic meters -which can be categorized as "scarce"- in 2012. (Gleick, 2014, p. 332)

During his presidency, Hafez al Assad pursued some policies such as irrigation and diesel aid against frequent droughts. However, these implementations were not done by taking the sustainability of water resources into consideration, leading to a decrease in groundwater. On two third of the agricultural areas in Syria, agricultural production is done with rainwater and on the rest, production is done with groundwater. (Kelly, et al., 2015, p. 3241)

According to the study of United Nations in collaboration with Syrian state, wheat and barley production decreased significantly in this period and the number of sheep kept for stock farming dropped from 18 million to 12 million. According to some sources, drought and the decrease in the agricultural production did not last for long and ended after 2009, then increased again in the long run (Fig. 2). These resources stated that the decrease in the production level cannot be explained with drought or precipitation. The reason for this is that in this period, as can be seen in the chart (Fig. 3), a big part of Syria did not go through drought. This problem in the production of crops like wheat and barley appears as a structural crisis of agriculture that escalated with drought. (Selby, 2019, pp. 262-264)

Table 1.4.1

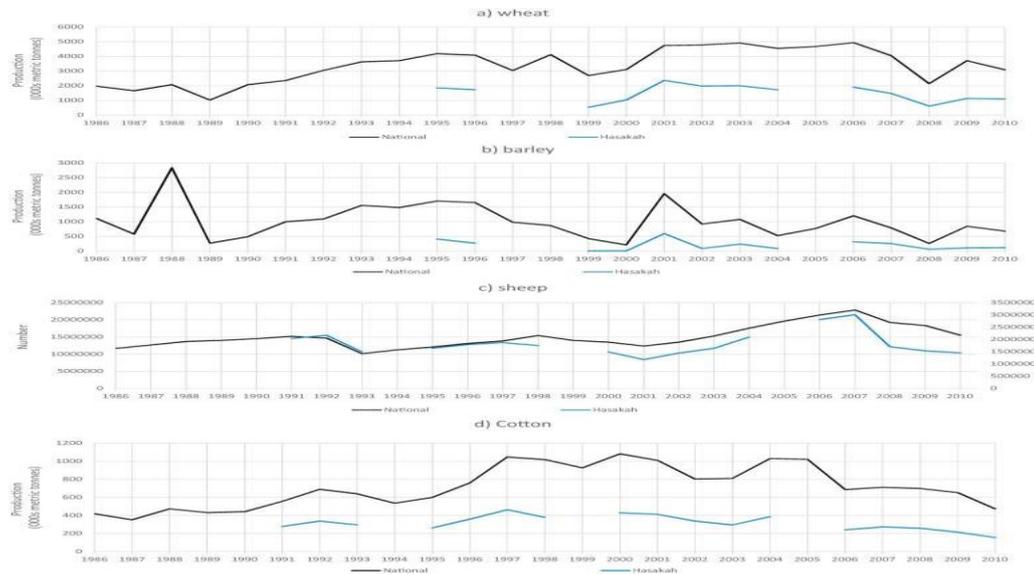


Fig. 2. Production of major strategic agricultural products in Syria and Hasakah, 1986–2010, showing (a) wheat, (b) barley, (c) sheep numbers, and (d) cotton.

Data Source: MAAR, 2016.

Table: 1.4.2

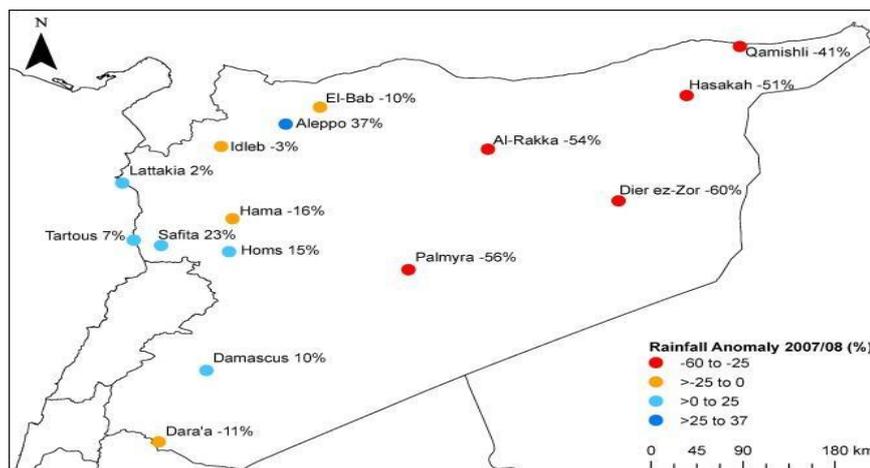


Fig.3 Fig. 4. Percentage anomalies of annual winter rainfall for 2007/08 relative to 1982/83–2009/10 average for Syrian stations. Blue is wetter than average; orange/red is drier. (For interpretation of the references to color in this figure legend, the reader is referred to the web version of this article.)

Data Source: MAAR, 2016.

According to the official sources, the rate of water consumption is 20% higher than the sustainable water resources. One of the main reasons for this is the significant increase in the irrigated farming starting from the 1980's. In nearly 20 years, the amount of irrigated land quadrupled. 85-90% of the water in Syria is used for the agricultural lands, which makes the groundwater resources a very significant issue for Syria. (Selby, 2019, pp. 261-269)

Predictable impacts of drought varied with economic, social and environmental realities that the state was not able to adapt to. Long-lasting mismanagement of natural resources increased this impact. In 2008, fuel prices made a jump when there was a cut on subsidies on diesel fuel. Farmers used fuel for irrigation, extracting groundwater and transporting harvests to markets. Some could not irrigate their products while others could not transport their harvests to markets. In May 2009, the price of chemical fertilizer was also liberalized, and the prices made a jump again. After this cut, farmers and herders who were used to getting the subsidies, fled especially from the north-east region to urban areas. (Chatel, 2014, pp. 526-528)

Syrian government sold their grain reserves in 2006 in order to benefit from high prices around the world. After the drought, reserves in the country became insufficient, which resulted in a decrease in subsidies and an increase in food insecurity. Syria is self-sufficient when it comes to agriculture and it has become the largest sector in the country since 1970. Therefore, Syria, which was a self-sufficient food producer, had to import wheat in 2008 for the first time. (Akhmedkhodjaeva, 2015)

While the need was 3.6 million according to official sources in 2010, 3.3 million yield was obtained, which made it necessary to continue with wheat import. Olivier de Schutter, UN special rapporteur on the right to food, observed that the drought which affected small scale farmers the most, would affect food security leading to 'extreme poverty' in 2-3 million people. (Starr, 2010) Water shortage resulted from drought and people forced farmers to use more of groundwater. According to

Syria's National Agricultural Policy Center, the number of well tapping aquifer, which was 135,000 in 1999, exceeded 213,000 in 2007. (Almahdi, 2017)

According to Saleeby, it is reasonable that voices started to be raised in urban areas due to increasing internal migration as a result of drought, and unemployment as a result of food insecurity. He stated that people could not get subsidies from the state that told them what to plant and bought all of the products, and the riots hit Dara'a as the city which was seen as 'bread basket' of Syria, and where the sources of income were affected the most. Saleeby also stated the following: Bashar al-Assad tried to modernize irrigation system, but these policies did not improve agricultural tools and irrigation infrastructure in practice, and implementations rather led to cut on subsidies and loans given to farmers, which caused ineffective use of irrigation systems and thus continually ruined water resources that was running short. (Saleeby, 2012)

1.4.2 Inner Migration and Social Problems

The drought between the years 2006-2009 had affected 1.3 million people in Syria, becoming the reason why 1.5 million people migrated from rural areas to urban areas (such as Aleppo, Damascus, Dara'a, Deir ez- Zour, Hama and Homs). Consequently the early signals of the riot seen in Dara, the city where unemployed people, who lost their lands, highly migrated. (Gleick, 2014, pp. 334-335)

Food prices increased due to the driest period in the years 2007-2008. This led to difficulties for families who spent the majority of their decreasing income on food products. According to Kelly et al., around 1.5 million people internally migrated to urban peripheries, facing problems like unemployment, overcrowding, and inadequate infrastructure in these areas. Between the years 2003 and 2007, these cities became overcrowded after internal migrations as well as receiving 1.2-1.5 million immigrants from Iraq, resulting in decreasing job opportunities in these cities. (Kelly, et al., 2015, pp. 3241-3242)

Table 2.3.1

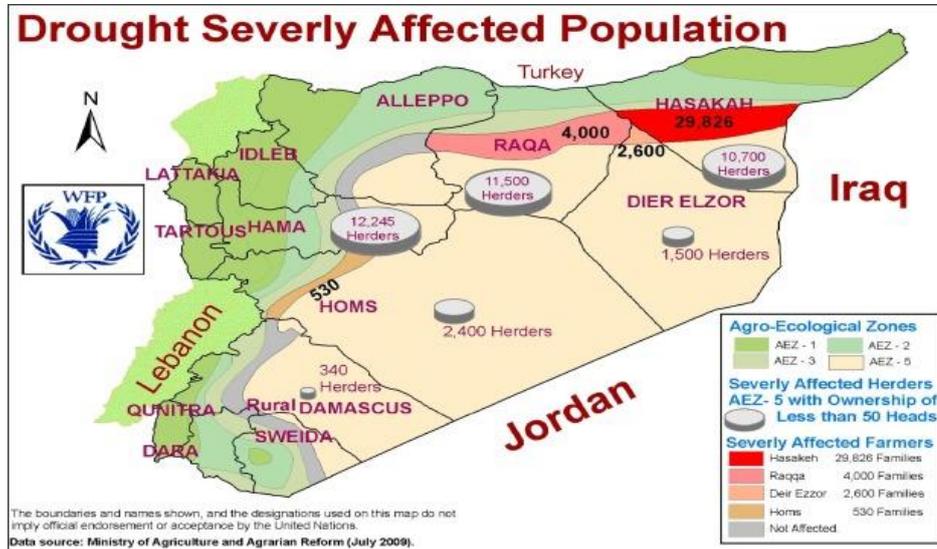


Fig. 1. The UN and Syrian government’s assessment of the ‘distribution of the most seriously drought-affected farmers and herders in different governorates.

Source: UN-OCHA, 2009b: 18.

It is better to say that ‘the humanitarian crisis in fact predated the drought’ for Syria’s condition due to the fact that there is a strong emphasis on climate change, some put forward ideas that Assad regime reduced its responsibilities and related the problem to external factors and the country misused its natural resources for years, following wrong policies. It was claimed that migration started long before the drought, especially liberalization period, maintained by the government between 2000 and 2005, affected migrations, and new business lines led to migration from rural to urban areas. For this reason, it was pointed out that the share of agriculture in total GDP decreased only in the period of drought between 2005 and 2008, including the years 2003 – 2004 without drought when there was a decrease as well. Besides, it was suggested that demonstrations did not start in Dara at first and that Dara was not the most affected city when it comes to drought, but migrants from the north-east may have played a key role to render the riots effective in this city. (Chatel, 2014, p. 522) (Selby, et al., 2017, pp. 234-235)

The United Nations's 2011 Global Assessment Report on Disaster Risk Reduction states that those who rely on agriculture as a source of income is the most vulnerable group of population in Syria. As a result, 1.3 million people were affected by this condition, thus rural to urban movement started. This rapid urbanization occurred after 1.2 – 1.5 million Iraqi refugees fled to Syria due to the Iraq War in 2003, after the US invasion. This emigration added on the existing tension among citizens who were already under economic and political stress. And in the cities, the poor citizens not only had to compete with other poor communities in terms of job opportunities, but also had to try hard in order to access to water resources. (Femia & Werrell, 2013, pp. 25-27) According to Saleeby, cities became places where rural migrants and urban people fighting for their rights came across, questioning the leading power in the country. (Saleeby, 2012)

An interview with a 38-year-old female refugee called Faten, who did not want to reveal her surname and her answers were like the proofs for the effects of drought on people's lives:

“... suddenly, the drought happened. To see the land made us very sad, the land became like a desert, like salt. Everything turned yellow. We asked for help, but they (government) didn't care. They didn't care about this subject. Never, never. We had to solve our problems ourselves. When the drought happened, we could handle it for two years, and then we said, 'It's enough.' So we decided to move to the city. I got a government job as a nurse, and my husband opened a shop. It was hard. The majority of people left the village and went to the city to find jobs, anything to make a living to eat. The drought was particularly hard on young men who wanted to study or marry but could no longer afford either...” (Friedman, 2013)

In 2009, before the civil war, rate of informal settlements was around 27% in Damascus while it was 37% in Aleppo. Again, in the countryside surrounding Aleppo, 160 villages were abandoned till 2010. Inner migration started in 2006 and lasted till the civil war in 2011, and within this period, 1.5 million rural residents migrated to Damascus, Daraa, Homs ve Aleppo. Between the years 2002 and 2010, around 50% of population growth took place in the cities affected by migration such as Aleppo. (Akhmedkhodjaeva, 2015)

In the following 4 years, due to drought and consequent decrease in harvests in the north-eastern region, Kurdish and Bedouin population of 220 villages migrated to Aleppo and Damascus. This number was nearly equal to 20% of the population living in the Kurdish region. Because Al-Hasakeh region was rich in agricultural production, the state wanted to build a residential area and develop the industry here, preventing the establishment of private factories. That's why people left this region and migrated to bigger cities with non-agricultural job opportunities. Because of drought, around 30,000 families living in north-eastern region migrated to the south east and outskirts of Damascus. They experienced poor living conditions in these regions, lived in tent centers and worked as seasonal workers in construction sites or farms. The majority of migrants who lived in these outskirts were Syrians. Because the migrants, who lived in these regions, built tents, they had to pay \$ 30 monthly to use the site. However, they could not find proper jobs in return and this caused many migrants to live below poverty line. (Danish Immigration Service (DIS), 2010, pp. 9-13)

Last but not the least, another important issue is that school age children had to work in the cities that they migrated to and could not continue going to school. According to the Joint United Nations Assessment Mission (JNAM) results, in some schools in the North Eastern region, school enrollment rates decreased by 80%. In Hassake Governorate, 7,380 students dropped out of school and 19 schools were closed down. According to a UN needs assessment, enrollment rate decreased by 70 to 80% in some schools in the Eastern region. Children could not attend school and migrated to urban areas with their families. Many families could not cover the school expenses of their children and made them work in order for them to earn income for the family. (UN-OCHA, 2010, pp. 6-14)

According to Hinnebusch, "*poor neighbourhoods around the cities burgeoned with influx of drought victims and Iraqi refugees.*" In line with the new economic policies, rent control was discontinued, which increased the real estate speculations in the urban areas which were getting funds from the Gulf countries. The families living in the low-rent properties found themselves homeless as the state-owned

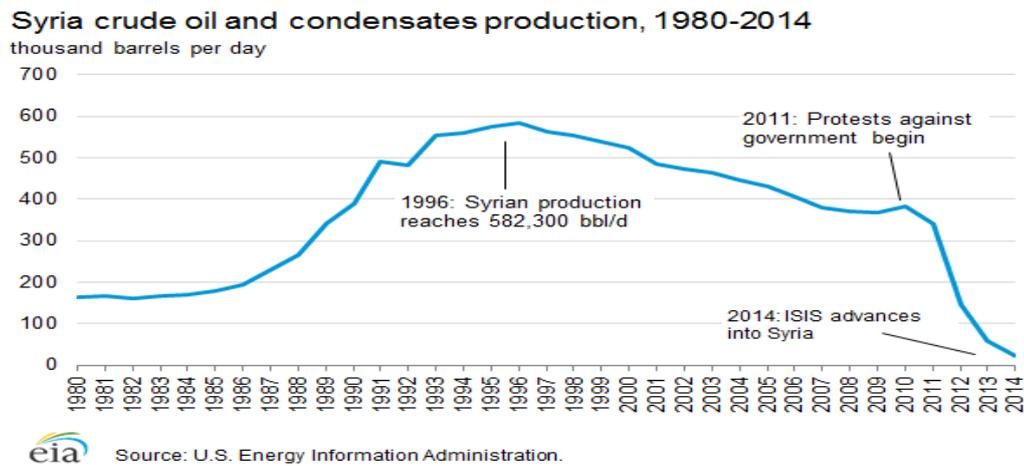
lands were sold with low prices and they had hard time finding low-cost housing. This housing crisis was described as a '*time bomb*' that was about to go off any time. (Hinnebusch, 2012, p. 102)

1.5 Syria and Energy

In Syria, oil was first found in the 1950s while the first proper drilling was performed in 1968. (Almohamad & Dittmann, 2016, p. 4) In the pre-civil war period, even though Syria had been more modest in oil production than the other countries in the region, oil and gas were still important parts of the economy. Oil export reached up to \$ 5.5 billion in 2010. Oil companies such as Shell and Total had a significant business volume in Syria. Between 2005 and 2010, 20 percent of the public budget came from petroleum production and its derivative products. In 2010, Syria was exporting 150,000 of 385,000 barrels of oil per day, while the remaining amount was consumed in the domestic market. (Butter, 2015, p. 14)

As can be seen from the chart below, Syria's oil production increased from 200,000 barrels at the second half of the 1980s reaching up to 600,000 barrels in 1996. Thereafter, production gradually fell under 400,000 barrels until the beginning of the civil war. Most of Syria's crude oil is low gravity and sour, which requires specialty of refineries to process. Sanctions placed on Syria by the European Union limited the number of markets available to import and process the heavier Syrian crudes. The loss of oil export limited Syrian government revenues, particularly to European markets.

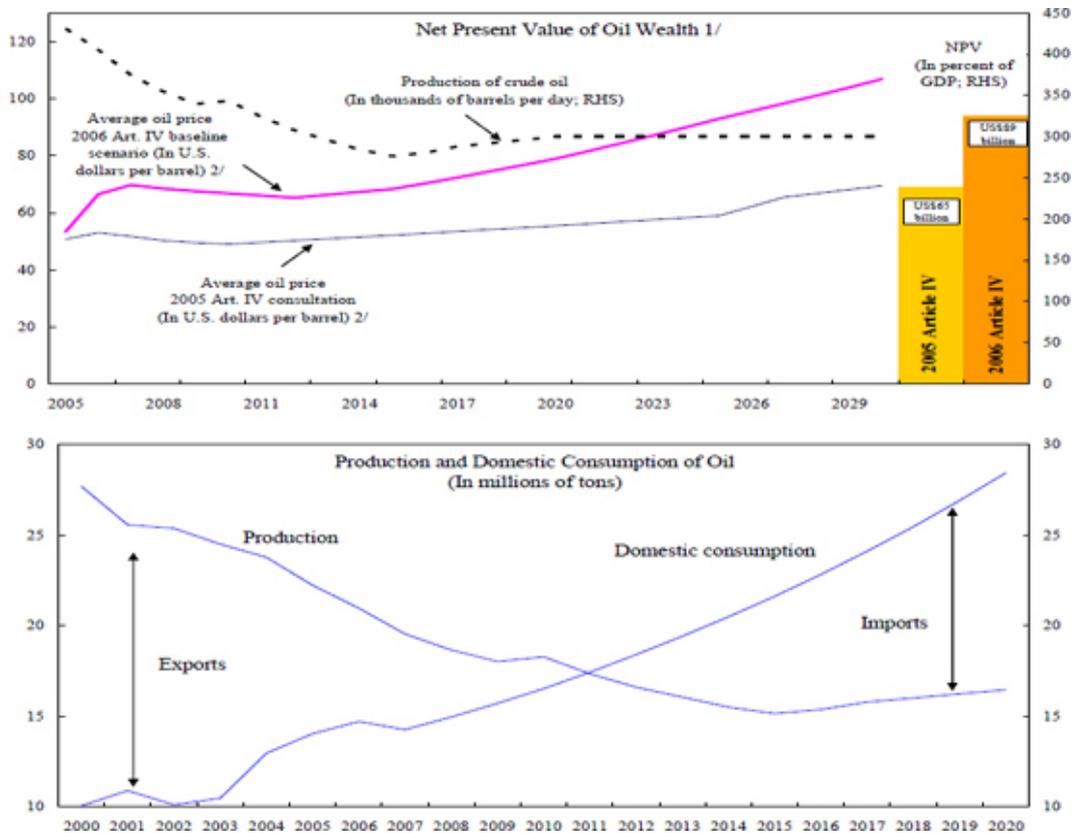
Table: 1.5.1



Source: <https://www.eia.gov/beta/international/analysis.php?iso=SYR>

In the 1960s, oil production was able to make a small contribution to the balance of payments in Syria. With the increase in production in the following years, half of Syria's foreign exchange needs were met with oil export. The production, which was one million tons in 1968, reached ten million tons in following ten years. (Dridi & Hasan, 2008, pp. 10-11)

Table: 1.5.2



Source: IMF Country Report No. 06/294, August 2006, p.5

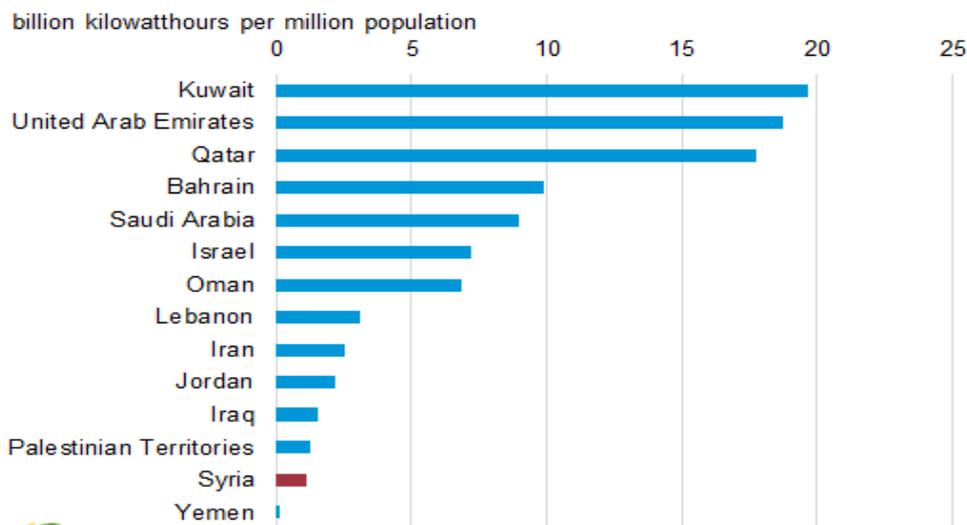
The decline in Syria's oil reserves, and consequently, reduction in oil revenues directly affected the development of the country's living standards as can be seen in the tables above. Downsizing of the labor market, pressure on employers and excessive workload in the public sector played a role in arising political uncertainties and variable environmental factors as well. In three to four years, Syria turned into an oil importing country as a result of the decline in oil production, and accordingly, escalating oil prices in that period became one of the main factors for the economic dislocation. The clearest indication of oil's effect on the economy is the 'negative' current account balance of the country, which was positive before the decline in oil production. (International Monetary Fund, 2006, p. 4)

Having begun to invest in natural gas in the early 2000s, Syria became able to produce 8 billion cubic meters of natural gas annually by 2010 whereas it produced approximately 5.5 billion cubic meters of natural gas in the pre-2010 period. With the Assad Regime's attitude against the protests, European Union put embargo on the oil trade inflicting a heavy blow in Syria's economy. (Butter, 2015, p. 15)

As can be seen from the chart below, Syria fell far behind other countries in the production and consumption of electricity. In 2010, Syria obtained 94% of its 44 billion kilowatt-hour electricity by conventional means, such as thermal power plants while only 6% was obtained from hydroelectric power plant. Power cuts began to occur frequently due to restrictions and the decline in natural gas production.

Table: 1.5.3

Middle East electricity consumption per capita, 2012



Source: U.S. Energy Information Administration.

Source: <https://www.eia.gov/beta/international/analysis.php?iso=SYR>

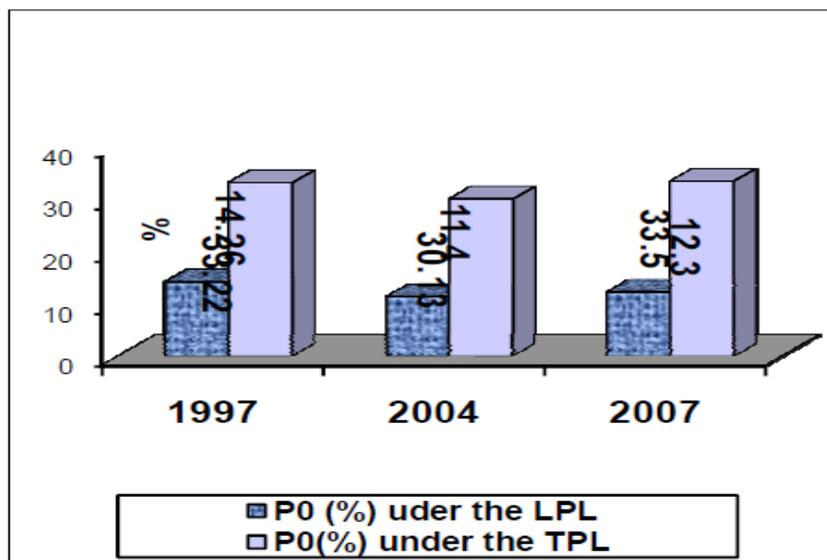
1.6 Hunger and Poverty in Syria

Between 1990 and 2005, the daily income of Syrian citizens was less than one dollar and the most important reasons for this economic stagnation were the drought

periods and declining agricultural productivity. Another reason is that the reform policies implemented by the state, favored businesspeople doing business on a large scale, rather than the whole market. Although there has been improvement in poverty after 2000s, the poverty of the Syrian people is still one of the worst in the region.

As can be seen from the table below, the use of the national lower poverty line (LPL) data will provide a better indication of the decline in poverty over the years. From 1997 to 2004, there was a decrease by 3 percent. By 2007, there was also an increase by one percent. The national upper poverty line shows that Syrian people became poorer and poorer and seven million people can be considered literally poor. (Lutfi, 2010, p. 20)

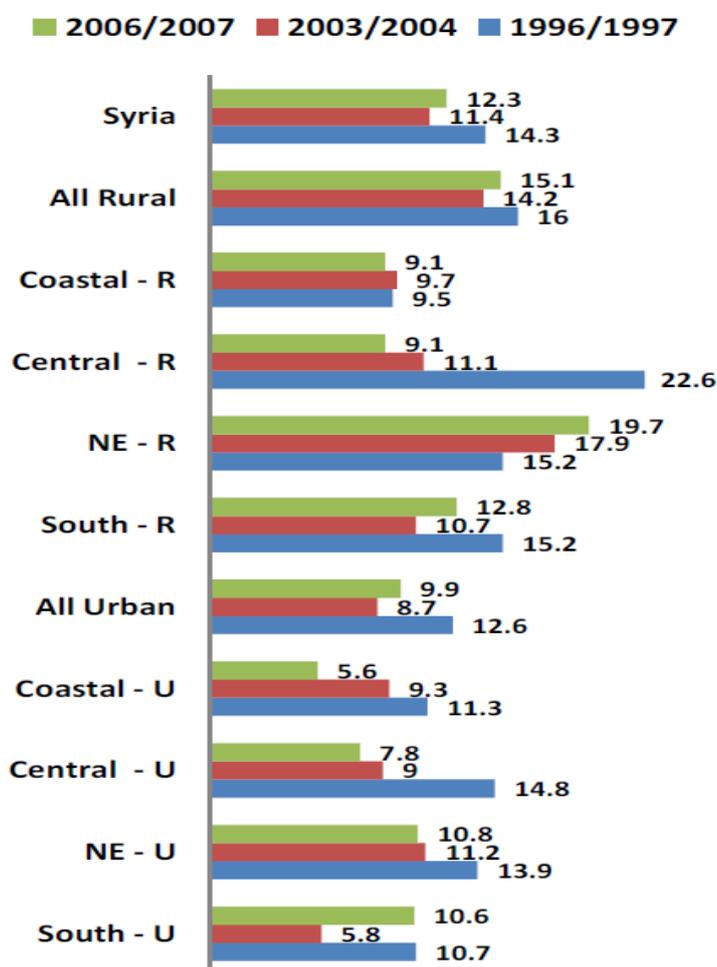
Table: 1.6.1



Source: Lutfi, A. H., 2010, United Nations Development Programme, p.20

As can be seen from the table below, between 1997 and 2007, declining poverty rates can be seen in coastal areas and cities while it remains limited especially in rural areas. Therefore, these data once again show us that climate change and drought are two of the most important factors in rural poverty. (Lutfi, 2010, p. 21)

Table: 1.6.2



Source: UNDP estimates based on HIES, Central Bureau of Statistics.

Source: Lutfi, A. H., 2010, United Nations Development Programme, p.21

In Syria, poverty increased and became a serious problem in the period when the government increased economic freedoms, private sector came to the forefront, role of the public in production decreased, service sector improved and foreign direct investments increased. When we compare official sources and external sources, there are substantial differences on the definition and prevalence of poverty. While poverty is around 10% according to official sources, this rate goes up to 60% in some of the external sources. Independent sources say that poverty is around 20%

of the Syrian population as well. According to the study conducted between 1996 and 2004 by the United Nations Development Program in cooperation with Syrian Government, the poverty rate is around 30%. This study indicates that poverty has two limits. The lower limit of poverty consists of those with an income of 1.458 Syrian Pounds per capita. This covers 11.4% of the society and those two million people cannot even meet their basic needs. On the other hand, the upper limit of poverty consists of those with an income of 2.052 Syrian Pounds. This constitutes a population of 5.3 million, which is equal to 30% of the population. We can say the geographical distribution of poverty and extreme poverty is remarkable. It is revealed that the north-east of Syria is the poorest region whereas poverty is relatively less in the center and coastal region. In the southern central region, extreme poverty has the highest rate. As a result, it can be clearly stated that poverty and extreme poverty are widespread in the north-east and middle-south and can be defined as regional. Also, it is possible to say that these regions are rural areas where the big cities are not located, and poverty is seen almost in all regions of the country. (Sara, 2011, pp. 6-9)

The effects of poverty can be seen in all fields of daily life and society. Poverty also affects the plans and implementations done in the field of economy and accordingly their results. It is possible to say that these effects usually have negative outcomes such as negative impact on growth and GDP, worsening the poverty. As a natural outcome of poverty, illegal and marginal activities in the economy increase, which destroys the economy even more in return. Poverty has a serious impact on the social area leading to social dislocations, intensifying the difference between social classes and making transition between classes nearly impossible, especially towards upper classes. While the economy confronts increasing problems, the growth slows down, the middle class shrinks as inflation rate increases, and people found themselves descending to poverty class as a result. Even if the economy progresses and performs better, it is not possible for people who have fallen into poverty class to move to the middle or upper class again due to the jobless growth of country. It is also seen that people who are in this situation turn to illegal activities and the behavior of the society is disrupted.

In the process that began about ten years before the civil war, the income inequality in the major cities of the country (Aleppo and Damascus) increased significantly. As for Dara'a, where the uprising had begun, income inequality and social inequalities increased even more in the increasingly impoverished regions causing disappointment in the public. (Berti, 2018, p. 423) The change in consumption patterns of the rich people living in their private areas surrounded by the walls with their own private educational institutions and private hospitals, resulted in a situation where they totally started to live apart from the poor community. While the separation and confrontation between the rich and the poor can be represented in non-governmental organizations, political parties and industrial unions in democratic societies, the poor could not be represented in Syria, thus this situation brought the people against the state and caused social conflict. The poor people who were not represented in council or, in other words, think that there was not a political party to represent themselves, did not participate in the elections. As a result, the people who became distant to politics and democratic participation faced with a totalitarian and anti-democratic government. (Sara, 2011, pp. 6-9)

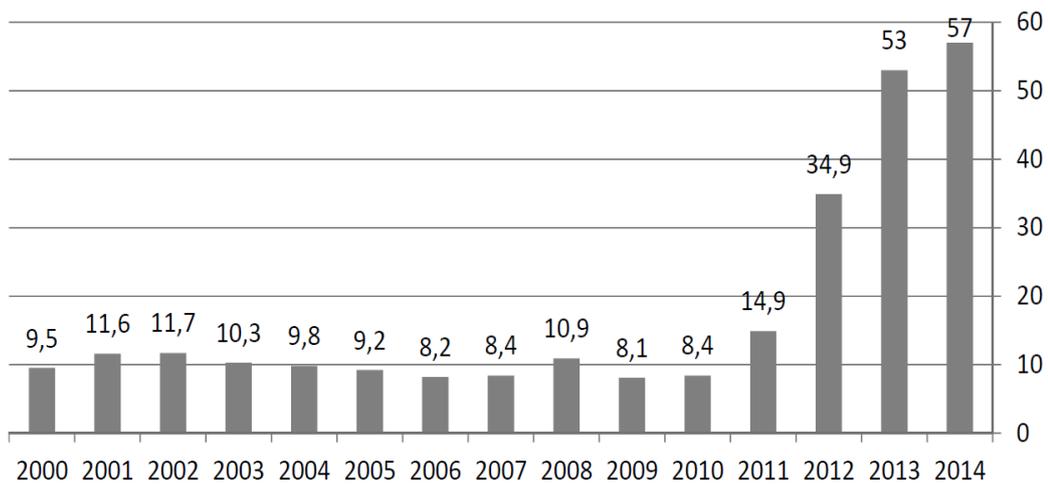
Although the new business class had begun to emerge in the 1990s with economic liberalization, fifty-five percent of the employees were still employed in agricultural and construction sector in Syria. Agriculture played the most important role in meeting the basic needs of society, such as bread. It is possible to say that by 2008, the price increases in petroleum products brought by the state, deterioration in education and health services and the decrease in the public sector's employment supply, especially in the female labor force had increased inequality. On the other hand, as a result of the economic reforms and growth, the Human Development Index (HDI) increased from 0.580 in 1980 to 0.691 in 2000 and to 0.736 in 2008. The average life expectancy increased up to 70 years and the rate of literacy went up to 76 percent. Social indicators have relatively made progress. (Bertelsmann Stiftung, 2009, pp. 9-10)

1.7 Labor force and Unemployment

As can be seen from the graph below, unemployment rate in Syria is around 10% from 2000 until 2011, the year when the civil war broke out. In the aftermath of the civil war, the rate has risen very rapidly and dramatically. (Cohen, 2016, pp. 13-14)

Table: 1.7.1

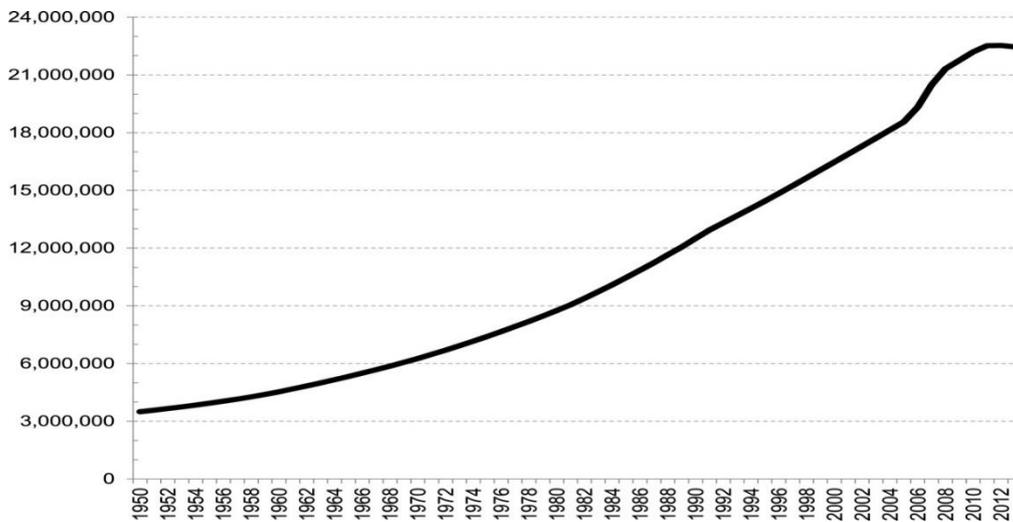
Syria's Total Unemployment, 2000-2014 (annual %)



Source: Cohen, E., 2016, Vol. 9, No 1, p.18

For years, Syria had one of the world's fastest population growth varying from the youth to highly unemployed or the poor in despair. (Zisser, 2017, p. 555) The population in Syria has increased very rapidly as can be seen in the chart below. Especially between 1991 and 2008, the Syrian population increased by 50%. With this increase in population, the unemployment rate was negatively affected somehow. 250.000 people joining in the labor market each year affect this double-digit unemployment rate. As can be seen from the chart below, the rate of the employers decreased among the male employees rather than female employees. (Lutfi, 2010, p. 24)

Table: 1.7.2



Source: U.S. Department of Commerce 2013 (Population in Syria 1950 – 2013)

Syrian economy grew in variety and developed with the help of liberalization and as a result, the share of agricultural sector in national income shrank. Agriculture made up 34% of Syrian GDP in 1992, which dropped to 18% 25 years later. In parallel with this decrease, there was a shrinkage also in the agricultural labor force. The shrinkage in North Eastern region was twice as much as in the other regions. One of the reasons for this significant level of unemployment in the rural areas is the agricultural policy of the Syrian state. The state closed down farms and abolished the land ownership model that was applied in agriculture. As a result, the employment rate decreased. In addition to the rise in unemployment level, there was a rise in inflation levels. The rise in oil prices and abolition of incentives had many significant adverse effects on agriculture sector and the people depending on agriculture sector. (Selby, 2019, pp. 261-269)

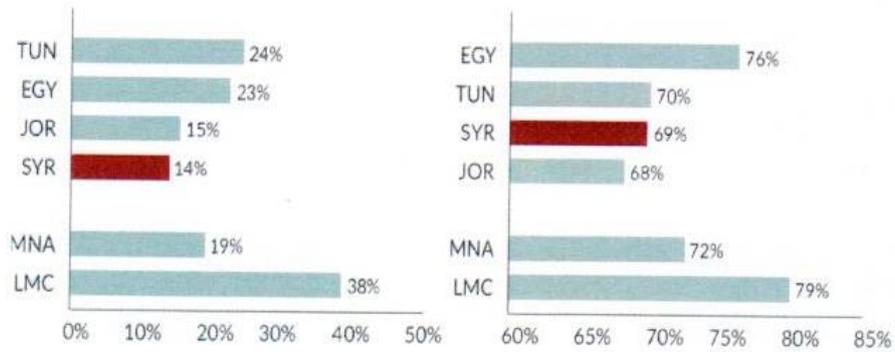
While socioeconomic inequality was increasing steadily in the country, the salaries of the people, both in the private or public sector, became depreciated as currency due to inflation in the 1980s and led to the impoverishment of the people. Although the reforms and economic growth that came by the 2000s provided a relative increase in salaries, the salaries of public employees remained around 40-45 percent

lower than the employees working in private sector. Consequently, public employees had to work more than one job due to insufficient income despite of the advantage in retirement and the assurance of working in the public sector. (Bertelsmann Stiftung, 2009, p. 10)

In Syria, educational level of male and female employees is also different. The monthly salaries of undereducated young workers, aged between 15 and 19 years, vary between 7,000 and 8,500 Syrian Pounds. The salaries of those with higher levels of education are also relatively higher. The salaries of those who are educated at secondary school level can be up to 9,300 Syrian Pounds, reaching just more than 30% of uneducated workers' salary. Moreover, this difference is protected throughout the entire working life. When we analyze female employees' salaries, the numbers are lower than men's salaries with the same job. While this rate is lower among young women workers, women can receive higher salaries through upper education. (Mizunoya & Robert, 2015, p. 8)

The exclusion of women from the labor force leads Syria to becoming one of the countries with the lowest labor force participation rate (LFP) in the world. This rate is 10% lower than other similar countries in the region. (The World Bank, 2017, p. 9)

Table: 1.7.3



Source: World Development Indicators; Syria Central Bureau of Statistics.

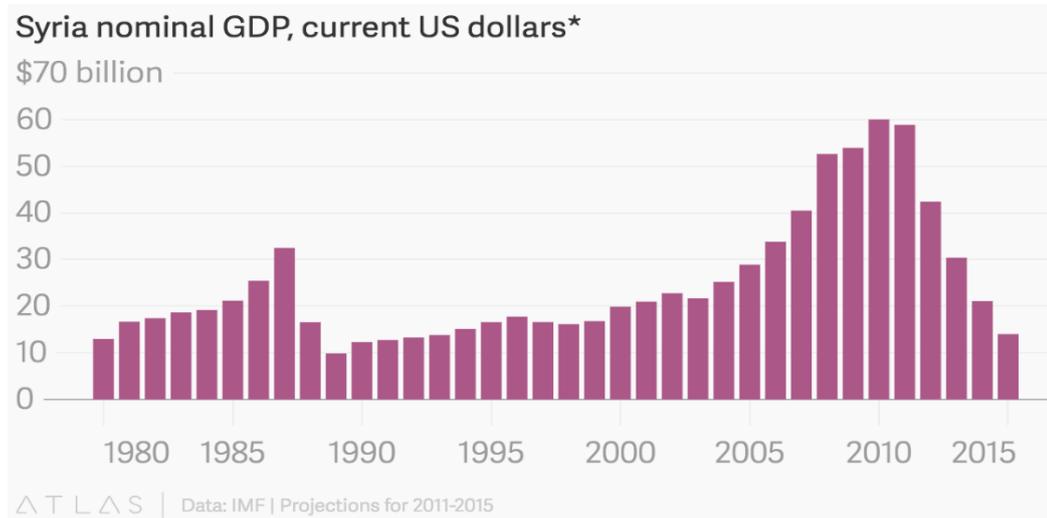
Note: The MNA average excludes high-income countries. EGY = Egypt; JOR = Jordan; LMC = lower-middle-income countries; MNA = Middle East and North Africa; SYR = Syrian Arab Republic; TUN = Tunisia.

Source: (Labor Force Participation Rate, 2010) The World Bank, 2017, p.9

1.8 Syria's GDP in 1980-2015 and its Change over the Years

As can be seen in the graph below, in the Syrian economy, while the nominal gross domestic product (GDP) was around \$ 20 billion until the year 2000s, after 2004 it has rapidly increased and in 2010s the number reached up to \$ 60 billion. In five years, in 2015s, nominal GDP has fallen to \$ 14 billion. In recent years, unfortunately it cannot be possible to analyze the current numbers due to limited data obtained from the central statistical bureau in Syria. (Phillips, 2017)

Table: 1.8.1



Source: <https://www.theatlans.com/charts/SyxOckV>

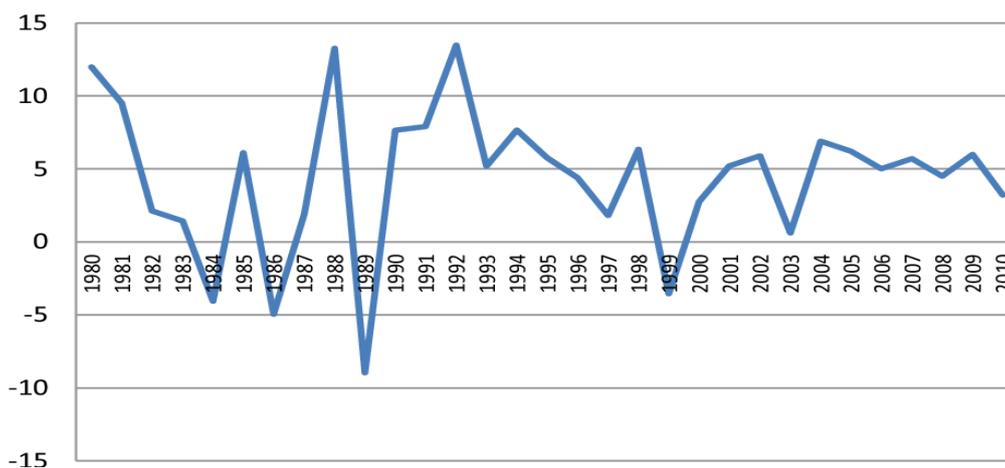
When we look at the economy and the diversity of production in Syria, which has growing middle class, we can say that although agriculture is prominent, the other sectors such as mining, oil and natural gas constitute 40% of the production of Syrian economy in 2010. As mentioned before, the Syrian economy has been managed with central planning as of 1963, supported by the social market policies of the state. The most prominent period of this planned economy is the five-year plan between 2006 and 2010. In this planning period, government combines the social market economy policies with its economic strategy and launches required initiatives for reducing the weight of the central planning economy. Moreover, in this period, numerous implementations were allowed. For example, foreign investments were encouraged, the private sector was tried to be promoted, the economy was diversified and the dependence on sectors such as agriculture and oil was reduced and private banks were allowed to be established. Despite of such reforms, the Syrian economy has not been able to come to the desired level. This is mainly because of corruption, bureaucracy, the increasing foreign trade deficit due to decline in oil prices and the mismanagement of the public sector. (Mohsen, et al., 2017, p. 82)

The graph below shows the growth of GDP on yearly basis between 1980 and 2010 in Syria. As of the beginning of the 1980s, GDP growth decreased significantly in a few years reaching minus 5%. The main reasons for this are the decrease in oil prices and consequently the decline in export revenues, drought and the decrease in aid from Arab countries. The growth improving as a result of direct foreign investment in 1985, dropped to the same minus levels again due to declining oil prices in 1986. In 1987 and 1988, economic growth started to improve again turning back to its positive rates thanks to escalating oil prices; however, in 1989 the decline in agricultural production led to a significant decrease in growth rate by nearly minus 9%. In 1990, thanks to the increase in oil prices and the growth of exports to the Soviet Union and Eastern European countries, Syria's growth rapidly rallied to positive rates up to 8%. In the first half of the 1990s, this positive outlook continued with the aid from Arab countries, the growth in agricultural production and the increase in income by means of oil exports. However, this positive outlook seen in the first half of the 1990s, lost its effect in the second half of the 90s, due to the decrease in oil production, investments and the unemployment caused by lack of investment. Although there was an improvement thanks to the increase in agricultural and industrial production along with the rise of foreign direct investment in 1998, the following year, due to drought and oil prices, once again it dropped by nearly 4%.

2000 was the year when positive economic growth made a comeback due to direct foreign investments and oil prices. Between 2001 and 2010, the average annual growth of GDP was over 4% owing to the increase in foreign direct investments and oil prices again. Besides, the fact that the government opening up the economy to foreign investors, encouraging the private sector to increase production and enabling modernization of the productive activities supported the economic growth. It's possible to say that the main reason for the decrease in growth in 2003 was inflation pressure caused by Iraqi refugees who sought asylum in the country after the Iraq war. The slight growth after 2003 remained around 5% reaching a plateau until 2010. The fall in 2010 was due to drought, decrease in direct foreign investment, oil prices and production.

As a result, the reasons for negative or positive fluctuations in Syria's growth from year to year are more or less the same. When the oil production and especially oil prices increase in the country, foreign direct investment comes and the drought do not occur, the country's economy grows; and vice versa, the country's economy shrinks. In addition, population growth, private sector investments, foreign trade deficit and aid from Arab countries contribute directly. These developments have positive effect on economic growth, and the average GDP growth rate was 7.99% during the period of 1991-1995. Although the GDP growth decreased during the second half of the 1990s due to lowering oil production, decreasing investment and increasing unemployment In 1998, the economy expand after the increase in agriculture output, industrial production, foreign direct investment inflows and investment. While, in 1999 the GDP growth decreased to -3.55% due to the drought as well as the decreasing oil production and investment. Despite of this fluctuating economic growth chart, the political tension in the region and the global economic crisis in 2008, the Syrian economy has grown remarkably in the last decade. (Mohsen, et al., 2017, p. 82)

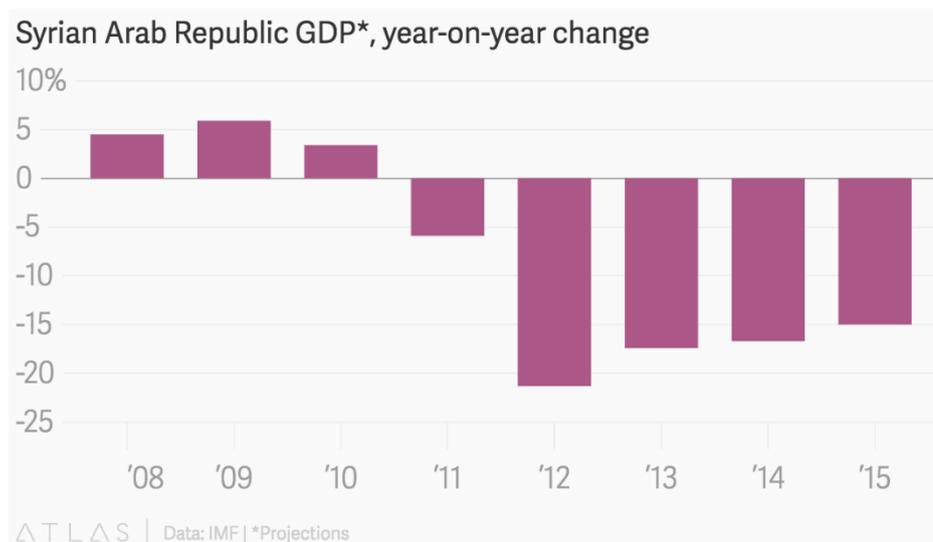
Table: 1.8.2



Source: Mohsen, A. S., Chua, S. Y. & Che Sab., C. N., 2017, p. 82

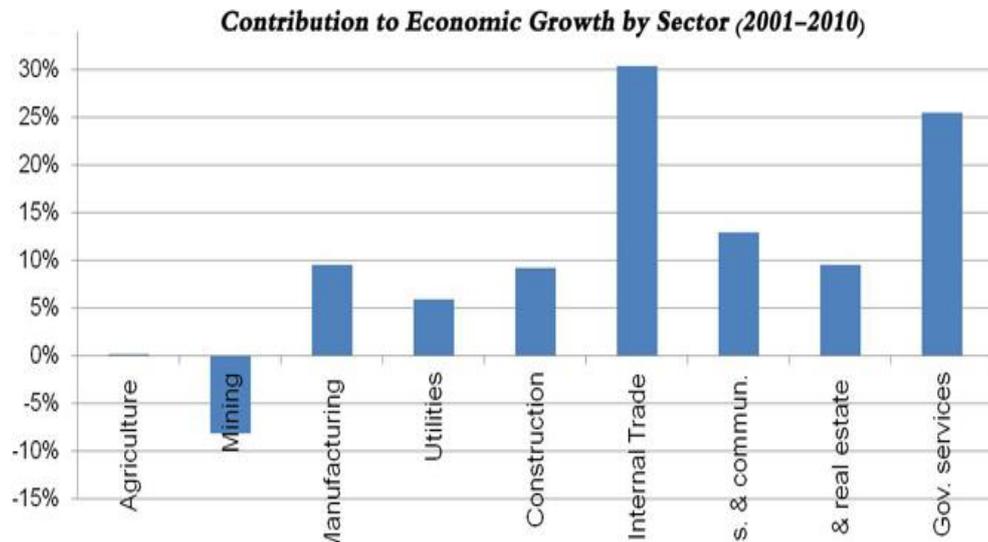
As indicated in the table below, while Syria's nominal GDP regularly shows annual positive increase until 2010, we can observe negative growth rate after 2010. Especially when we analyze in terms of sectors, we can observe that the main sources of the development of Syria's economy between 2001 and 2011 are wholesale and retail trade, public expenditures and public investments. As it can be seen in the other chart below, while these sectors are followed by transportation, communication, construction and finance sectors, the contribution of agricultural sector has not changed and the contribution of mining sector has turned negative. In these years, we can also observe that the service sector has started to become prominent in the Syrian economy and an economic transformation has taken place. Service sector has also begun to take a substantial place in the economic growth. Furthermore, the growth in the manufacturing sector is the other main source of Syria's economic growth by an average of 7% between the years of 2001-2011. The manufacturing sector growth partly due to the establishment of industrial zones, which provided a better environment. (Nasser, et al., 2013, pp. 19-20)

Table: 1.8.3



Source: <https://www.theatlas.com/charts/B1wMiJNd>

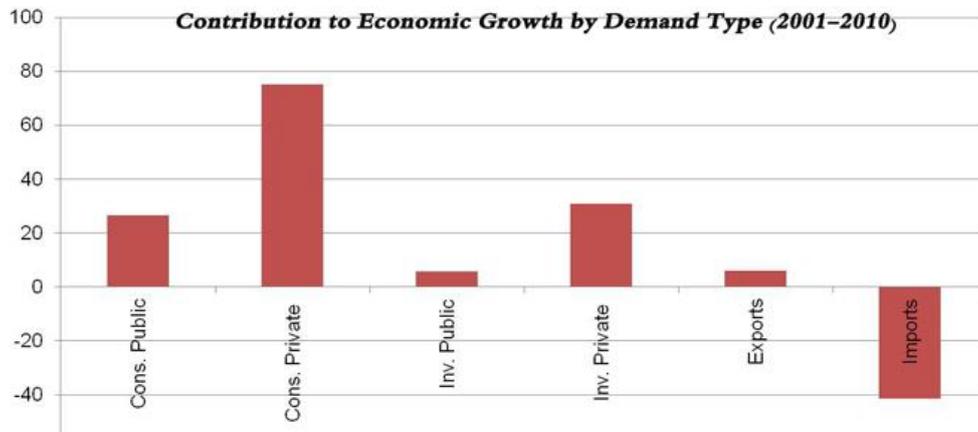
Table: 1.8.4



Source: <https://www.theatlans.com/charts/B1wMiJNd>

As shown in the chart below, when we look at the relationship between economic growth and consumption, as imports are decreasing, we notice that Iraqi refugees make a significant contribution to the growth by increasing private consumption expenditures. In this period, private consumption expenditures have come to the forefront, whereas in the public sector there has been a tendency for lower expenses due to the decrease in oil income and raise in the salary of state officials. (Nasser, et al., 2013, pp. 19-20)

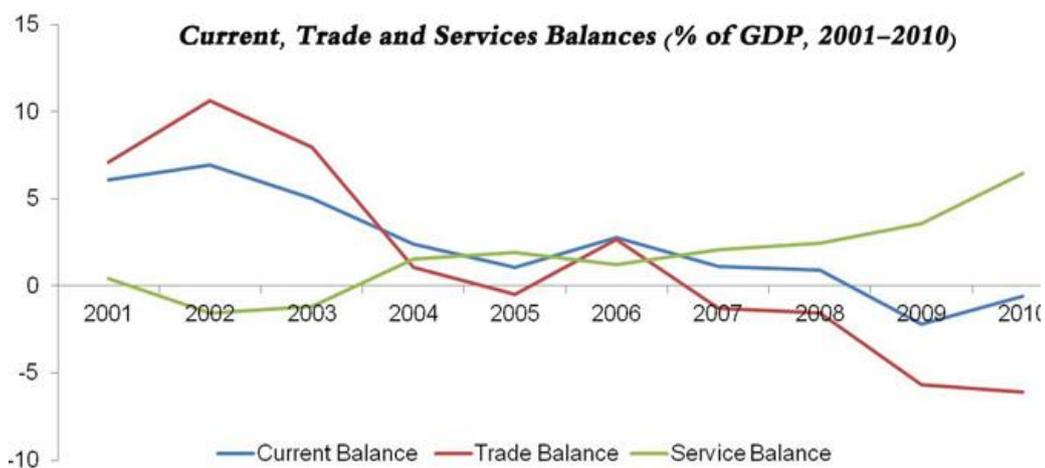
Table: 1.8.5



Source: Nasser, R., Mehchy, Z. & Ismail, K. A., 2013, p. 19

In the graph below, we see the change in the relationship between trade and service sector in Syria within years. (Nasser, et al., 2013, pp. 19-20)

Table 1.8.6



Source: Nasser, R., Mehchy, Z. & Ismail, K. A., 2013., p. 20

1.8.1 Comparison of Syria's GDP with Some Arab Countries

The chart below compares Syria's Gross Domestic Product with those of two Arab countries. As can be seen from the chart, despite Syria's fluctuating economy from 2007 to 2011 civil war, we see a positive growth. The Egyptian economy also grew each year like the Syrian economy, however, Libya had a lower growth rate, even reaching negative numbers in 2009. When the civil war began in Libya in 2010, there was a dramatic downsizing. Egypt was less affected by the Arab spring, but Syria went through a negative growth with civil war. Even Arab spring protests spread to a wide range of countries such as Algeria, Morocco, Jordan, Oman, Tunisia, the comparison with Libya and Egypt stands out here. The protests in these countries were bloody and violent and they show similarity in this respect. We can say that the reasons for protests in these countries can be the economic and socioeconomic conditions that deteriorated as a result of the decrease in private consumption expenditures, shrinking investments and favoring military expenditures over public expenditures. (Cohen, 2016, pp. 13-21)

Table: 1.8.1.1

Total GDP of Syria, Egypt, and Libya, 2007-2014 (annual %)

	Syria	Egypt	Libya
2007	5.7	7.1	6.4
2008	4	7.2	2.7
2009	6.2	4.7	0.8-
2010	3.6	5.1	5
2011	3.7-	1.8	62.1-
2012	18.8-	2.2	104.5
2013	Not Viable	2.1	13.6-
2014	Not Viable	2.2	24-

Source: Cohen, E., 2016, Vol. 9, No 1, p. 21

Syria GDP Per Capita

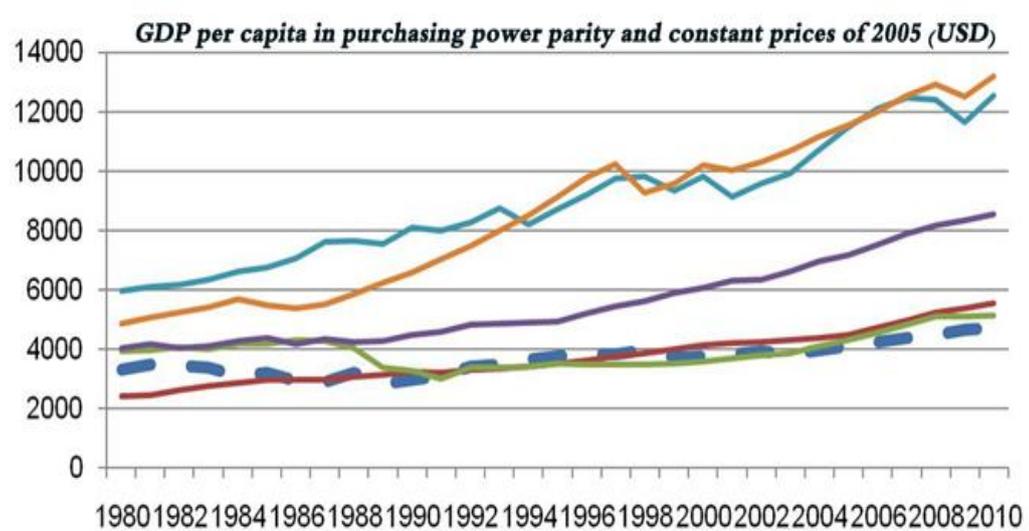
While Syria's per capita income was around \$ 187 in 1960 and around \$ 337 in 1970, it increased dramatically to \$ 1,462 in 1980, and then substantially rose fivefold in the following ten years. The GDP per capita rose up to \$ 1,762 in 1983,

after than started to decrease and dropped to \$ 725 in 1994. From that year on, it rose again, reaching up to \$ 2,058 in 2007. (The World Bank , 2019)

GDP Per Capita Purchasing Power Parity Ppp

Despite the average growth of 4.5% between 2001 and 2010, the Syrian economy has the lowest income per capita in the region when compared to other countries. While the GDP per capita for purchasing power of the Syrian people, shown in the following table with dashed plots, increased from 1980 to 2010, the rate of increase was lower compared to other countries (Egypt, Jordan, Tunisia, Turkey and Malaysia) shown in different colors. (Nasser, et al., 2013, p. 18)

Table: 1.8.1.2



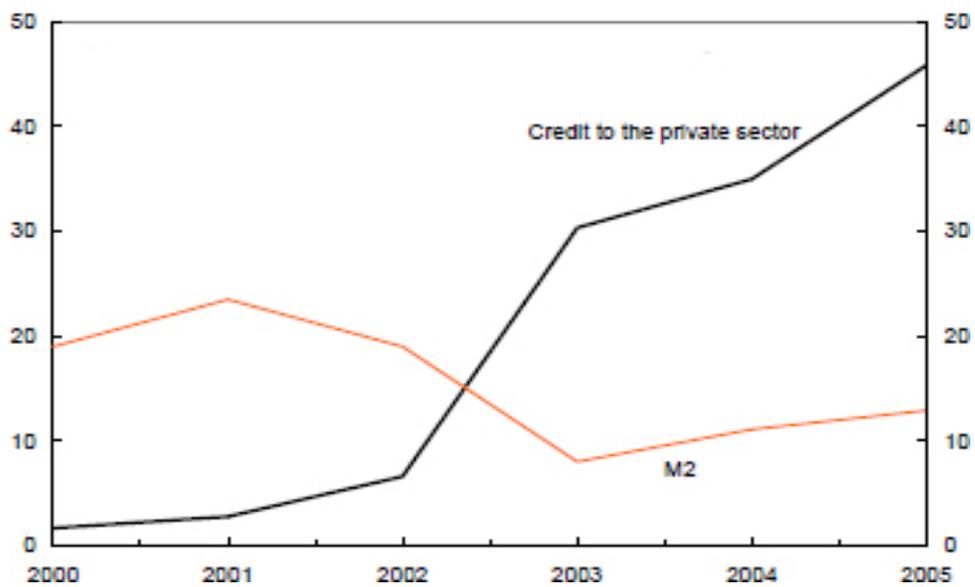
Source: Nasser, R., Mehchy, Z. & Ismail, K. A., 2013., p. 18

1.9 Inflation and Exchange Rate

While the inflation rate in Syria was below 5% between 1960 and 1973, it increased to 20% due to Arab-Israeli Yom Kippur War in 1973, and then remained under 5% again until the 1980s. With the 1980s, it increased to around 20%, then declined to

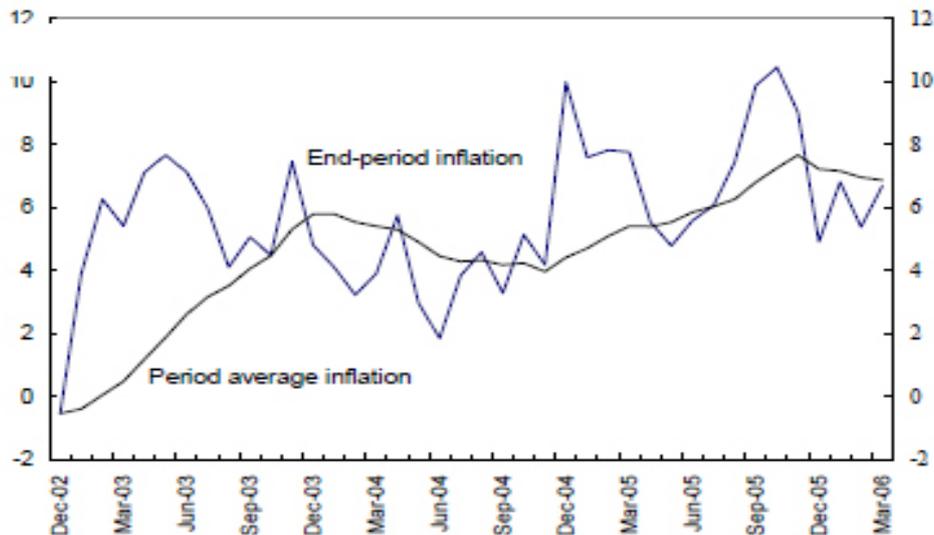
around 10%. The inflation rate made its dramatic move by getting close to nearly 60% in 1987 and then it declined to zero in the following ten years. In 1999 and 2000, Syria's inflation fell to a negative level. After a slight increase, the inflation rate increased to 15% in 2008 and fell to 5% before the civil war. With the beginning of the civil war, inflation once again showed a dramatic increase. (The World Bank , 2019)

Table: 1.9.1



Source: IMF Country Report No. 06/29, August 2006, p.5

Table: 1.9.2



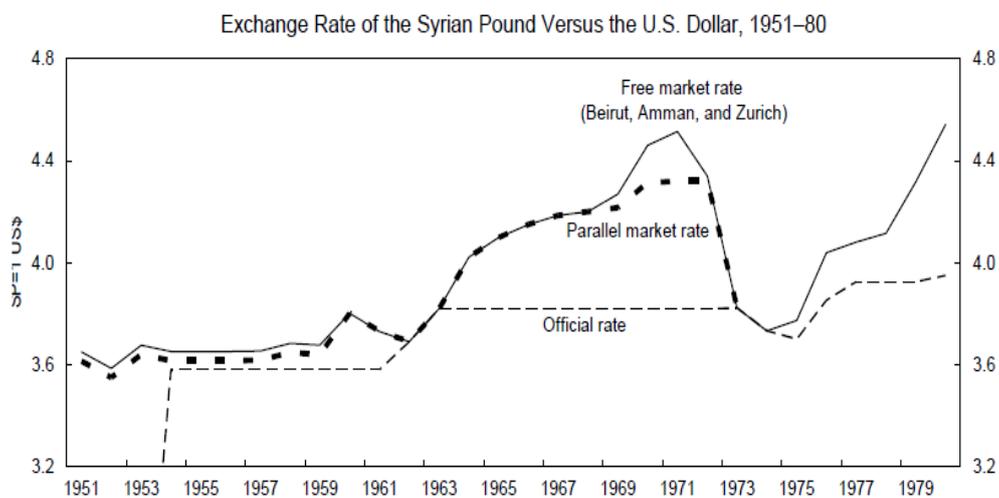
Source: IMF Country Report No. 06/29, August 2006, p.5

According to the IMF report in 2006, one of the reasons for the increase in inflation, which was negative until 2002, was increasing in ‘borrowing with credits’ in private sector from around 3% to around 50% as seen in the above table. Also the rise in wages of public sector and the increase in imported goods led to increase in inflation. (International Monetary Fund, 2006, pp. 8-9)

Since the 1950s, the Office of Control of Foreign Exchange (OCFE) applied exchange control for the Syrian Pound, which was the currency in Syria. This control was also applied to capital movements and product imports. Restrictions were imposed on imports of certain products. These restrictions and controls were not able to prevent currency crisis in the 1980s, becoming one of the reasons for the crisis as well. With this crisis, black market began to arise and the money began to trade out of the legal system. The following three graphs show the relationship between the Syrian Pound and the dollar which lasted from the 1950s to the 2005s, as well as official exchange rate, free market rate and parallel market. As we can see in the graphs; problems arise when it comes to different exchanges, such as

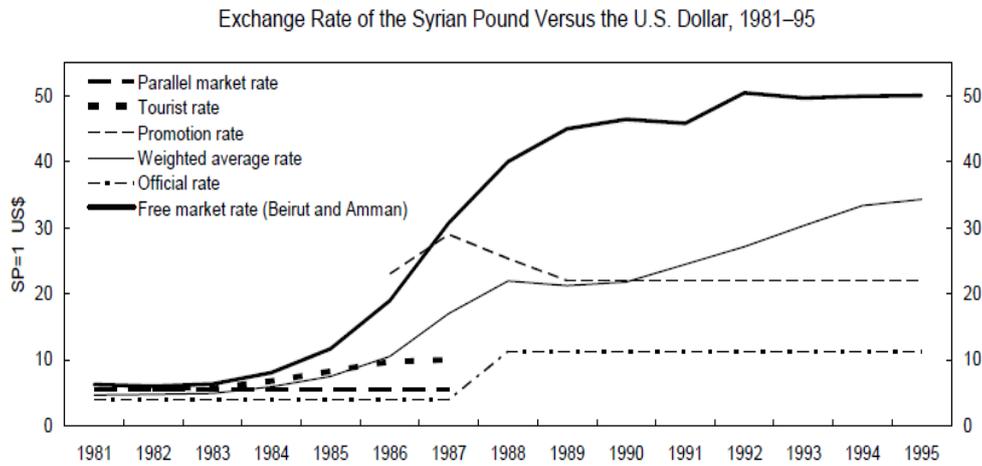
deciding on necessary tools to use for assessing the exchange in order to determine the economic situation of the country. Improvements in the BOP in the early 90s, the authorities started to change the exchange system, with a series of more depreciated official exchange rates. These were followed by a further liberalization of the exchange and trade systems in the 1990s and early 2000s. These measures, have contributed to a expanding of the foreign exchange market and brought the official and unofficial rates closer. So this offers more unified exchange system. Further liberalizing current account transactions, starting the process of trading foreign currency with private banks, allowing private banks to finance trade, enacting a foreign exchange bureaus law and licensing foreign exchange bureaus. (Dridi & Hasan, 2008, pp. 5-7)

Table: 1.9.3



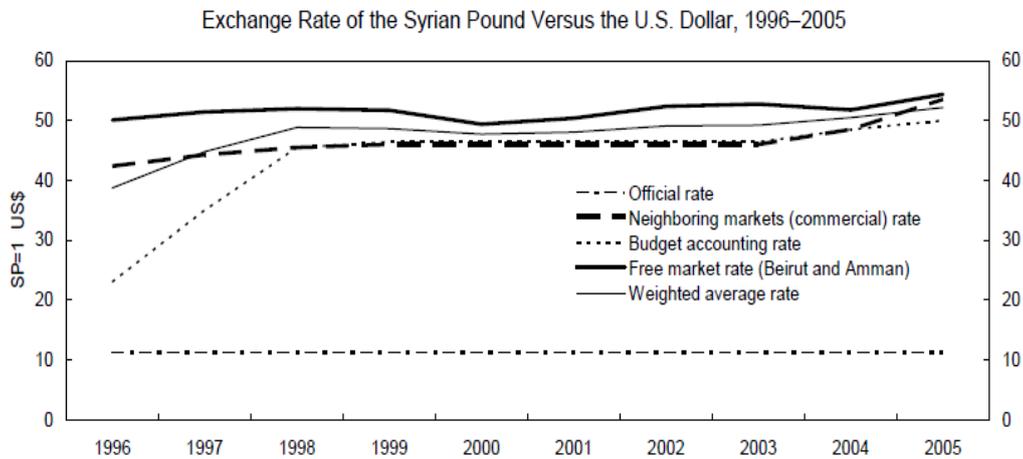
Source: Dridi, J. & Hasan, M., 2008, *IMF Working Paper*, p. 5

Table: 1.9.4



Source: Dridi, J. & Hasan, M., 2008, *IMF Working Paper*, p. 5

Table: 1.9.5



Source: Dridi, J. & Hasan, M., 2008, *IMF Working Paper*, p. 6

1.10 Corruption

Before the Civil War in 2011, 80% of Syria's economy was dominated by medium-sized enterprises. In addition to this, there were conglomerate corporations, which were operated in many sectors, owned by controversial businessmen like Rami Makhlouf and Samer al-Foz. These businessmen were the main actors in Syria's

economy. (Makki, 2018) Rami Makhoulf was the owner of two groups of companies: Syra Holding and Cham Holding. Makhoulf held 51% of the shares of Cham Holding, the bigger one, and the remaining 49% was held by seven leading businesspeople in the country. Makhoulf, who was the key figure of the Syrian economy in the 2000s, entered the business world with SyriaTel, which used the infrastructure of the state and was one of the two operating mobile phone networks that could get licensed. (Azmeah, 2016, p. 513)

Speaking of corruption, the first name that comes to mind is definitely Rami Makhoulf. Born in 1969, Makhoulf is Bashar al-Assad's first degree relative, cousin by mother, and was the most powerful businessman in Syria before the Syrian civil war. Makhoulf's father was the head of intelligence agency under Hafez al-Assad's rule. While Rami Makhoulf was a powerful figure in Syrian economy, he was also at the center of many crimes varying from corruption to nepotism. Without Makhoulf's approval, foreign capitals could not do business in Syria. Monopoly and semi-monopoly companies owned by Makhoulf, were companies of construction, oil, airlines and airport concessions, real estate, telecoms, import and export. (Cole, 2016) He was known as 'Mister five or ten percent' because of the shares he received from foreigners. At times the uprising started, Makhoulf and his companies were the first in the line to get their fair share of the people's anger. When the attacks began in Dara'a, SyriaTel branches were the first places to get vandalized. People attacked buildings with the slogan 'Thief Makhoulf'. During Bashar al- Assad's rule, Makhoulf never felt the need to hide his wealth, which he gradually increased by oppression, concessions and corruption. In the country, there was a common opinion that Makhoulf's mafia-style business, monopolies and the reputation he had lost abroad led to a gradual downturn in Syrian economy. Makhoulf turned into a lightning rod for the people to show their anger and discontent in riots. The attacks on SyriaTel branches were deliberate and although Rami Makhoulf especially displayed low public profile, he was seen as one of the key actors who dragged the country into disaster. (Primavera, 2018)

The American Treasury Ministry decided to apply a series of sanctions on Rami Makhoul with the document "Rami Makhoul from the Benefit from Syrian Corruption" on February 21, 2008. Without a doubt, the fact that US businessmen must get approval from Makhoul when they want to enter the Syrian market, had an influence on making this decision. The ministry, which froze all of Makhoul's assets in the United States, also banned US businessmen from doing business with the Syrian businessman Makhoul. In the decision, the ministry underlines that Makhoul took advantage of his close relations with Bashar al-Assad and thus had a rapid increase in his companies operating in telecommunication, trade, oil, gas and banking sectors. It also mentions that Makhoul manipulated the judiciary system and used intelligence agency to frighten his rivals, thus obtaining the licenses that were necessary to represent foreign investors. (The U.S. Department of The Treasury, 2008)

However, this decision did not deter Rami Makhoul, allegedly, through Al Mashrek Global Invest Ltd, he acquired approximately six percent of the shares of London-based Gulf Sands Petroleum Company with oil and gas properties in Texas and Louisiana. Moreover, in 2009, his company SyraiTel, made a profit of \$ 1 billion. This figure was 1% of Syria's total GDP in that year. (Moukheiber, 2011)

Similarly, in Panama Papers that were leaked, it came out that the two companies, Mossack Fonseca and Swiss Bank HSBC, served Makhoul despite the sanctions of the USA. It is said that Makhoul's assets was worth \$ 5 billion and he dominated 60% of the Syrian economy in 2011 before the civil war. (Cole, 2016)

In an interview in 2013, the former Syrian Prime Minister Riyadh Hijab, who was appointed, from the Ministry of Agriculture, to the position of Prime Minister in 2012 and fled from the country with his family shortly after, expressed that for a long time they were aware of corruption and poor progress in the country and there was a need for serious reforms. Hijab added that corruption was a truth known by all citizens, the laws against corruption enacted but never implemented. According to Riyadh Hijab, a large part of the state budget in Syria is controlled by businessmen who are close to Bashar al-Assad (his relatives and close friends). He

also indicated that in actual fact, the country's economy was in Assad's power, and corruption spread across the country due to new economic policies. (Gümüőğlu, 2013, pp. 133-135)

In Syria, Rami Makhlouf, who is known for corruption and large commercial enterprises, was not the only person close to the government in power. Firas Tlass, one of the two sons of Mustafa Tlass, who had served as the Minister of Defense for 30 years, is one of the major food traders in the country's sugar production, almost acting as a monopoly. (Ulutaş, et al., 2011, p. 23) In addition to this, it is claimed that Firas, known as one of the richest people in the country, has group companies including a variety of sectors, such as real estate, banking and food distribution. (Cole, 2016)

In the country, corruption and bribery allegations were not only made for great businessmen. In Syria, bribery and corruption are most mentioned topics for country's bureaucracy. Bribery is a contagious disease spreading through all cities of the country, involving public officers appointed by the government and gangs engaged in their illegal affairs.

Shabihas, whose names are frequently mentioned after the civil war, are among the other names involved in corruption that was common in the pre-war country. The 'Shabiha', later called pro-government gangs, were groups organized by people close to the government. According to the dissident writer Samar Yazbek, they were previously convicted mercenaries and murderers, who did dirty deeds of the regime for a small fee. (Yazbek, 2012, p. 6)

Having derived from the word of ghost, 'Shabiha' had a mafia structure. Shabihas transferred subsidized products such as cheap food and cigarettes to Lebanon, and in return they contrabanded luxury cars and guns to Syria. This illegal group went into action in the late 1970s and was associated with top government officials such as Hafez al-Assad's brother Rif'at al-Assad and his cousins Nemr and Fevvaz al-Assad. After the civil war eruption, one of the most rumored and significant

allegations was that Rami Makhlouf and Maher al-Assad used Shabihis to attack and kill the protesters. (Primavera, 2018)

Additionally, bribery tradition in bureaucracy was a serious problem. When the civil war began, a Turkish journalist traveled to Lebanon and met Syrians in a refugee camp. He met Hamide Hassan, a mother of seven, who took refuge in Lebanon two months ago. Mrs. Hasan explained her reason for participating in demonstrations as follows: “The regime didn't treat people as human beings and held us in contempt. Even getting a driving license was a torture. They want a lot of documents and you can't get the documents without bribe. If you give birth, you can't register the baby without bribe. I have never taken pride in being a Syrian citizen.”. (Taştekin, 2015, p. 115)

Another important issue in Syria was shadow economy and smuggling. Although individuals from Hafez al-Assad's family were making high profits from smuggling, this issue was first raised in the 1980s. In those years, it was thought that the shadow economy was 30% of GDP and the size of economy was 3.5 USD billion dollars. Although this figure declined in the period of Bashar al-Assad thanks to regulations, it had not been fully prevented due to the interests of big businessmen and the radical bribery tradition of bureaucracy in the country. Smuggling through the goods that could not enter the country in the past, decreased after 1990s, especially after Bashar al-Assad, by liberalization and expand trade. Between 1999 and 2007, researches, which show that the contribution of this sector to the GDP decreased to 19%, were announced. (Tokmajyan, 2016)

Syrian government was being subsidized diesel that cost nearly 1,5 billion. These low- cost policy on diesel increased smuggling to Turkey and Lebanon. According to former Prime Minister Naji al- Otari around 25% of subsidized fuel was outflow. (Haddad, 2011, p. 48)

There were two types of smuggling methods in Syria before the civil war. One was the casual smuggling of small cars / animals by bribing the customs officers from the border, and the other was large-scale smuggling by tycoons. Unemployment

and limited job opportunities were the main causes of smuggling in Syria. Even though the state wanted to stop illegal trafficking, it could not create alternative business and job opportunities. On the other hand, the smuggling gangs, who did not hesitate to resort to violence, made the solution difficult. When customs officers and heads did not allow illegal transitions, they were either threatened or downgraded to smaller units in the country. Even though the authorities wanted to fight against illegal transitions, smuggling networks within the regime were highly robust. Places, such as Azaz near the Bab al-Salama border crossing point, were centers for smuggling. The consumption products received in exchange of cheap fuel oil, were sold in such places. Although those who brought smuggled goods were men, those who sold them in these regions and markets were mostly women. (Tokmajyan, 2016)

In summary, the economic relations and institutions in Syria were formed by the elites who have a say in the government. Relations between businessmen and the government in power have been effective in shaping economic policies. On the other hand, bribery has become a widespread phenomenon in bureaucracy of the country, and the people have had to give bribes even when claiming their fundamental rights.

1.11 Political and Social Conditions in the Pre-Civil War Period

Syria was a country where many ethnic and religious minorities lived together along with a majority of Sunni Arab Muslims. The country's biggest ethnic minority was the Kurds, whereas the biggest religious minority was the Alawites. (The World Factbook, 2019) Arab nationalism was used as policy in order to prevent this diversity from leading to problems. The people believed no more that the regime would do reform and give back their rights. In Syria, there were serious problems between the public and political and social institutions. The oppression and violations that had been continuing for many years in the country frustrated the people. Researchers conducted in 2010 revealed that Syrian citizens lost confidence

in institutions. Researches showed that in that period, only 48% of the society trusted the legal system, justice and local police, which was a significantly lower rate than that of Jordan, which was 87%. (The World Bank, 2017, p. 14)

The state established Mukhabarat, the strongest and bevy intelligence service of the Middle East, in order to impose its power all over the country. Citizens were forced to work for the intelligence. Therefore, lots of people became agents and they were compelled to report even their close relatives. People arrested by Mukhabarat were tortured and kept in prisons or the intelligence's police stations where human rights were ignored. (Güçtürk, 2014) The agency is responsible for many daily administrative tasks such as managing residence workplace, land purchases and issuing business licenses. Another phenomenon as accepted and common as torture is the state of emergency that has been in place since 1963. Many cases of violations of rights have been swept under the rug by means of the state of emergency, which has not been terminated on the plea of the future of the current regime. (Droz-Vincent, 2014, p. 38)

Another mostly highlighted topic after the civil war in Syria is the claim that the President, who is a member of a minority sect, oppressed the majority. However, during and before the uprising, one of the topics, about which the people mostly complained, was not the issue of religious identities. On the contrary, in demonstrations there was solidarity among religions and sects. (Kahf, 2014, pp. 560-562) If it had not been for the support from the Sunnis who comprised the majority in the country, the Assad regime could not have remained in power this long. The Alawite minority was not a group that was specifically favored. In fact, those supporting the regime, regardless of their religions or sects, were embraced. On the other hand, those who were against the regime were ostracized. (Taştekin, 2015, pp. 27-53) According to Azmeh; while the war between Muslim Brothers and Assad's regime, which became a hot agenda in the 80's, remained in memories, religious identities became blurry for the new generation in Syria, which was in a period of liberalization and development and the main problem in Syria is not related to the sects. He describes demonstrations, which began in 2011, as an

unorganized movement against the establishment of an authoritarian elite rule that caused a major socio-economic downturn in some parts of the country. In Azmeh's opinion, we cannot really say that Syria of 2000's is a state with Sunnis in majority, ruled by a minority of Alawites. Hafez al-Assad went through social and economic challenges in the 1970's. His party took poor rural background as a basis. Hafez al-Assad conflicted with dissident, urban and Islamist middle-scale merchants as required by the Ba'ath's policy, restricting the power of private sector as a result of socialist policy. However, he tried to establish relations with the Sunni elite and business community. In Bashar al-Assad's period, this relation was established by means of economic liberalization and the rise of a new elite called "multi-sectarian young professional class". Sectarian identities began to get blurry gradually in this new elite group. Unlike the former generation, members of this new generation had a more global vision, spoke English, liked having fun, married people who had a different religion from theirs and tried to create personal and financial networks. Therefore, the actual desire of this young population during riots was for reform, they did not have sectarian concerns. (Azmeh, 2016, pp. 512-514)

Another important reason for the unrest was the oppression on free speech, on media and on the internet. More than 200 websites including YouTube, Facebook and Wikipedia were banned during the years of war. (Flock, 2011) Internet ban policy was conducted in parallel with the official policy of the regime. Regime also put political pressure on the media. Nearly all media outlets in the country broadcasted as tools of propaganda for the regime. Dissident bloggers, writers and journalists were arrested and tortured for groundless charges like "weakening national sentiment" and "spreading false news". (Freedom House, 2012)

The Kurds, as the biggest minority in the country, were the opposing group having the most trouble in terms of fundamental rights and freedoms. They were oppressed with similar policies and their rights were violated under Hafez and Bashar al-Assad's rules. (Lowe & House, 2006) With the census in 1962, some of the Kurds were expatriated, losing their citizenships. Kurds, labeled as "foreign" and "unregistered", were bereft of their most fundamental rights regarding education,

health, travel, property etc. Their lands were seized and sold to the Arabs as a part of Arab nationalism project. (Tejel, 2009, pp. 50-61) The Syrian Kurds who did not have identity cards could get only 12 years of education. They did not have the right to get university education after they graduated from high school. The only Kurdish people who could get university education were the ones who had identity cards. But most of these people had hard time finding a job after graduation. They would either stay at home or they would work as unqualified workers. When the Kurdish people unified in 2011 against the regime, most of the university graduates who had been working as unqualified workers joined the riots because the regime had not allowed them to make use of their education. The regime did not allow the improvement of the irrigation systems in Jazira region. Therefore, people could not get enough harvest even though the land was fertile. The people had limited rights even on their own land. The Kurdish people who had citizenship migrated to more developed cities where they could find jobs. The best example for these migrations was the migration to “Zorava” region, one of the shantytowns of Damascus, where mostly Kurdish people settled. Kurdish minority, deprived of the rights regarding education in mother tongue, establishing political parties etc., started to act as a more organized opposition after the riot in 2004. (Duman, 2016, pp. 71-135) Before the Civil War, a significant number of the political prisoners in Syria were Kurdish activists and party leaders. Those who were arrested would be put through physical and psychological tortures. (Human Right Watch, 2009, pp. 16-43)

After 2000, the state tried to reenact free market but focused on crony capitalism in reality. As a step for liberalization in the economy, the state stopped compulsory purchase of crop and allowed free market for agriculture. As of 2000, many state-farms were sold to many favored businesspeople. This resulted in the fact that lots of land owners, especially Kurds, lost their lands. (Akhmedkhodjaeva, 2015)

Last but not the least, one of the most requested topics of reform was the absolutism of the Ba’ath Party protected by the constitution. While the regime only allowed for limited opposition, it was described as ‘a hegemonic party regime with competitive elections’ where a leader is the head of both the party and the state. (Niakooee,

2013, p. 438) The people, being forced to elect the presidential candidate who was nominated by the Ba'ath Party, could not be represented in the parliament. Many political initiatives were either banned or had to serve under the government. (Spitz, 2014, pp. 106-107) Judicial independence in the constitution was also guaranteed by the president himself. As stated in Articles 139 and 141, judges in the country were appointed by the president of the republic as well. All five members of the Supreme Constitutional Court, the highest judicial body of the country, were appointed by the President of the Republic by decree. (The Syrian Constitution - 1973-2012, 2012) Therefore, it is natural to arrive at the conclusion that the people did not pay any attention to the elections and rioted because they lost faith that the leading party would change with the elections. The entrenched regime, which was late for making necessary reforms, could not ensure wellbeing of the citizens about many political and social issues mentioned above, setting the stage for the civil war.

1.12 Concluding Remarks

Syrian economy went through 6 important stages between 1946, when it declared independence and 2011 when the Syrian Civil War started. The serious changes it went through in the economy bore some important results. In the period between 1946 and 1963 there was economic development; banks were privatized, big companies were established, and free economy started to become a norm. This changed when Ba'ath Party came into power in 1963. They ended free economy and established a model of economy where private sector was mostly replaced with public sector. Between the years 1970 and 1981 there was state support for industrialization. The years between 1981 and 1991, however, were years of economic and political unrest. Syrian Pound was devalued 12 times and got out of the dead-end thanks to the support of the Arab countries. We can say that the years between 1991 and 2000 were years of economic recovery. In those years, there was an increase in welfare thanks to the income from oil and natural gas and a period of liberalization began. In 2000, Bashar al-Assad was elected as the president and liberalization in economy gained momentum. There were incentives for private

sector and steps were taken to shrink central planning economy. In this period, the growth of economy gained momentum, and there was a decrease in foreign trade deficit and in the pressure of inflation and there were efforts to make further improvements with international trade agreements. However, this process could not advance properly because the entrenched Ba'ath regime, which was the sole mechanism for policy making, established monopolies in the market, preventing competition.

Income from agriculture and oil is the backbone of Syrian economy. Agriculture made up more than 50% of the economy in 1970's. However, in 2010, it made up 20% of the economy, with the addition of a variety of sectors. Agriculture sector made up one fifth of the GDP in 2011, the year when Civil War started, employing the majority of female workforce.

Even if Syria is accustomed to going through arid periods, the drought it went through between 2006 and 2010, especially in the years 2007 and 2008 was a severe one. Although the drought affected the other countries in the Fertile Crescent region, the extreme effects in Syria resulted from the scarcity of water resources in Syria. Adding the decreased precipitation levels, unplanned agricultural activities and the dependence of the agriculture on the tried up underground water resources on top of these the productivity decreased. The rise in the price of oil, which is necessary to draw up water from the ground, and the government's ban on the agriculture and fuel subsidies as a liberalization step deteriorated the situation even more. The productivity in agriculture decreased significantly and previously self-sufficient agricultural country Syria imported wheat for the first time in 2008. According to the researchers conducted, the shortages in water resources, the climate change, the drought and the out-fashioned irrigation system and government's inability to take effective precautions in time did not lead to the Civil War by themselves but we can say that they are related to social unrest.

Another important conclusion of drought was the trend of migration to the cities from the rural areas which were actually vastly populated. People who cannot earn a living from agricultural activities and give a big part of their earnings to buy food,

the prices of which increase, could not find any solution other than migrating to the cities. The people who migrated to cities in order to find a job in one of the new business lines, which were established recently as a result of the liberalization process, had many problems, especially with housing. Food security and extreme poverty were other two prominent and important problems for the masses. Migration started from especially North Eastern region to Damascus and Aleppo and the effects of the drought started to be experienced by millions of people. Syrian people had been living with Iraqi immigrants since 2003 and sharing the job opportunities with them, which made the situation even worse. The problems in question arose as problems resulting from climate change that the masses living in rural areas and the infrastructurally insufficient outskirts of urban areas experienced up to riots.

Oil, as another important source of income, was first drilled out in 1968. Syria was an important part of oil and gas economy even though it had a more limited production capacity compared to the other countries in the region. Between the years 2005 and 2010, 20% of the capital budget came from oil and petroleum products. Therefore, the drought and the changes in the global oil prices showed its effects on economic growth of Syria.

A great number of Syrian people suffered from poverty and the level of poverty in the country was one of the worst in the region. Between the years of 1990 and 2005 the average daily income of a Syrian was less than 1 USD. There was some improvement in 2000's. But according to the official sources of Syria, 10% of the public was poor and this percentage rose up to 60% according to the foreign resources. The level of poverty in Syria varied from region to region. The North-Eastern and Southern regions were the poorest whereas the coasts and city centers were relatively less poor. As a natural consequence of poverty, illegal and marginal activities, smuggling and shadow economy became more common, leading to deterioration in the economy. In addition to this, the increasing level of poverty led to social deterioration, made the gaps between the social classes even deeper and those who became poorer because of the economic policy that was implemented

could not return to the higher classes. Increasing income inequality in big cities such as Aleppo and Damascus and growing poverty in cities like Dara'a where insurgency started, led to serious unrest in the society. The poor, who were not represented by trade unions, NGOs and political parties, became a group that was more and more offended every day by the state.

Another important issue was the rate of unemployment, which was about 10% between the years of 2000 and 2011. The rapidly growing population affected the rate of unemployment, too. It got more difficult to find jobs for 250,000 people who joined the workforce every year. There is a great number of unemployed college graduates in Syria. Moreover, the women were not allowed to join the workforce in Syria which resulted in the lowest labor force participation rate in the world. The rate of female participation in the labor force was 10% lower than the rate in the similar countries. Even though there was an increase in the salaries that came as a result of the economic growth, the wages of the state officials in great numbers were 40% lower than those of private sector employees. Some of the state officials had to work multiple jobs because of their insufficient wages.

In the pre-war period there was a gradual increase in GDP and growth. In the year 2000 and the following years, economic growth gained momentum thanks to the direct foreign investment and oil prices. Between the years 2001 and 2010, the average annual growth of GDP was over 4%. The reasons for the fact that the growth in Syria alternated between positive to negative from year to year include the income from agriculture and oil, foreign trade deficit, the increase in the population, the support coming from the Arab countries and private sector investments. The economic growth in Syria was also affected by liberalization in economy and the resulting increase in number of business lines and the development of service sector. However, although there was a regular rate of growth in economy between the years 2001 and 2010, we can say that per capita income in Syria was the lowest compared to other countries in the region. In the 2000s, inflation rates decreased to minus levels and then started to increase

gradually. In 2008, inflation rate increased to 15% but in the pre-civil war period it was about 5% and did not lead to problems.

Additionally, one of the most problematic and chronic issues in Syria was corruption. 80% of the Syrian economy comprised of small and medium scaled economies. This also included some holdings which were involved in significant cases of corruption. When it comes to corruption, the first names that come to mind were the businessmen close to the Assad family and especially Bashar al-Assad's cousin Rami Makhlouf, the owner of Syria's leading telecommunication company. Makhlouf used to get shares from the investments of the foreign investors in order for them to get a license to do business activities in Syria. He would use his close relations with the intelligence agency and executive cadres as a threat. It was a common opinion among the citizens that Makhlouf and other businessmen alike deteriorated the economy because they established monopolies, did mafia-style businesses and had a bad reputation in international business world. The citizens were right about this. Because the buildings and premises belonging to this kind of businessmen were the main ones that were ravaged throughout the uprising. Corruption was one of the most common crimes, involving not only great businessmen but also bureaucrats. From state officials to gangs doing illegal deeds of bureaucrats, bribery and corruption were like contagious diseases spreading through all cities of the country. Other important issues were smuggling and shadow economy. Some people made a living by smuggling goods from the border. However, they were not alone. Great businessmen did smuggle, too. Smuggling reached to a serious level due to unemployment and lack of job opportunities. Economic relations and institutions were shaped by the elite who had a say in the rule of country, while relations between businessmen and government affected how economic policies were shaped. Bribery became an accepted condition in bureaucracy and people were forced to bribe even when they were to claim their fundamental rights.

Finally, the circumstances do not look very promising for the Syrian society, whose political and social rights and liberties have been very limited. The intelligence

agency which has been supported to a great degree by the regime, long lasting state of emergency and the resulting disregard for the law led to unrest. Even though the Syrian state did not pursue a sectarian policy in general, it had extremely severe and frustrating policies against the minorities. Also the Syrian media was affected by this pressure. The opposing publications were generally hindered, leading to monophonic structure in the media. Moreover, the electoral system, which was regulated by law, became a guarantor for the survival of the government. The power of the government over jurisdiction led to suspicions about the independence of the jurisdiction and had some adverse effects on it.

To summarize, we cannot exactly say that Syrian people lived in prosperity before the civil war. Even though there was an increase in economic indicators, the real figures fell behind those of the region and similar countries. Unemployment, poverty and corruption, which were common problems, masses could not benefit from the economic growth. Syrian economy relied on income from agriculture and oil, and it could not reach the desired level in the period of economic liberalization despite the inward and foreign investments. Climate change and the resulting drought had adverse effects on agriculture -the basis of the economy- in water scarce Syria, which has problematic irrigation systems. Domestic migration had severe effects on unemployment, poverty and food security. The oppressive regime did not do reforms in the political and social arenas, limited the fundamental rights and freedoms and was very obstinate about its oppressive style of rule, which all had adverse effects on the lives of the citizens and the effectiveness of the economic reforms. Corruption and tradition of bribery remained as an unsolvable problems in general in the country because of the political and bureaucratic support for them.

CONCLUSION

In this thesis analyzing political economy in pre-war period of Syria, the probable economic, social and political reasons of the riots were investigated. The scope of the study includes the economic factors that set the stage for almost all wars, climate

change and its effects on agriculture and on the population and the political environment that is marked by the maintenance of totalitarian regime in the country. It concludes that neo-liberal economic reforms without political liberalization under an authoritarian rule in Syria has resulted in serious popular discontent. This caused mass demonstrations, which has been met again with violent suppression attempts of the authoritarian rule.

The Arab Spring, which started when a Tunisian fruit vendor set himself on fire and later spread across Egypt, Libya and Syria, became the hot topic of the year 2011. All of a sudden, in countries where demonstrations and riots were raised, the people were uniting against the regimes under which they were ruled for years. While the riots started and ended in Tunisia, Egypt and partly in Libya in a short span of time and people managed to overthrow governments, the civil war still continues in Syria which is the last pillar of the riots.

Reform and regime change were the main demands of the people in demonstrations which started in the first quarter of 2011 in Syria. Just like in other countries where people lived under totalitarian regimes for long years. Syrians wanted the government to change as well. However, the only reason for people to hit the streets in Tunisia, Egypt, Libya and Syria was not the dictator regimes lasting for years. Each of these countries had specific reasons for unrest within their own historical and economic past. Similarly, Syrian rebels had their own country-specific reasons, too.

In 1970, Hafez al-Assad, the minister of defense, staged a coup in the party and became the head of the state in Syria and served till he died in 2000. During his presidency, Hafez al-Assad built a one-man regime and changed the unstable structure that the country had in the previous periods. He turned Syria into a relatively more powerful and stable state in the region. After his death, his son Bashar al-Assad took the lead. Bashar al-Assad, as a 34-year-old young leader, gave his people and the world hope for change in the country, making economic and political reforms in lots of areas till 2005. This period, called 'Damascus Spring',

ended with the Hariri assassination in 2005, the regime retired into its shell using the safety of the state as an excuse and kept adopting a rigid policy.

Syria's economy began to transform in 2000 when Bashar al-Assad became the president. Syria's economy shrank and grew in time, depending of the revenues from agriculture and oil, which make up the backbone of the economy. Increase in the number of business lines and investments was a target set for the economy in order not to depend solely on these two sectors. Bashar al-Assad reduced the state aid, tried to emerge from oil-based economic growth and open up the economy to the foreign actors by supporting the private sector. He also tried to open up the 40-year-old closed economy of the country by joining World Trade Organization and encouraging foreign investors with free trade agreements. As a part of the economic liberalization period, the government allowed the establishment of private banks in 2004 and Damascus Stock Exchange was open for business in 2007, starting to find itself a place in global market and global economy by means of free zones and insurance. Once the investment climate changed, country's growth accelerated, inflationary pressure was relieved and problems regarding foreign trade and budget deficit gradually decreased.

In addition to some positive aspects of the reforms, which were supported by Western countries, limited reform movements caused social divisions in the society and raising political tension. Problems arose when the Ba'ath Party formed a network of patronage and nepotism instead of forming the policy-making power, created monopolies in the market and injured competition.

While the elites had the majority of country's income, poverty increased, and social, economic and political injustice became more and more visible in the society. The rich in the country began to live in a private area surrounded by walls, isolating themselves completely from the poor. Parties and unions failed to represent the poor in Syria, raising the tension between the people and the state.

From 1946, the year when Syria declared its independence until the Civil War, Syrian economy can be studied in six important periods. Between 1946 and 1963,

steps were taken for transition to free economy. After 1963 Coup, the economy was mostly controlled by the state. Between 1970 and 1980 important steps were taken towards industrialization with the state incentive. 1980's were the years of economic crisis and 1990's were years of recovery with liberalization steps. Welfare in the country started to improve with the income from oil. In 2000's, the state started to adopt neo-liberal policies, which were supported by private sector and international trade agreements. Market monopolies hindered competition, the reforms did not bring the desired results and the process was not carried out successfully in many aspects.

Economy and labor force in Syria largely depend on agriculture. Another source of income and economic growth for Syria is oil export. Reasons for positive or negative growth in country from year to year have been mostly related to these two sectors. When oil production and especially oil prices increase in the country and there is direct foreign investment, and when there is no drought, country's economy grows. However, country's economy shrinks when the opposite happens. Syria's economic growth depended on agriculture and oil sectors despite all the incentives for the other sectors. Agriculture sector employed most of the labor force, because of which dry periods made a direct effect on unemployment rates.

Another important topic is the impact of climate change and drought during the uprising. The uprising started in many cities and rural areas where agriculture is the main source of income, which indicates the unrest of a mass who earn their living with agriculture. In the period between 2006 and 2010, an abnormal drought was seen in the country, already facing drought and water related problems on a regular basis. Consecutive and long dry periods had severe side effects on the society. Syria, which is actually a self-sufficient agricultural country, first started to import wheat in 2008. When the aid for farmers was cut as a result of economic liberalization policies and oil prices increased on top of it, serious problems arose in agriculture. Abuse of irrigation systems and water resources and technological incompetence took their tolls on the situation. This problem in agriculture as one of the essential

sectors in country's economy, not only caused troubles in economy but also in social areas.

Those who were unable to earn an income from agriculture fled to shantytowns with inadequate infrastructure. Those who fled to urban areas, and those who remained unemployed in rural areas, had difficulty finding jobs and housing in these regions where also nearly 1,2 - 1,5 million Iraqi migrants lived. Problems gradually increased in the society when people -being unemployed, thus becoming poorer- had to spend a vast amount of their income on food products with escalating prices. The situation got even worse as the state could not intervene fast and effectively because of its bulky structure and unfunctional economic policy. In summary, abnormal dry periods caused by the climate change triggered consecutive social problems.

Moreover, poverty in Syria is a serious problem. Majority of the Syrian society is poor, especially people living in the rural areas and in north eastern region of the country. Poverty had severe effects on Syrian society, leading to social dislocations, widening the gap between classes, thus making the transit to an upper class impossible. Under these circumstances, it is natural to observe that people turn to illegal activities, deteriorating the pattern of social behavior.

Unemployment rate in Syria before the civil war, from 2010 to 2011, was around 10%. Due to rapidly increasing population rate, unemployment rate increased as well. Even though there was increase in the wages thanks to the reforms and economic progress, especially the public officials could not support themselves and their family and they felt the need to work at more than one job. Between 2001 and 2010, Syria's GDP grew 4% annually in average. Despite all these economic improvements and an annual growth of nearly 5%, Syria's GDP in 2010, which was worth \$ 2,949, fell behind its neighbors: Iraq (\$ 4,521 GDP) and Lebanon (\$ 8,846 GDP). Even though the level of poverty decreased after the 2000's, poverty level of Syrian people is still one of the worst in the region.

Other problems in Syrian economy were corruption, shadow economy and nepotism. When it came to corruption, the most notorious person in Syria was businessman Rami Makhlouf, Bashar al-Assad's cousin. His name was associated with corruptions along with his companies and privileges he had. Makhlouf used the resources and infrastructure of the country, growing his wealth thanks to a number of companies that he has -for example his telecommunication company- and became the shadow man of the economy. He threatened foreign investors and got a cut out of their investments in the country by using his close relation with the president and institutions like intelligence agency. Not only Makhlouf but also many families from the ruling class, who are in close relations with Assad, were involved in corruptions, getting richer and richer in a similar fashion.

In Syria, other big problems, bribery and nepotism, became common phenomena in bureaucracy, which deterred the people from cooperating with the government. Bribery became a very radical tradition in bureaucracy leading to economic dislocation. Smuggling is another important element affecting the economy in Syria. Even though illegal economy became less common during economic liberalization period, it still has a great share in GDP.

Syria was still going through political problems. Even though the tradition of authoritarian regime, which was inherited from Hafez al-Assad's presidency, was softened a bit with the political reforms, many politic and social problems remained unchanged in Bashar al-Assad's presidency. The most prominent of these problems are the State of Emergency Law effective since the coup of Ba'ath Party in 1963 and the restrictions brought by it. With the state of emergency, many fundamental rights and freedoms such as freedom of speech and participation in political movements were restricted in the country. Syria's intelligence agency, Mukhabarat, is an organization that is stronger and more effective than the army. With many sub-units, the intelligence agency makes the people feel the oppressive power to of the regime.

In the riots it was said that the regime favored the Alawites and oppressed the Sunni citizens. However, regardless of the sects, those who supported the regime became

the friends while those who opposed to it became the enemies. At the beginning of the demonstrations, people shouted slogans putting an emphasis on ‘the brotherhood of the Alawite and Sunni’ and participated in riots regardless of their ethnic and religious groups, which shows us they demanded the resignation of ‘the oppressive regime’ rather than ‘the Alawite president’.

As in many examples seen all around the world, the oppressive regime in Syria applied one of the most rigid pressures on the media and use of internet. All media outlets in Syria make propaganda of the government while the internet is under the supervision of the government as well.

Syrian Kurds had troubles with the regime for years and were bereft of their fundamental rights such as education in mother tongue and political participation. Furthermore, after the census in the 1960’s, most Kurds were expatriated, losing their citizenship rights. In addition to the political pressure, the Kurds had to struggle against the economic problems in the regions where they lived in great numbers. What made Kurds participate in demonstrations in 2011 was economic problems like unemployment besides problems on citizenship and representation from which they suffered for years.

Lastly, the election system that people especially wanted to change during the riot is the guarantor and backbone of the existing regime for years. The people were not able to change the government with elections or to represent themselves in the People’s Assembly by establishing a political party, therefore they wanted a reform on election system the most. Judicial independence in Syria is also guaranteed by the regime, which is notorious with its human rights violations.

In conclusion, the state gradually started to apply liberal policies to ensure economic development and to open the closed economy. The policies applied led to growth and had positive results in terms of numbers. However, the neo-liberal policies of the state did not benefit whole of the society but only some businessmen. Because of the reduction in state incentives, there was a serious amount of compression in sectors such as agriculture, which provides most of the employment

opportunities. The problem got even harder to solve because of the droughts and water scarcity experienced in the recent years. As a result, many people got poorer and some migrated from rural areas to cities. Moreover, the long standing political pressure applied by the regime, the unreliability of the state for applying reforms and restricted fundamental rights and freedoms paved the way for the Civil War. To summarize, not all the Syrians could benefit from the neo-liberal policies of the state. The reforms benefited only a certain class of the society and the state could not ensure a complete economic development. Therefore, this thesis concludes that neo-liberal economic reforms without political liberalization under an authoritarian rule in Syria has resulted in serious popular discontent.

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