

This Critical Juncture: Elite Competition in a Receding Civil War

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As the boundaries of coercive authority are stabilizing among the competing forces in Syria's civil war, the Assad regime's elites find themselves in an increasingly tumultuous situation. Makhoul, Hamsho, Foz, Shehabi, Al-Dabbagh, Qaterji: Since the beginning of the Syrian civil war, a seemingly constant stream of names have risen to prominence and subsequently fallen out of favor. This has coincided with significant and related shifts in the allocation of political and economic power within the regime. It is not a coincidence that as the intensity of the war in Syria has decreased, the intensity of conflict between the Assad regime's elites has gained momentum. Much like past periods of political turmoil in Syria, the elite landscape is undergoing transformations that may have long-lasting effects.¹

As the Assad regime's coercive comparative advantage has grown over its domestic rivals, its focus has turned from defeating threats to the regime to preventing threats from arising within the regime.² These efforts initially focused on the consolidation of the decentralized armed elements fighting on behalf of Assad, but have increasingly involved actions meant to alter the political and economic landscape. These attempts to recentralize authority have involved some institutional changes, yet have been characterized to a greater extent by targeted actions and overhauls of elite political and economic networks.³ This climate has increased competition among regime elites who recognize that the current environment has the potential to produce a stable equilibrium that will characterize the state in coming years.

This paper offers a preliminary examination of the evolution of the economic elite landscape in Syria and the battle being waged internally within the regime since the civil war settled into its current stalemate. As with other periods of political instability in Syria's history, the country's economic and political elite landscape is rapidly evolving.⁴ While Assad's ability to maintain power in the

long-term is far from a foregone conclusion, if the regime does persist, it will rely on a different network of elites for support in the short-term. The maneuvers by the regime and the economic elites attempting to solidify their position have the potential to drastically affect the breadth of the authoritarian regime produced and the country's economic policies in the future.

Historical Overview: Syria's Economic and Social Elites in Politics

While the historical political significance of local notables in Syrian politics began well before the French mandatory period, the mandatory period played an important role in shaping intra-regional elite cooperation.⁵ The resistance to French occupation provided the impetus for unified political cooperation organized under the umbrella of the National Bloc. With independence came the increased salience of the political cleavages that divided the landed aristocracy of Aleppo, Hama and Homs from the Damascus bourgeoisie. Although the pervasive political instability of post-independence Syria left little room for consistently dominant political movements, and plenty of room for periodic military intervention, national political leadership was largely led by individuals from a small set of elite families from the regions noted above.⁶ The nascent institutions of the central government that these elites presided over were far removed from the daily lives of average citizens, but the local notables exercised informal authority over their constituencies as arbiters and social leaders.

Syria's union with Egypt ruptured the relationship between political power and social standing in Syria, leading to the economic decline of Syria's elite families. Land reforms in 1958 and extensive nationalization campaigns in 1961 drastically reduced the economic position of the traditional elite.⁷ The effects of these reforms extended beyond the economic sphere, dealing a crippling blow to those best suited to shield Syria from excessive predation. While

Syria's elites would experience a brief respite after exiting the United Arab Republic, the Ba'ath Party's 1963 coup would reinstitute many of Gamal Abdel Nasser's policies.

The Ba'ath Party's takeover of Syria solidified the decline of the old Sunni urban elites and landed aristocracy who had been central actors in Syrian politics.⁸ Beyond reducing their economic power, restrictions on land ownership and private enterprise reshaped the already fractured hierarchical relationship they shared with their ancestral constituencies. Salah Jadid's 1966 coup widened the scope of these economic restrictions, leaving little room for private enterprise.⁹ The uncompromising economic policies associated with Salah Jadid's regime provided suitable conditions for a pragmatic leader to coopt members of the merchant class.

Hafez Al-Assad's 1970 "Corrective Movement" would bring about such an arrangement, allowing room for modest private economic enterprises. While Hafez Al-Assad's support base has often been described in regional terms, whereby it was the rural coastal territories of Damascus and Daraa that operated as bastions of support for his rule, the traditional elites of Damascus were not among those primarily coopted. The fall of the haute bourgeoisie opened up opportunities for a petit bourgeoisie to thrive during Hafez Al-Assad's reign. Rather than the Ba'ath regime stifling the growth of small businesses, it expanded their growth in the 1980s.¹⁰ While his reign was characterized by uncompromising political repression, it fostered an environment with relatively predictable rules for operating small scale economic enterprises that could not threaten the regime. Corruption was pervasive, but it was of a nature that allowed room for the petit bourgeoisie to maneuver. It was in the interest of the regime insiders and military officers who took bribes that these businesses persist. As such, this period was characterized to a large extent by a broad state/military bourgeoisie that benefited from constrained private markets.¹¹ Syria's relatively closed socialist economy did open up gradually in the 1990s due to the need to stimulate economic growth,¹² nevertheless, its economy remained heavily restricted and controlled.

Syria's Liberalization

Bashar Al-Assad's succession in 2000 brought about the rise of a new haute bourgeoisie that was tied to the regime and the decline of the petit bourgeoisie that had carved out a space for itself in Syria's restricted economy. In an ongoing research project related to dynastic succession, I argue that it was in Bashar's strategic political interest to produce the rise of a new set of economic elites to balance against potential rivals from within the regime.¹³ Hafez Al-Assad was a military leader who was at the center of the Syrian political scene since 1963 and had gradually come to balance competing regime players in a manner that preserved his rule. Bashar Al-Assad was a successor with strong ties to urban kin and weak ties with the political and military apparatus. The liberalization process allowed him to strengthen the portion of the regime most supportive of his rise to power. Such liberalization was not characterized by the enhanced protection of property rights, but, rather, by the opening up of industries to specific individuals. Thus, I argue that it was political weakness that was the primary driver of the rapid pseudo-liberalization instituted by Bashar Al-Assad.

Percentage Change in Nighttime Lights per Capita (1999 - 2009)

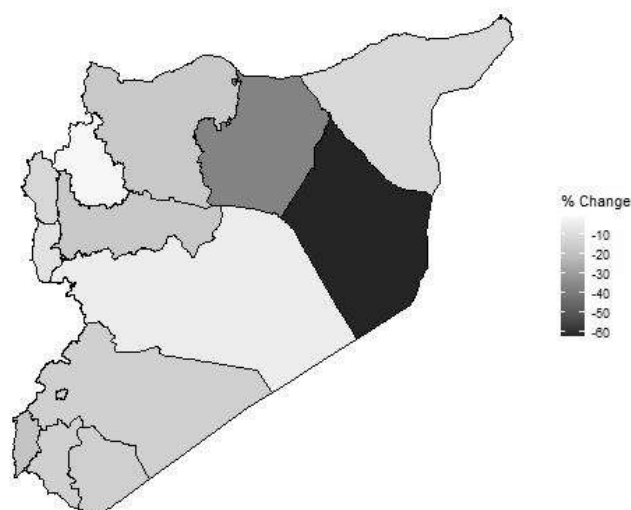


Figure 1

As these elites became more powerful, they swallowed up other enterprises, and disincentivized investment in the economy by the *petit bourgeoisie*. Thus, rather than liberalization spurring economic growth, the transition to Bashar Al-Assad weakened Syria's middle-class entrepreneurs and stifled the country's development. Relying on DMSP-OLS nighttime light data, I examined changes in nighttime lights across Syria from 1992-2013.¹⁴ While the 1990s was hardly a period of rapid growth in development in Syria, it was characterized by slow growth in most of the Western governorates. After Bashar Al-Assad assumed the presidency, growth in nighttime light production per capita stagnated or declined throughout much of Syria. *Figure 1* presents the change in nighttime lights per capita for each of the governorates in Syria from 1999 to 2009. In each of the governorates, per capita nighttime light production declined during this period of time. A subsequent analysis that estimated the causal effect of the succession provided evidence that each of Syria's governorates was negatively impacted by the transition from Hafez to Bashar Al-Assad.¹⁵

When the regime was eventually threatened by popular protests during the Arab Uprisings, protesters did not merely target the repressive political regime, but also the corrupt economic order.¹⁶ In 2011 and 2012, as some members of Syria's "old guard" began to defect or simply withhold support for the regime and the military's ranks were shrinking, these new elites would be relied upon for both economic and coercive support. In addition to the economic actors who came to dominate Syria during Bashar Al-Assad's reign, new economic forces emerged, using the war as an opportunity to utilize their wealth to enter the ranks of the regime's elite. Although these actors played an indispensable role in preserving the Assad regime, their leverage over the regime currently posed a potential threat.

Rami Makhlouf and Mohammed Hamsho utilized their diverse economic portfolios to create diversified coercive portfolios comprised of various pro-regime militias. While Mohammed Hamsho's actions were largely linked to Maher Al-Assad, Rami Makhlouf operated with greater

autonomy in shaping his contribution to the pro-regime forces. Through his relationship with the Syrian Social Nationalist Party and vast economic empire, Makhlouf was able to construct a potential threat to Assad by unifying his economic empire with a political apparatus and relatively large fighting force. This may have provided Makhlouf with leverage in the short-term, but ultimately led to his demise.

In late April, stunned Syrians watched, shared and commented on a video of a melancholy Rami Makhlouf airing grievances and beseeching the regime to halt its encroachment into his economic empire.¹⁷ This was the first in a series of increasingly aggressive videos uploaded by the president's cousin and former Syrian economic hegemon.¹⁸ But for the callous disregard for Syrian lives and livelihoods demonstrated by Makhlouf, these videos may have evoked sympathy from many rather than *schadenfreude* from most. The economic strain of the war, a global pandemic, economic turmoil and efforts by the regime to consolidate power by eliminating internal threats to stability left a large swath of the state aggrieved. Yet, rather than rally around Makhlouf, Syrians largely ridiculed what was perceived as a pathetic attempt to maintain a corrupt economic empire. Whether the monologues were intended to mobilize the masses or speak directly to members of the regime, the videos and the aftermath of the videos demonstrate the drastic overestimation and rapid decline of Rami Makhlouf's political capital in Syria.¹⁹

The Consolidation of Power and Economic Policy

Similar to other periods of flux in Syria, political considerations have led to a reorganization of economic power. If Bashar Al-Assad's reign persists, the decisions being made may fundamentally shape the structure of Syria's economic and political order. Assad is not likely to subordinate his own interest in the preservation of his rule to the reconstruction of Syria.²⁰ As the civil war has receded, the regime's efforts have turned to consolidating its power, and this has placed it at odds with many of the elites who funded and aided the war effort. Its most damaging blows have been dealt to those who possessed the greatest capacity to threaten Assad's rule.

Elite resistance to regime predation has thus far been limited and ineffective. Wealthy war profiteers drawn from the import-export business, such as Samer Foz, have attempted to diversify their holdings outside of Syria, yet sanctions and notoriety have made investment abroad increasingly difficult.²¹ Mohammed Hamsho's efforts to maintain both his political clout and buy up property throughout Damascus and elsewhere have been partially rebuffed, yet despite some reported grumbling, he has not publicly challenged the regime. Rami Makhlouf did attempt to resist the regime's predation, but his attempts failed as his network of affiliates did not come to his aid. Mohammed Hamsho and Fares Shehabi, leaders in their respective business communities, have also voiced concerns related to the rise of others, such as the Qatarjis, but none that have directly challenged or publicly appealed to the top of the regime.²² Despite their tepid resistance, they have also been marginalized.²³ Moreover, it should be noted that fierce competition between these economic actors has thus far prevented collective action to stop the targeted actions of the regime.²⁴ Without the incentives to collectively act and many of their coercive capacities already diminished, these elites will be forced to accept further predation by the regime.²⁵

Syria's future economic landscape is unlikely to return to its pre-war order. The regime has diversified its cadre of political and economic beneficiaries, creating a more competitive elite landscape that has incorporated many of the elements who organized and funded pro-regime militias throughout Syria. The list of these elites includes a mixture of new and old names. To the consternation of many, ex-General Bahjat Suleiman's children, Majd and Haidara, will likely persist among the elite; as will the Hamshos and Makhloufs, albeit with Ihab rather than Rami at the helm.²⁶ They will be joined by new elites like Foz, the Qatarjis and Wassim Qattan, many of whom are drawn from outside of the previous social spheres of influence.

While a new haute bourgeoisie may form,²⁷ the weakness of the state's institutions and central coercive apparatus may make that a sub-optimal solution for Assad. Moreover,

the passage of time and defections during the civil war has produced a political apparatus that is more closely linked to Bashar Al-Assad than the regime he inherited. Assad may find that it is in his interest to strengthen the same institutions that he weakened when they were occupied by tepid supporters. New rising economic powers such as Asma Al-Assad's cousin, Muhannad Al-Dabbagh, have begun to take on a larger role in the economic sphere, but they will likely never approach the economic strength of the oligarchs of the 2000s.²⁸ The unpopularity of the smart cards being distributed in regime-controlled areas to ration fuel and bread has led to a significant popular backlash to elites aligned with Asma Al-Assad. Other rising powers, such as the Qatarji brothers, are unlikely to further strengthen their position due to the significant antipathy many within the regime have for them. Furthermore, the current set of competing elites are closely linked to various members of the regime and Assad's foreign benefactors, producing an environment whereby any increase in economic power afforded to a particular individual or group strengthens one element of the regime at the expense of another.²⁹

While there has been no transition at the top of the regime, the emerging economic landscape has shifted away from domination by quasi-monopolists to a diversified set of elites linked to regime members, as well as Iran and Russia. Thus, rather than balancing economic hegemons against the political and coercive apparatuses, Assad appears to be balancing the power of competing regime members and foreign forces against one another through the manipulation of the economic elite landscape. Such manipulation of the elite landscape has also occurred in political spheres, where political office has been redistributed to legitimize some and weaken others.³⁰

It is also possible that there will be greater direct state involvement in previously privatized industries. This may occur through the nationalization of entities or industries, but may also occur through public-private partnerships or the ad hoc exercise of authority rooted in judicial action. Although the numerous recent decrees and laws related to economic activity and property rights have signaled that

crony capitalism will remain pervasive, it places the state at the center of such economic activity.³¹ While this would likely reduce the performance of such entities,³² it would prevent the rise of potentially destabilizing economic forces. Thus, the structure of state-elite relations in a post-war Assad-ruled Syria will likely be characterized to a greater extent by networks of partnerships between political and business elites similar to those seen under

Hafez Al-Assad's Syria than Bashar's pre-war order. Yet, in the short term, this landscape will not provide for the regularity and consistency that allowed small enterprises to persist throughout Hafez's reign in the 1980s and 1990s. As such, this strategy may help Assad prevent the rise of powerful internal rivals, but they will do little to allay the concerns of Syrians or reverse Syria's economic decline.

Endnotes

- ¹ David Patel argues that what is being experienced throughout the region is a return to the instability that characterized the region in the past. While this may be the case, this need not imply that the nature of the conflicts that characterize such instability remain the same.
- ² Haid, Haid. "Reintegrating Syrian Militias: Mechanisms, Actors, and Shortfalls," Carnegie Middle East Center (2018).
- ³ This has included reconstructing who is allowed to win seats in parliament. See <https://www.enabbaladi.net/archives/403669>.
- ⁴ Samer Abboud provides a broader examination of the complexities underlying the multilayered conflict in Syria and how these complicate attempts to fit a traditional liberal solution to the Syrian civil war.
- ⁵ Khoury, Philip Shukry. *Syria and the French Mandate: The Politics of Arab Nationalism, 1920-1945*. Princeton University Press, 2014.
- ⁶ Drysdale, Alasdair. "The Syrian political elite, 1966–1976: a spatial and social analysis." *Middle Eastern Studies* 17, no. 1 (1981): 3-30.
- ⁷ Ahsan, Syed Aziz-al. "Economic policy and class structure in Syria: 1958-1980." *International Journal of Middle East Studies* 16, no. 3 (1984): 301-323.
- ⁸ Drysdale, 1981.
- ⁹ Ahsan, 1984.
- ¹⁰ Hinnebusch, Raymond A. "State and civil society in Syria." *Middle East Journal* 47, no. 2 (1993): 243-257; Ahsan, 1984; Hinnebusch, Raymond A. "The political economy of economic liberalization in Syria." *International Journal of Middle East Studies* 27, no. 3 (1995): 305-320.
- ¹¹ Haddad, Bassam SA. *Business Networks in Syria: The Political Economy of Authoritarian Resilience*. Stanford University Press, 2011; Heydemann, Steven. *Networks of privilege in the Middle East: the politics of economic reform revisited*. Springer, 2004; Abboud, Samer. "Economic Transformation and Diffusion of Authoritarian Power in Syria." *Democratic Transition in the Middle East: Unmaking Power*, eds. Sadiki, L., Wimmen, W. and Al-Zubaidi, L. London and New York: Routledge, pp159–177 (2013).
- ¹² Lawson, Fred H. "Private capital and the state in contemporary Syria." *Middle East Report* (1997): 8-30.
- ¹³ Shamaileh, Ammar. "Political Succession, Crony Capitalism and Economic Development in Syria." American Political Science Association Annual Meeting (2020).
- ¹⁴ This serves as a proxy for economic development. Bruederle, Anna, and Roland Hodler. "Nighttime lights as a proxy for human development at the local level." *PloS One* 13, no. 9 (2018): e0202231.
- ¹⁵ Li, Xuecao, Yuyu Zhou, Min Zhao, and Xia Zhao. "A harmonized global nighttime light dataset 1992–2018." *Scientific Data* 7, no. 1 (2020): 1-9. The nighttime lights were aggregated at the governorate level and divided by the population estimate for the governorate. The empirical analysis that estimates the effect of the transition uses a log transformation of nighttime light production. Perhaps surprisingly, while the Deir-Ezzor governorate experienced the steepest decline in nighttime light production during Bashar's pre-civil war reign, the transition from Hafez to Bashar was not associated with a statistically significant decline in nighttime light production. The results are still preliminary, and the analysis requires further refinement.
- ¹⁶ Unsurprisingly, this brought back to the political stage the names of the Sunni aristocratic families as mobilizers of political protest.
- ¹⁷ <https://www.youtube.com/watch?v=SVIRebAehmk&t=432s>
- ¹⁸ <https://www.youtube.com/watch?v=nwPWhynp-6g>
- ¹⁹ See Daher, Joseph. "The Syrian presidential palace strengthens its concentration of power: the rift Makhlof-Assad." (2020).
- ²⁰ Heydemann, Steven. "Reconstructing Authoritarianism: the Politics and Political Economy of Post-Conflict Reconstruction in Syria." *POMEPS Studies* 30, "The Politics of Post-Conflict Resolution." (2018); Daher, 2020.
- ²¹ <https://alqabas.com/article/5790011-%D9%85%D8%A4%D8%A7%D9%85%D8%B1%D8%A9-%D8%BA%D8%B3%D9%84-%D8%A7%D9%84%D8%A3%D9%85%D9%88%D8%A7%D9%84-%D8%A8%D8%AF%D8%A3%D8%AA-%D9%85%D9%86-%D8%A7%D9%84%D8%B5%D9%8A%D9%86-%D9%8A%D9%83%D8%B3%D8%A8%D9%88%D9%86-%D9%85%D8%B9%D8%B1%D9%83%D8%A9-%D8%BA%D8%B1%D9%81-%D8%A7%D9%84%D8%AA%D8%AC%D8%A7%D8%B1%D8%A9-%D8%A7%D9%84%D8%A3%D8%B3%D8%AF-%D9%8A%D9%82%D8%B5%D9%8A-%D8%A7%D9%84%D8%AD%D8%B1%D8%B3-%D8%A7%D9%84%D9%82%D8%AF%D9%8A%D9%85>; <https://www.al-monitor.com/pulse/originals/2020/09/syria-sanctions-central-bank-bin-ali-louka-gid-assad-economy.html>. It should also be noted that the sanctions have likely contributed to the turnover in economic elites, as was noted by Samer Abboud during the "Frozen Conflicts" workshop.
- ²² https://www.washingtonpost.com/world/middle_east/syrias-elections-have-always-been-fixed-this-time-even-candidates-are-complaining/2020/07/22/76e0bb12-cb5f-11ea-99b0-8426e26d203b_story.html. Both Hamsho and Shehabi were recently excluded from a second term in parliament after gaining seats in 2016.
- ²³ <https://www.almodon.com/arabworld/2020/10/8/%D8%A3%D9%85%D8%B1%D8%A7%D8%A1-%D8%A7%D9%84%D8%AD%D8%B1%D8%A8-%D9%8A%D9%83%D8%B3%D8%A8%D9%88%D9%86-%D9%85%D8%B9%D8%B1%D9%83%D8%A9-%D8%BA%D8%B1%D9%81-%D8%A7%D9%84%D8%AA%D8%AC%D8%A7%D8%B1%D8%A9-%D8%A7%D9%84%D8%A3%D8%B3%D8%AF-%D9%8A%D9%82%D8%B5%D9%8A-%D8%A7%D9%84%D8%AD%D8%B1%D8%B3-%D8%A7%D9%84%D9%82%D8%AF%D9%8A%D9%85>

- ²⁴ Jerome Drevon notes that the consolidation of power in Idlib has led to a far more nuanced political landscape than is popularly depicted. The same can be said of the regime elites, whose interests and backgrounds vary.
- ²⁵ Qaterji may be a notable exception as he has largely maintained both significant coercive capacity and gained a seat in parliament, yet he has become a boogey man of sorts.
- ²⁶ The list of individuals and families currently among the elites is fairly long. The names highlighted above have been particularly notable, but others could also be incorporated.
- ²⁷ Daher, Joseph. "The Paradox of Syria's Reconstruction." *Carnegie Middle East Center* (2019).
- ²⁸ He has been playing a progressively larger role in Syria's economic arena, and, perhaps aside from Ihab Makhoulf, has benefited most from the fall of Rami Makhoulf. See <https://www.syriahr.com/%D8%A7%D9%84%D8%A3%D8%B3%D8%AF-%D9%81%D9%8A-%D8%A7%D9%84%D9%82%D8%B1%D8%AF%D8%A7%D8%AD%D8%A9-%D8%AA%D9%82%D8%B3%D9%8A%D9%85-%D8%A2%D9%84-%D9%85%D8%AE%D9%84%D9%88%D9%81/393784/>.
- ²⁹ If a hybrid security solution is further explored, as Ariel Ahram has suggested, the various linkages between these elites and foreign entities, as well as territories that are not controlled by the regime, offer both opportunities for implementing such a solution and potential difficulties that will need to be overcome.
- ³⁰ Thus, while Sarah Kayyali's contention that elites have largely managed to avoid the most dire consequences of the war is certainly correct, I contend that the war has shifted the elite landscape in important ways that have negatively impacted many.
- ³¹ Such as the infamous Law no. 10 of 2018.
- ³² Omran, Mohammed. "Privatization, state ownership, and bank performance in Egypt." *World Development* 35, no. 4 (2007): 714-733.