Vol. 16, No. 2 (2021) | doi:10.15355/epsj.16.2.18

Political economy of the Syrian war: Patterns and causes

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Abstract

Amongst all the Arab countries that have witnessed social unrest over the past decade, Syria has emerged as a unique case. What started as a peaceful social effort to bring about overdue political reform turned into a bloody conflict. The 10 year-old civil war has largely devastated the Syrian economy and is likely to have lingering consequences on the country's development for many years to come. This article deals with the political economy of the Syrian conflict. It argues that economic liberalization, poor public policies, and persistent drought in the years preceding the crisis, upset the social equilibrium and led to unrest. The very social class that used to support the once "socialist" regime in Damascus in the period 1963–2010 felt abandoned and betrayed by its economic policies. Indeed, the transition from a state-controlled economy into a free market economy, under Bashar al-Assad, may have served Syria in many ways, but it also created many problems. The ongoing conflict can be seen as a conflict about the distribution of power and wealth and, if Syria survives it as a united country, it will likely have a political, economic, and social equilibrium drastically different from the one it had.

The decade long Syrian civil war has devastated the Syrian economy and is likely to have lingering consequences for the country's development for decades to come[1]. Although it is difficult to gauge the actual cost of the Syrian war in fiscal terms, given that there is no methodology to calculate the cost of human life, it is estimated that half of the Syrian population is either internally or externally displaced[2]. The country has also suffered major infrastructural damage—put at between USD 200 bn and USD 1,000bn[3]. With harsh sanctions in place, a generation of youth whose education has been stalled, and a vast number of professionals fleeing the country, the task of rebuilding Syria's economy is almost as difficult as finding a political solution to the conflict. Although the Syrian regime has regained control over 65 percent of Syrian territories since the Russian military intervention in 2015, the economic situation remains in a state of disarray. The Syrian pound (SYP) collapsed, throwing more than 85 percent of the populace below the poverty line even before the outbreak of the coronavirus pandemic. According to the U.N. World Food Programme (WFP), as of February 2021, 60 percent of Syrians are food insecure[4].

This article considers the political economy of the Syrian conflict. It shows that Syria's current economic woes cannot be attributed solely to the conflict by tracing the development of the Syrian polity and economy. It considers developments from the 1960's, followed by a section on the economic reforms under Bashar before the conflict. There follows an examination of the collapse of the economy, the rise of a new business elite, and plans for post conflict restructuring. Finally, some conclusions are presented.

1 World Bank (2017).
2 Human Rights Watch (2018).
3 Devadas, Elbadawi and Loayza (2019).
4 United Nations World Food Program (UNWFP), (2021).

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The Syrian economy under Hafiz al-Assad

The 2006–2010 economic plan extended Bashar al-Assad's initial economic reforms. Dubbed as a "social market economy", it included cutting subsidies and provisions for education and healthcare. Coupled with severe drought, this had a devastating impact on the lower income households with wealth disparity continuing to increase as GDP grew. The outbreak of the conflict hit oil and agriculture revenues hard with the wartime government's austerity measures including reducing subsidies on basic food products and increasing taxes. The situation allowed for the emergence of a new business class, including warlords and chieftains with looting a universal feature. More than half of the population have lost their homes and properties. There is no real blueprint for reconstruction and with sanctions, a nosedived pound, and political loan preconditions make funding difficult and unaffordable—it is difficult to foresee economic revival soon.

The rise of the Ba`ath party to power in 1963 was a watershed development in the history of modern Syria. Not only did it end Syria's short (albeit vibrant) liberal phase, but it also transformed the economy into a Soviet-style system under tight state control[5]. With the rise of Hafez al-Assad to power in 1970, the state loosened its tight grip on the economy in order to augment support amongst the urban bourgeoisie of the big cities, especially in Damascus and Aleppo. This limited openness also allowed Syria to benefit from the oil boom, resulting from the 1973 Arab oil embargo. Damascus then received desperately needed financial aid from the Gulf States, it being one of the countries on the frontline with Israel[6].

Most of this support was, however, lost as a result of siding with Iran during the Iran-Iraq war (1980–1988), leading to its most acute peacetime economic crisis[7]. Meanwhile, the limited economic liberalization introduced by Hafez Al-Assad proved insufficient to revitalize the economy in the longer run. Ad hoc measures of liberalization failed to address structural economic problems symptomatic of the broader political policies of the regime, which in turn led to increasing income disparity within the country[8]. Syria's rising military expenditure following the 1982 war with Israel put further strains on the fragile economy—in the 1980s, Syria's economy contracted 22 percent in terms of purchasing power parity[9]. The increasing cost of goods, growing trade deficit, and rampant government corruption led to the emergence of a black market. Syria's military presence in Lebanon also allowed the emergence of a shadow economy, which mostly benefited the security and military establishment, paving the way for the rise of a new class of businessmen.

Syria's improved relations with the West, and its participation in the 1991 Gulf War in support of the US-led coalition to expel Iraq from Kuwait, helped revitalize its crumbling economy. Syria received billions of dollars in aid from Saudi Arabia and Kuwait for taking part Kuwait's liberation[10]. The discovery of relatively large oil reserves in the east of the country also helped support the ailing economy. In the mid-1990s, Syria produced 600,000 barrels of oil a day—400,000 of which were exported, generating much needed foreign currency. Throughout its tenure, the Syrian regime followed economic approaches that enabled it to control all aspects of economic life in what Volker Perthes calls a "corporatist model"[11], wherein the regime integrated groups and businesses into state institutions from the top down, cementing a long-lasting alliance between the regime and the business class[12]. The creation of crony capitalism, control of the public sector and the lack of fair competition in the private sector made the survival of the regime a key interest for the business class. In the end, all economic policies pursued by Hafez al-Assad were meant to ensure regime survival.

5 Perthes (1995).
6 Haddad (1996, pp.156-160).
7 Hinnebusch (2012, p. 97).
8 Perthes (2008).
9 Fred (2020).
10 Villanger, (2007, p. 10).
11 Perthes and Tauris (1996, p.157).
12 Haddad (1996).

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Economic reform under Bashar (2000–2011)

Upon succeeding his father in July 2000, Bashar al-Assad started his reign by introducing limited but important economic reforms. For the first time in four decades, Assad allowed the establishment of private banks. By 2011, the 14 private banks established in Syria held 27 percent of the country's total banking assets (estimated at USD 40 bn[13]). In 2002, the first two mobile phone service operators were also launched under BOT (build-operate-transfer) contracts. Syriatel was launched as a partnership venture between Bashar Al Assad's maternal cousin, Rami Makhlouf, and Egypt's Orascom Telecom. The latter pulled out from the agreement shortly afterwards. South Africa's MTN won the second license and became Syria's second mobile operator[14].

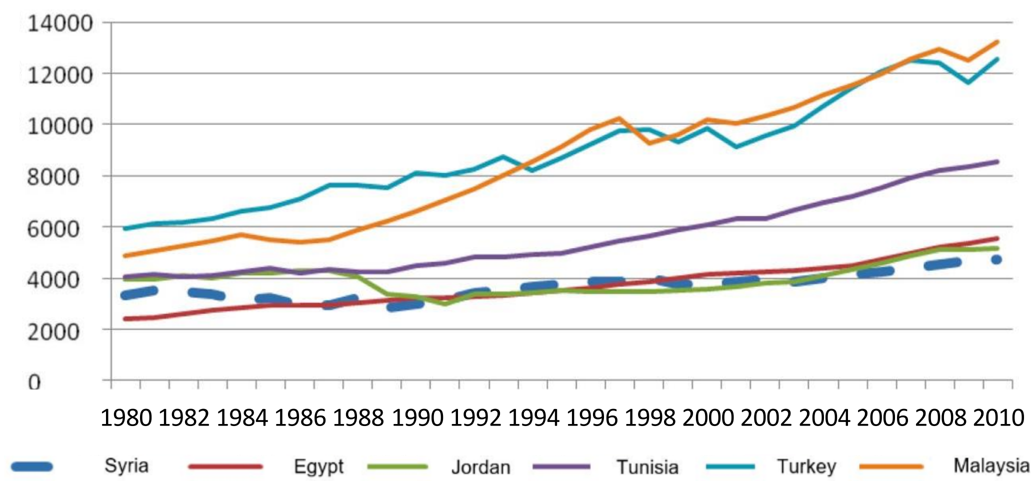

Figure 1: Comparison between GDP per capita in Syria and other countries
Source: Database of UNDP 2012 and the Syrian Center for Policy Research

The tenth five-year economic plan (2006–2010), which introduced further reforms, was endorsed at the tenth conference of the Baath Party in 2005. It had an economic approach based on a neoliberal rentier model, dubbed by the government's media as a "social market economy". These reforms were to be financed by foreign investments. They also entailed cutting energy subsidies and state provisions for education and healthcare[15]. Cutting fuel subsidies was also aimed at curtailing smuggling to neighboring Lebanon, Jordan and Turkey, where fuel prices were much higher. These policies had a devastating impact on the lower income households and wealth disparity continued to increase.

In fact, Bashar's first decade in power was marked by rapid economic growth in terms of nominal GDP. Between 2000–2010 the size of the Syrian economy almost tripled from USD 20bn to USD 60bn[16], with a trade agreement with the European Union, EuroMed, previously known as the Barcelona process. While the growing share of the private sector contributed to widening the base of the urban middle class, the same could not be said of the rural areas. As Figure 1 shows, GDP per capita remained lower than most other countries in the region over this period.

At the onset of the protest movement, agriculture and oil production constituted the two main pillars of the Syrian economy—together they accounted for almost half of GDP, with the former employing 26 percent of the labor force[17]. Although Syria was not considered a major oil exporter compared to other countries in the MENA region, oil exports accounted for nearly a quarter of the government revenue, generating USD 3.2bn a year in income[18]. Mining,

13 Sa`afian (2020).
14 Butter, (2015).
15 Simpson (2011).
16 Devadas, Elbadawi and Loayza (2019).
17 Food and Agriculture Organization (2017).
18 IMF (2010).

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manufacturing, and utilities also formed a considerable percentage of the Syrian economy before the outbreak of the crisis, adding up to 27 percent of GDP in 2010.

Having been struck by the worst drought in recent history, at the eve of the protest, the agricultural sector was already in disarray[19]. From 2006–2011, up to two thirds of Syria's arable land experienced what was documented as the worst drought to have hit the Fertile Crescent in modern history[20]. A major pillar of the Syrian economy, and a main source of income in both its primary and secondary segments of the market to millions within the country, almost collapsed. In 2009, the United Nations and the IFRC estimated that around 800,000 Syrians had lost their entire livelihood as a result of the drought[21]. The regions of the country most reliant on agriculture, primarily the south and northeast, suffered close to a 75 percent yield drop in the five-year period leading to the conflict[22]. Farmers in the northeast lost 85 percent of their livestock, the result of which directly affected up to 1.3 million people[23]. To add insult to injury, the government the 2008 removal of all fuel subsidies wreaked havoc across the agriculture sector.

By 2011, the number of Syrians who were described as "food insecure" stood at nearly 1 million, according to a global assessment report, with the number of people driven into extreme poverty at 2.3 million[24]. The rural population was the hardest hit by the drought, leading to a massive exodus of farmers into urban centers. The sheer scale of agricultural devastation could be seen in rural Aleppo, where the decline in the production of local peppers prompted some 200,000 rural villagers to migrate to the cities[25]. Syria was already home to 1.5 million Iraqi refugees, resulting from the 2003 US invasion of Iraq, with 290,000 registered with the UNHCR[26].

Mismanagement of natural resources also contributed to land desertification. Over subsidization of water and intensive wheat and corn farming over the years resulted in water supply shortages, leading farmers to seek groundwater sources to meet their needs.[27]. According to the Syrian National Agricultural Policy Center, the number of groundwater wells increased by 80,000 between 1999 and 2007, causing groundwater levels in the country to plunge[28]. Sensing the severity of the situation, the government banned the use of groundwater for irrigation purposes in the south of the country. Farmers had to abandon the land and move to the suburbs or stay and resist government policies and risk starvation.

In addition, the 2007 strategic partnership agreement with Turkey had a devastating impact on small businesses, craftsmen, and artisans, especially in big cities such as Damascus and Aleppo. The Syrian market was flooded with cheap and better-quality Turkish products. As a result, many factories were forced to shut down, with thousands of workers losing their jobs[29]. Liberal economic reforms were also hampered by the rapid increase in population growth at 2.4 percent annually[30]. By early 2011, inflation and rising living costs, severe drought, the lifting of fuel subsides, and competition with Turkish products, set the stage for a full-blown economic storm.

19 Gleick, (2014).
20 Femia and Werrell (2020).
21 De Châtel (2014, p. 5).
22 Daher (2018).
23 Worth (2010).
24 Erian, Katlan and Babah (2010).
25 Nabhan (2010).
26 Amnesty International (2008).
27 De Châtel (2014, p. 3).
28 Gleick (2014, p. 334).
29 Daher (2018).
30 Lyon (2010).

ISSN 1749-852X

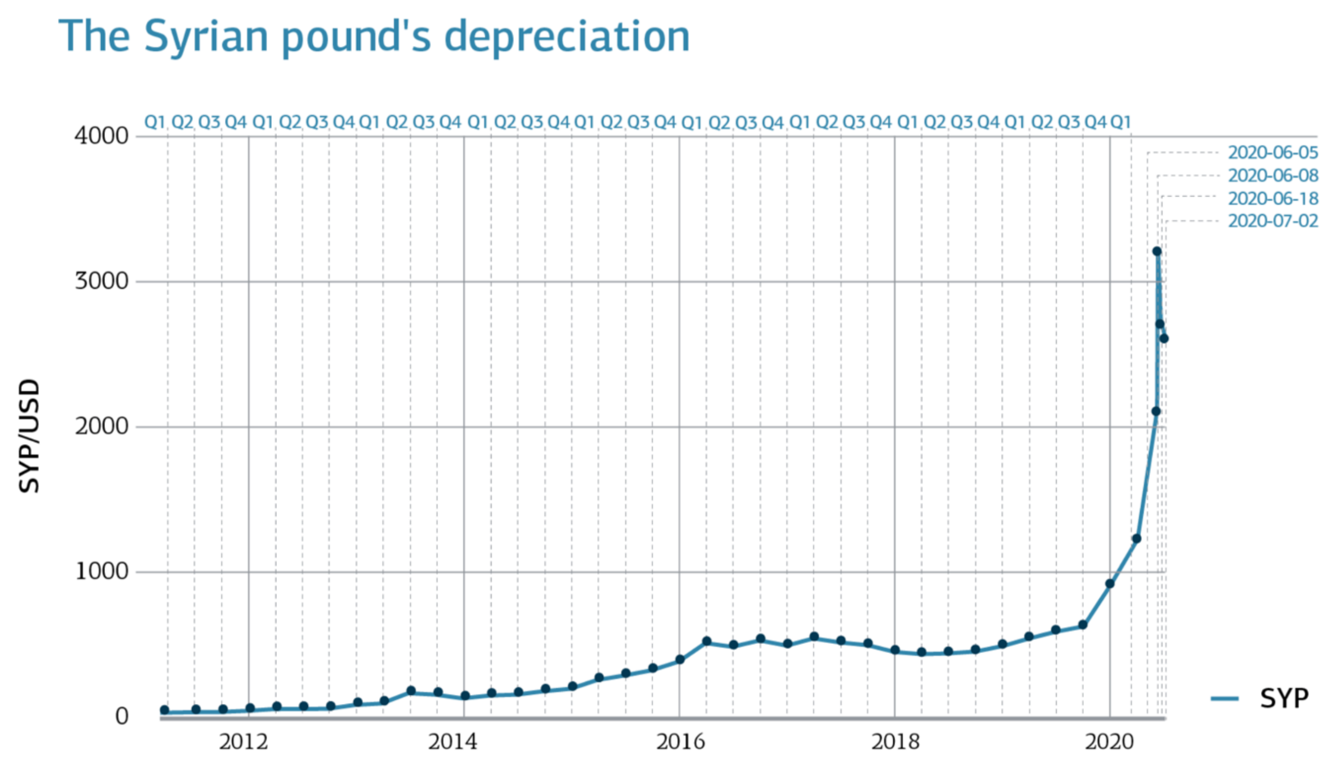

Figure 2: Value of the Syrian Pound against the US Dollar (2012–2020)
Source: Centre for operational analysis and research COAR, July 2020, https://bit.ly/33NRgFx

Collapse of the economy

Oil and agriculture were badly hit by the outbreak of the conflict, as transportation routes and supply chains were severely disrupted. Public revenues plunged by 78 percent, from USD 13.6bn (22.4 percent of GDP in 2010) to approximately USD 3bn (20.8 percent of GDP in 2017)[31]. In 2013, the government lost control of most of the oil fields in the east and northeast of the country first to ISIS and then to the US-backed Syrian Democratic Forces (known as SDF). The oil sector, making up nearly 32 percent of total revenue in 2010, had hence literally collapsed[32]. The war had a devastating impact on the agricultural sector too—the WFP estimated the losses in this sector at USD 16bn[33]. Starting in mid-2018, food prices began to rise and purchasing power plunged as a result of the declining exchange rate of the Syrian pound. In 2019, around 6.5 million Syrians were food insecure, and another 2.5 million were severely vulnerable to insecurity. By 2021, the number of food insecure people had risen to 12.4 million[34]. The wartime government's austerity measures included reducing subsidies on basic food products and increasing taxes. In mid-2018, indirect tax revenues constituted 70 percent of the government's fiscal revenue[35].

As Figure 2 shows, the Syrian pound was hard hit by the war. Its value began to drop against the USD early on,

31 Sa`afian (2020).
32 ESCWA and University of St Andrews (2020).
33 ESCWA and University of St Andrews (2020).
34 UNWFP (2021).
35 Daher (2018).

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with capital flight to nearby Lebanon, Jordan, Egypt, and Turkey. Sanctions imposed by the United States, the European Union, and the Arab League have essentially shut out Syria from the global financial system[36]. The Syrian pound sat at an exchange rate of 47 to the USD at the onset of the conflict and by 2020, it had dropped to 3500 against the USD.

In the weeks following Lebanon's anti-government protests, which began in October 2019, the Syrian pound lost almost 30 percent of its value as Lebanese banks tightened the measures on the withdrawals of foreign currencies, mainly the USD, to control capital flight from the country and protect its foreign cash reserves. For decades, Syrian expats have been using Lebanese banks to send remittances back home. Wealthy Syrians and businessmen also used Lebanon's banking system for deposits and transactions. It is estimated that Syrians have between USD 20bn–40bn deposited in Lebanon, the interest on which have been an important source of income for Lebanese banks[37].

Dire living conditions in regime-controlled areas led to the introduction of the so-called "smart card system" by the government to distribute basic subsidized commodities at low prices. The system was first introduced in 2014, as a joint venture between Takamol Holdings and the Ministry of Oil and Mineral Resources. This form of "Public-Private-Partnership" was part of a wider "National Partnership" approach adopted by the Syrian government for joint reconstruction efforts[38]. At the beginning, the "smart card system" was limited to rationing fuel for transport and heating purposes. The primary objective of the project was to address the fuel crisis but also to prevent monopolies and smuggling[39]. Under these subsidies, the cost of one liter of heating fuel was set at 250 SYP (USD 0.5) for "smart card" holders and 400 SYP (USD 0.8) per liter for non-card holders. In February 2020, the government expanded the use of smart cards for rationing tea, sugar, and rice, as more than 80 percent of Syrians plunged below the poverty line. The WFP estimated that as of November 2019 the average annual increase in price of a food basket in Syria was 21 percent, largely due to the rapid devaluation of the Syrian pound. Under these government subsidies, each family was allowed to purchase on a monthly basis[40]: 1 kg of tea at 900 SYP (USD 0.87) per 200 grams, 3 kg of rice at 400 SYP (USD 0.39) per kg, and 4 kg of sugar at 350 SYP (USD 0.34) per kg.

The "smart card system" drew harsh criticism, however, mainly for lack of competence and transparency. Takamol Holding, owner of the "smart card system", charged 330 SYP for each card issued (USD 0.32) and the small fee taken for each transaction potentially added up to billions of Syrian pounds of profits for the company[41]. With 40 percent of the population living on less than USD 1.90 a day, smart cards were the government's response to prevent renewed protests, this time amongst its own support bases. No wonder the government estimated the deficit in the state's general budget for the year 2021 at about 2.5 trillion Syrian pounds, compared to the year 2020, which amounted to 1400 billion pounds. The budget also indicates a decline in per capita spending at 70 per cent since 2010[42].

The rise of a new business Elite

The dynamics of the conflict and the security situation allowed for the emergence of a new business class, including warlords and chieftains. They ran a parallel economy, making huge fortunes from illegal trade, including weapons and drug smuggling, oil deals, real estate, and trading in gold and foreign currencies on the black market. As sanctions crippled the Assad regime and its business façade, namely Rami Makhlouf and Mohammad Hamsho, the traditional

36 Cutler (2011).
37 Al-Khalidi (2019).
38 Al- Ghazi (2021).
39 Advani (2020).
40 Ibid.
41 Ibid.
42 Christou and Shaar (2020).

middlemen for the regime's businesses were replaced by fresh faces whose goal was to find new foreign partnerships and investments (Cornish, 2019).

Recent government crackdowns on illicit profiteering aimed at restructuring the rentier-based economy have put the previously untouchable businessmen into direct confrontation with the government. In December 2019, the government froze the assets of several prominent Syrian businessmen over allegations of tax evasion and illicit enrichment—Rami Makhlouf being amongst them. The Syrian government claimed that SyriaTel owed the state budget USD 77mn in taxes, adding to a grand total of USD 185mn that the state claims the business tycoon owes from his other businesses, including the Al-Bustan charity (which saw its assets frozen in the summer of 2019)[43]. This rift prompted the release of several videos by Rami Makhlouf onto his Facebook account in which he pleaded with the government to release SyriaTel employees detained by the security forces as part of its campaign to force him to capitulate. A deal was reached after the government imposed a travel ban and froze all bank accounts and assets of Makhlouf within Syria. Makhlouf would hence transfer assets to his charity arm "Ramak International" dedicated to helping the families of regime loyalists killed during the conflict[44].

In 2018, Prince Alwaleed bin Talal of Saudi Arabia sold his share in the Damascus' Four Seasons Hotel following his imprisonment in Riyadh's Ritz Carlton as part of Crown Prince Mohammad bin Salman's anti-corruption campaign. Little was known of the buyer, Samer Al-Foz[45] the chairman of Amman Holdings, according to the company's website, which introduces itself as "a family importing business". It has now become one of the most diversified companies in the country—an international group operating a wide range of businesses that include trade, import, export, transport and manufacturing"[46]. Al-Foz's assets also include stakes in several Syrian banks and pharmaceutical factories. He gained international fame as Damascus's new Makhlouf. For most of the war, Al-Foz avoided sanctions placed on some of the well-known Syrian business elites, bragging about this in one interview with the Washington Post in 2018[47]. However, as of June 2019, the U.S. Department of Treasury placed sanctions on Al-Foz and 16 other individuals and entities for being "involved in an international network benefiting the Assad regime[48]". That same year, Al-Foz was awarded contracts by the Syrian government to build seven residential blocks and three skyscrapers in an upscale Damascus development project, Marota City, in the previously low-income district adjacent to the major Mezzeh highway. The project gained notoriety as being a clear example of the regime confiscating the property of opposition neighborhoods under decree no. 66 and Law no. 10. Commenting on the sanctions placed on Al-Foz, U.S. treasury official Sigal Mandelker stated that "Samer Foz, his relatives and his business empire have leveraged the atrocities of the Syrian conflict into a profit-generating enterprise"[49].

Another Syrian war tycoon is Hossam al-Katerji, who was also listed on the U.S. sanctions list. Al-Katerji was a member of the Syrian parliament and has a close relationship with the Syrian regime. His name surfaced as a middleman between the regime and ISIS when it was in control of Syria's eastern provinces (2014–2017). ISIS charged a 20 percent transit fees for oil and wheat bought by the Katerji business group for the benefit of the Assad regime[50]. The company was granted three contracts by the Syrian government for the building of two oil refineries, and for developing and expanding the oil terminal in the port of Tartus on the Mediterranean Sea[51].

Looting has been a feature of both the nature of the Syrian conflict and the deteriorating state of the economy

43 Hubbard (2020).
44 Oweis (2020).
45 Cornish (2019).
46 U.S. Department of the Treasury (2019).
47 Rasmussen and Osseiran (2018).
48 The U.S. Department of the Treasury (2019).
49 Ibid.
50 Georgy and El Dahan (2017).
51 Daher (2020).

within the country. According to the Syrian Network for Human Rights, almost all sides of the conflict conducted looting, including SDF, ISIS, and rebel groups—the scale of which was documented in areas recaptured by regime forces and loyalist militias[52]. Opposition areas overrun by regime forces were often considered as enemy territories and private properties were treated as war-bounty with looted materials sold in marketplaces. Interviews conducted by the Carnegie Middle East Centre with former residents of some of Syria's most affected areas highlighted the sectarian nature of the conflict even in the process of reprisals. "Malek", a former council member in the city of Homs, recalls the "deep public resentment" felt toward the Alawite-majority Nuza and Zahra districts of the city where makeshift markets were established to sell looted materials from Sunni districts[53]. Dubbed as the "Sunni Markets", most of the material exhibited for sale were looted from the nearby town of Qusayr, which witnessed heavy fighting between rebel forces and the Assad regime and its Iranian allies.

Larger scale looting was reported by high-ranking commanders of regime combat units and militias paid and run by influential businessmen, most notably Mohammad Hamsho, who runs the Syrian Copper and Metal Company. The company is tasked with extracting steel from the rubble in collaboration with Maher Al-Assad, brother of the president and commander of the notorious 4th armored division.[54] The metal was sold within the country to manufacturers and in neighboring Lebanon at competitive prices[55]. In an interview with the Financial Times, a local official now living in exile in Turkey claimed that the "Fourth Division imported heavy machinery to start the meticulous process of extracting every last bit of steel. Only one businessman had such equipment in Syria: Muhammad Hamsho"[56].

Post conflict reconstruction

All of these developments add to the complexities of the post-war reconstruction, with big potential donors, such as the European Union and the United States, insisting on a political solution as a prerequisite for starting reconstruction. Estimates of the cost of reconstruction in Syria have been difficult to make as the conflict is still ongoing and there is no real blueprint in place for what a reconstruction of the country's basic infrastructure will look like. Former U.N. special envoy to Syria put the cost of reconstruction at USD 250bn. The regime puts the cost at USD 400bn, while some estimates carry the burden up to around USD 1,200bn[57]. With the economy contracting to a fraction of its pre-war size, it is unclear where the funding for reconstruction will come from and so far, no clear initiatives have been taken by the regime to outline the process. The Public-Private-Partnership law in 2016, which allowed companies in the private sector to develop state assets, except for oil, was aimed at addressing the government's lack of funds to initiate any meaningful reconstruction effort. However, U.S. sanctions under the Syria Civilian Protection Act, also known as the Cesar Act, passed by the U.S. congress and signed by the U.S. president in January 2020, limits the possibility of financing major infrastructure projects. Moscow and Tehran pulled out of projects aimed at reconstructing power plants after the Syrian government failed to secure adequate funds[58]. This signaled the difficult economic conditions of Assad's main backers and their inability to play a major role in Syria's reconstruction.

In line with the Syrian regime's plans for reconstruction, several laws have been enacted as part of a neoliberal policy with the emphasis being placed on Syrian businesses and investors[59]. Private companies have been allowed to

52 Syrian Network for Human Rights (2020).
53 Qaddour (2020).
54 The 4th Armored Division is an elite formation of the Syrian Army whose primary purpose is to protect the Assad regime. It was known for its cruelty in dealing with pro-opposition civilian areas.
55 Salamah (2018).
56 Cornish (2019).
57 Hodali (2019).
58 Hatahet (2019).
59 Daher (2018).

ISSN 1749-852X

manage the public assets and services of city councils and other local administrative units, and some have been granted licenses to collect and sell scrap metal in areas that witnessed massive destruction. This has likely opened another avenue for regime cronies to generate wealth from public assets and is unlikely to help start large-scale reconstruction. Lack of funds, not only public but also private, is probably the biggest challenge to Syria's reconstruction efforts. At the end of 2019, deposits with private banks in Syria amounted to about USD 2.6bn (at the official exchange rate of SYP 434 to the USD), which was down from USD 13.8bn in 2010[60]. Lebanon's financial crisis and the impact of the outbreak of the corona pandemic (with a health system ravaged by ten years of war) have put extra pressure on Syria's effort for reconstruction.

Despite all these challenges, several large-scale projects are emerging in Damascus. They are also laying the foundations for a major scheme of demographic restructuring, aimed at consolidating the regime's grip on the capital. 'Marotta City' is a major development project in the district of "Basateen Al Razi" located at the rim of the major Mezzeh highway. London-based architects and urban planners, Hani Fakhani and Sawsan Abou Zainedine, co-founded the social enterprise "Sakan", which aims to deliver affordable and recovery-driven housing[61]. Serving as a blueprint for future reconstruction efforts, the regime aims to build Marotta city in implementation of Decree 66, which was issued in 2012 to redevelop areas of informal housing[62]. The power of the decree was increased by Law no. 10, 2018, which allows cities to designate entire districts for reconstruction and development and gave the owners of properties only one month to claim their ownership with the government[63]. This grace period was increased to one year following harsh criticisms by human right groups[64], but does not really change the situation for the hundreds of thousands of Syrians who fled their homes in the suburbs of Damascus, some of which have witnessed wide scale destruction.

In 2012, the Syrian regime issued Decree No. 63, which allows the Ministry of Finance to confiscate assets and property of persons charged under anti-terrorism law. The Ministry of Finance made approximately 70,000 confiscation orders in 2016—2017[65]. Some 50,000 residents of the "Basateen Al Razi" district in Damascus lost their right to claim property ownership in the project because they lacked proof of ownership to the land. In such shanty towns houses and property transfer is mainly hereditary and before 2011, nearly 50 percent of the land in Syria was unregistered[66]. Residents who were able to prove that they owned unregistered land or housing were offered rent allowances or, in few cases, received substitute housing[67]. However, with an estimated cost of USD 6,000 per square meter for property in the new project, it is hard to imagine that the majority of Syrians will be able to afford to return to live in the place they used to own[68].

Conclusion

The decade long civil war has ruined the Syrian economy and shattered its society. The war forced thousands of professionals, businessmen, and skilled workers to leave—constituting the largest brain drain in the history of the country. Vital sectors including oil, agriculture, and health collapsed while inflation soared and the Syrian pound nosedived. The economy was replaced with a war-economy along with a new business class, including warlords and chieftains. A sizable part of the country is still outside of government control and even where it rules, lawlessness

60 Daher (2020).
61 Perrone (2019).
62 Abou Zainedin and Fakhani (2020).
63 The Tahrir Institute for Middle East Policy (2018).
64 Abu Ahmed (2018)
65 Daher (2020).
66 Clutterbuck (2018).
67 Abou Zainedin and Fakhani (2020).
68 Al-Lababidi (2019).

has become the norm. The nature of the economy has been thoroughly transformed, as entire communities have been displaced and relocated, internally or externally. With more than half of the population losing their homes and properties, it is extremely difficult to foresee any degree of economic revival in the near future. In addition, potential donors (the United States and the European Union in particular) have made reaching a political solution to the crisis a precondition for any meaningful reconstruction effort. Given the geopolitical competition over Syria, a political solution remains only a distant possibility. No matter what happens in the Syrian conflict, in the short and medium run the prospects for Syria's war-stricken economy are bleak.

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