authority varied considerably across groups and over time. Differences in the pattern of state policy toward various social groups hinged in part on whether U.A.R. authorities sought to exclude and disorganize them, as was the case with landlords, or to integrate and reorganize them along corporative lines as with peasants, workers, and, to some extent, capitalists. At the same time, as Egyptian officials struggled to cobble together a viable Nasserist coalition in Syria, they manipulated state policies and regulatory arrangements to reflect the political demands of the moment. In general, peasants, workers, and landlords were more thoroughly compartmentalized and controlled by the state than were capitalists, while labor’s status as a source of organized opposition and communist influence led U.A.R. authorities to use a significant degree of coercion in restructuring trade unions. In the case of peasants, the regime had a nearly greater degree of undisturbed organizational space in which to work, and coercive reorganization was not the order of the day. Despite these differences, however, each group emerged from the union considerably changed, and Syria as a whole emerged with the instrumental and institutional foundations of a popular authoritarian state more firmly in place.

Reorganizing Syria’s Economy and Society

From the outset of the union, Egyptian authorities sought to impose an entirely new economic regime in Syria, reflecting a set of distinct but interconnected objectives. One goal was to form a common market between the two countries, removing barriers to the flow of capital and goods, while increasing protection from goods originating outside the U.A.R. Another was to reorganize relations of production in the countryside as a means for achieving the “elimination of frustration” and the integration of peasants into a market economy. A third was to restructure and unify the representative organizations of business, landlords, and, most of all, labor. Egyptian authorities also sought to redefine the focus of the Syrian economy from agriculture to industry and to emphasize the primary importance of industrial expansion. Syria’s economic development as a whole was to be coordinated through greater reliance on centralized economic planning. Finally, because the state was the vehicle for carrying out these programs, an Egyptian-style centralist state apparatus was introduced in Syria.

along with legislation rationalizing bureaucratic practices in the two regions of

The Politics of Trade Regulation under the U.A.R.

These objectives are clearly visible in Egyptian efforts to achieve economic rationalization and to gain control over Syrian trade. As a fundamental tool for integrating the economies of Syria and Egypt, import and export policy, along with the regulation of foreign exchange, became the leading source of conflict between Egyptian officials and Syrian bureaucrats and businessmen. Moreover, these conflicts extended to a range of issues beyond economic integration. They encompassed economic attempts to direct Syria’s import substitution regime, to use import policy to enforce security measures following dismantling of barriers in 1957, and to reform tax policy—an issue of considerable controversy in the premiership period. Overall, such measures were intended to bring the coordination of the Syrian economy more closely under the regulatory control of state institutions.

President Nasser himself inaugurated the process of economic integration that would continue throughout the life of the union. During his first visit to Syria as president of the United Arab Republic in early March 1958, President Nasser himself inaugurated the process of economic integration that would continue throughout the life of the union. During his first visit to Syria as president of the United Arab Republic in early March 1958,
Nasser signed Presidential Decree no. 1, unifying the postal and telecommunications tariffs of the two newly formed provinces. Following this, Syrian and Egyptian officials began discussions on the full reform of customs arrangements. In early September a presidential decree was signed calling for the complete economic unity of the two regions. It exempted from customs duties locally produced products exchanged between Syria and Egypt, except for a few commodities such as tobacco and salt, whose marketing was controlled by the state. Initially, duties were also retained on Egyptian industrial products, whose prices were 25–50 percent higher than foreign equivalents.

Subsequent legislation continued to reduce trade barriers between the two regions of the U.A.R. On December 24 the Central Ministry of Economy in Cairo announced measures exempting commodities exchanged between Syria and Egypt from import licenses and eliminating a tax levied by Syria on such permits. By June 1959, the Egyptian paper Al-Ahram reported that suppressing import permits had considerably increased Syrian-Egyptian trade. The next year, in July 1960, Nasser signed a presidential decree exempting from taxes Syrian products destined for export to Egypt.

These measures were effective in expanding Syrian-Egyptian commerce. They even generated a positive balance for Syria in its Syrian-Egyptian trade during two successive years. But they nevertheless provoked opposition from Syrian businessmen and landowners, who found themselves facing new competition, especially from Egypt’s strongest textile sector. Cheap Egyptian exports of finished goods cut deeply into unprofitable Syrian markets. According to Petras, “Many Syrian textile companies were reduced to operating at much below capacity, while the annual reports of Egyptian textile firms revealed they had disposed of large surpluses.”

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**Table 10:** Syrian imports from and exports to Egypt, 1955–1963 (in million Syrian pounds)

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</tr>
</thead>
<tbody>
<tr>
<td>Imports</td>
<td>6.82</td>
<td>8.34</td>
<td>14.1</td>
<td>25.5</td>
<td>41.6</td>
<td>52.5</td>
<td>67.4</td>
<td>72.2</td>
<td>122.5</td>
</tr>
<tr>
<td>Exports</td>
<td>5.17</td>
<td>7.03</td>
<td>31.8</td>
<td>16.5</td>
<td>66.4</td>
<td>60.9</td>
<td>45.7</td>
<td>55.0</td>
<td>66.4</td>
</tr>
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In response, Syrian industrialists mobilized to oppose the new U.A.R. trade regime, publicizing their complaints in the Syrian press, which was less restricted than its Egyptian counterpart, and organizing meetings with bureaucrats and politicians. In taking their complaints to the Ministry of Economy, these businessmen were following a long-standing pattern of lobbying state officials. Yet Syrian capitalists were no longer outsiders, and Syrian officials were no longer the exclusive arbiters of economic policymaking. Egyptians occupied every major portfolio related to the economy in the central U.A.R. government. And Syrian politicians who held important economic posts in the Executive Council for the Syrian Region, such as Ba’athist Khalil Kallas, were unlikely to view business concerns with much sympathy. As a result, despite frequent meetings between business delegations and Syrian politicians, there are few signs that these activities altered the determination of Nasser and Egyptian authorities—who in any event found the prevailing pressures from Egyptian capitalists—to keep Syrian markets open as possible to Egyptian investments and exports. Syrian businessmen and landlords had slightly more success when they went directly to Cairo to plead their case or intervened with senior Egyptian officials in Damascus.

Import policy was not the only arena where efforts to achieve economic integration invited Syrian opposition. In October 1958, Egyptian economic officials announced plans to unify the currencies of the two countries, replacing Egyptian and Syrian currency with a common Arab dinar. This too was intended to facilitate trade between the two regions of the U.A.R. Syrian businessmen, however, were persuaded that such a move would completely submerge the local economy, diluting local control over monetary policy and budgets and rendering obsolete such institutions as the Syrian Central Bank, which were seen as more responsive to the concerns of local business than institutions located in Cairo or the Egyptian banks that had moved into Syria at the start of the union. They also feared that unification would bring with it restrictions similar to those limiting the convertibility of Egyptian currency. As the value of the Egyptian pound declined by 25 percent against the Syrian pound during the first year of the U.A.R., Syrian officials and businessmen had good reason to worry that currency unification would increase budget deficits by raising the costs of imports.

Acting on these concerns, a delegation of business leaders met with the president of the Syrian Executive Council on October 28 to express reser-
nations about currency unification and to expect a clarification of policy. 28

Despite repeated assurances from Syrian officials that unification would be

achieved, rumors to the effect persisted, provoking capital flight and the
decline of foreign exchange reserves. 29 Other trade-enhancing measures

were tried in place of currency unification, but Syrian capitalists were not

persuaded and continued taking their money out of the country. 30

Essentially, in an effort to control currency speculation and capital flight caused by

private rumors of unification, the central government of the U.A.R. essen-
tially nationalized foreign exchange operations in Syria. 31

While Syrian businessmen sought ways to slow or reverse the opening of
trade relations with Egypt, they also fought the closure of Syrian markets

to trade, more profitable trading partners which followed the imposition

of Egyptian imports, trade restrictions, and licensing requirements

on non-U.A.R. goods. Businessmen also contested the bureaucratiza-
tion of trade and the dramatic expansion of state intervention in both foreign

trade and in Syrian domestic markets. Although the rationale for any of

these innovations was sound—to help reduce Syria's trade deficits and

to ameliorate the hardships resulting from protracted drought and poor

harvests—they nonetheless provoked some of the sharpest conflicts in the

U.A.R.'s history.

Beginning in 1958 and accelerating in 1959, Egyptian authorities intro-
duced a wide range of structural and institutional changes in the economic

management of the U.A.R. Price and supply controls, which had been ap-
plied selectively in previous Syria and were body debated in the Syrian

parliament, were extended to a larger number of commodities. Some of

the new controls were a response to temporary shortages and were later

removed, but the institutional apparatus created to implement them re-

mained. These included the Ministry of Supply, Ministry of Industry, and

a new coordinating body, the Economic Organization, which was

established in 1958, as well as an additional bureau of planning created

in February 1959. Reinforcing the regime's interest in industrialization, the

28. IB, 1959, p. 8, p. 9. Some businessmen also have expressed their desire

to perpetuate the "advantages" exchange rate "used for the time being.


30. The sanctions of currency unification were outlined several times by Haidar Karts, minister of

the economy of the Syrian region, to little effect. As late as July 1960, the government of Syria's

central bank, Bank of Syria, had to admit such rumors (CCG 13 (May-June 1960), p. 210).

31. According to the IMF, Syria's gold and foreign exchange reserves decreased from a high

of $57 million in 1957 to only $35 million in 1959. International Monetary Fund, International


32. This policy was implemented in February 1959 (IB, 1959, p. 9).

plurality of industry drafted plans for the formation of the Industrial Bank,

which opened in 1959. Five-year plans were prepared for industry, agricul-
ture, and the economy as a whole. Other state institutions that earlier

operated largely in support of the private sector gradually expanded their
capacity to regulate or manage private sector affairs. 33

Less important than the expansion of state regulation, official direc-
tives were much more rigidly enforced under the U.A.R. than during pre-

regulation's regimes. In 1959, compliance with economic regulations

was explained as a matter of state security. Large in response to the frustra-
tion of Egyptian officials with the creativity shown by Syrian capitalists in

defying them. In October of that year, President Nasser signed a decree

establishing a state security court in each province, along with a network

of supreme state security courts. Both were to be under military control. These

measures were given the power to impose harsh military penalties for viola-
tions of company law, tariff regulations, supply regulations, laws govern-
ing the obligatory declaration of profits, restrictions on the withdrawal of cap-
ital from the U.A.R., and laws governing the regulation of banks and insurance

companies. 34

In the interest of reducing Syria's trade deficit, protecting foreign ex-

change, and, not least, redirecting trade toward Egypt, Egyptian officials also

introduced a more extreme regime of import restrictions. The import of

luxury goods was prohibited, and an enormously complex set of rules, re-

quirements, and taxes governing other imports was put in place. 35 Whether

intentionally or not, the effects of these restrictions were reportedly great-

for countries with which Syria had a positive balance of trade. 36 Not sur-

prisingly, Syrian merchants, industrialists, and civil servants were strongly

opposed to implementing the quantitative regulations imposed by U.A.R. offi-
cials. They developed numerous forms of resistance, both formal (lobby-

ing) and informal (protesting), thereby frustrating attempts at economic

integration.

Initially, however, Syrian officials took up the problem of import regu-

lations as a test case for reasserting local authority over economic policy-

33. CCG 13 (May-June 1960), pp. 81-82. Like other institutions created during this period, they

remained in place, with little impact, after the union collapsed.

34. According to a contemporary American account of these changes and the Syrian re-

munitions campaign (IB, 1959, p. 14), newspapers reading forums were a growing source of sympa-
	hy and concern. But the issue of trade barriers against the attempt to contain inflation in the former

countries, as Syria's trade policies imposed by the Revolutionary Council in Egypt since 1959.

The issue was again the imposition of strict controls on imports of so-called "luxury goods.

These taxes the imperfection of anything much more than the impossible except for a resorted

of the Syrian economy" (Daily "Syria's Swordeting on Egypt's Coins")

making. In June 1958, Syrian customs officials, disturbed by what they perceived to be the union’s infringement of Syria’s economic autonomy, unilaterally imposed tariffs on a number of Egyptian goods. President Nasser chose to regard this apparently modest act of defiance as a challenge to his personal authority in the broader arena, capable of undermining Egyptian control over the Syrian region and threatening the entire unification project. He summoned the two Syrian vice presidents of the U.A.R., Al-Sawari and Safwat al-Asali, to Cairo to reassure control of the central U.A.R. government over policymaking in the Syrian “province.”

Nasser’s urging, the central cabinet concluded that economic policy would henceforth be decided only by the central legislature, not by regional bodies. This meant not only transferring power over economic policy to legislative bodies located in Cairo, far from the influence of Syrian business circles, but also subjecting it to a legislative process that was thoroughly dominated by Nasser himself. Ultimately, the Syrian decrees were rescinded. Nasser was able to strengthen his popular appeal by contrasting his actions with the profiteering behavior of Syrian businessmen, thus conveying the impression that he had acted to lower the cost of consumer goods in the Syrian region.

Yet just as integration with Egypt caused dislocations in a number of economic sectors, so too the processional regime contributed to inflationary pressures, commodity shortages, and the erosion of Syria’s foreign exchange position. Syrian consumers reacted to import restrictions by hoarding commodities and driving up their prices. Syrian traders likewise sought to manipulate the new regulations to satisfy local demand, and a brisk trade in import licenses was created. In the process, they forced Egyptian authorities to engage in convoluted regulatory maneuvering in a vain effort to improve business compliance. These conflicts continued throughout 1957 and 1958, even though improved cotton harvests in the latter year relieved pressure on the local economy. During 1958, Egyptian authorities introduced a new wave of “austerity policies” in the form of

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90. Decision no. 241 of the Council Supreme des Douanes (Ibid., p. 6).
92. Ibid., 1958, pp. 1, 6-5.
93. Ibid.
while U.A.R. officials were constraining the autonomy of the Syrian and Egyptian private sectors and asserting their authority to make economic policy, Nasser recognized the importance of the private sector's participation in the economy, particularly its efforts to deepen the process of industrialization. Nasser's declaration of principles at the founding of the union had guaranteed the security of private property, and he initially dismissed the possibility of achieving his economic goals through nationalization of private assets. The private sector was not, at first, a target of the more rigid corporatizing efforts such as those directed at labor, and the concerns of businessmen received more attention than those of Egyptian officials, if not from Nasser himself. Nasser was, in fact, more responsive to Syria's business elite and its political allies than to other social or political groups, including labor. This was not entirely an economic calculation. In part, it reflected Nasser's judgment that the bourgeoisie represented a useful political counterweight to the Ba'ath and the communists, and that organized sectors such as labor required closer control to european Ba'athists and communists influence. Nasser also was not, apparently, letting the Ba'ath take the blame for dislocations caused by the U.A.R.'s economic policies.

As a result, state policy toward the private sector was ambiguous, if not contradictory, mix of incentives and sanctions, coercion and encouragement. Nasser's initial tolerance of Syrian businessmen and his responsiveness to their concerns were highlighted during a congress of Arab Chambers of Commerce in Cairo in December 1952. Nasser had invited the Syrian delegates to meet with him while they were in Cairo to discuss their grievances about the union. At the time—only several months after the union had been established—they were inclined to blame their problems on the excesses of Ba'athist ministers and Egyptian bureaucrats rather than on Nasser himself, at least publicly. They presented Nasser with a lengthy memorandum setting out their criticisms and requesting the "removal of state interventions, assurance that economic legislation enacted for the Syrian Region should be designed to increase economic prosperity; and that certain legislation should be enacted gradually so as not to harm the Syrian economy."

Finally, it asked for a "clearly stated U.A.R. economic policy that would define the role of the state for businesses."

Like any politician facing angry constituents, Nasser promised to do everything he could to resolve the delegations' complaints, though it is not clear whether he gave them anything more than sympathetic hearing. In the event, 1959 was marked by a dramatic increase in state intervention and rising business discontent, and the chambers continued to mobilize businesses to press for the elimination of import regulations. Capitalists in Aleppo and Damascus, often described as competing with little in common, worked together to restore the more liberal trade regime of the preunion period. Their campaign met with temporary success toward the end of 1959, much to the displeasure of Ba'athist leaders, who elated at the consideration shown to businessmen by U.A.R. officials. Syria's failure to implement its share of U.A.R. industrialization programs, together with the continued opposition of local businessmen to economic integration, prompted Nasser to dispatch a key aide—Chief of Staff of the U.A.R. Armed Forces and Vice President Marshall—Abdel-Hakim Amer—to Damascus in October 1959. His
The economy between Amin and the Chambers of Commerce over trade liberalization underscores an important aspect of the broader business-state relationship under the U.A.R. Through their political opposition, the pro–Amin Free Trade Unionists and their economic policies were able to slow progress toward economic integration. They favored the nationalization of Syrian and Egyptian industries, and fought other Egyptian schemes for unifying Syrian economic policy. The mobilization of business interests, accompanied with the dependence of the regime on private sector capital, contributed to the preservation of business influence and autonomy. At the same time, however, business resistance to the rise of state capital stifled Amin's resolve to strengthen state regulatory institutions and further to reorganize and expand business interests.

Despite some limited victories, therefore, the power of Syria's capitalism and to a greater extent, the agrarian elite diminished significantly as a result of the union. As the meetings with Nasser and Amin suggest, conflicts over economic policy took place in a state-centered environment in which the private sector occupied a unambiguously subordinate role. Although they retained some influence through the capacity to resist regulation, capitalism could not define the overall course of state action or state policy. Local ministries and the economic bureaucrats in general had become less congenial, forcing Syrian businessmen to petition Cairo for rescission of their grievances or to call on Egyptian officials in Syria to plead their case. Economic activities that formerly had been only moderately regulated, such as distribution, pricing, or foreign exchange, had become more rigorously controlled.

In addition, the gains secured in negotiations with Amin were not lasting. Early in 1954, U.A.R. officials had begun to reimpose and even tighten controls over trade to a degree that the socialist decrees introduced in July of 1953 were not a sufficient regulatory framework in terms of the terms of the economic agreements reached in early 1954. Moreover, the economic agreements were not strictly observed by the state.
This process began in the first rounds of the union, even while Nasser reserved the private sector that it would remain independent and worked to gain its participation in his ambitious development program. In April 1958, a law for the organization of industrial production was passed that required state authorization for an industry to be started, closed, or modified. These requirements were already in effect, but the new law also set a limit of ten percent on corporate profits and fixed the prices of primary materials. With regard to the management of joint-stock and limited liability firms, which constituted the largest private sector enterprises, other new laws limited the powers and benefits of company directors, required worker representation on boards of directors, and imposed new requirements on the distribution of profits. A decree passed in August 1958 stated that an individual could serve on more than two company boards and limited payments to directors to twenty-five hundred Syrian pounds annually, far less than the initial fees (as much as sixty thousand pounds) that had been paid to board members in the past. In April 1959 another decree was issued which restricted boards of directors to no less than seven and no more than seven members, though it permitted a director of one firm to serve on as many as four boards. In May 1959, banks and insurance companies were forbidden from making loans or advancing credit or guarantees to members of the board or to board members of firms to which they provided financial services. In July 1951, Nasser's socialist decrees required that two out of the maximum of seven board members had to be workers' representatives, elected by secret ballot for one-year terms. These measures should be understood in light of the prevailing corporate structure in Syria, in which interlocking networks of family members tended to dominate company boards. Only a minority of joint-stock companies could be considered truly public firms, in the sense that shares owned were dispersed beyond a small network of family and friends. The vast majority of firms incorporated as publicly owned joint-stock companies were run for and by a small circle of investors drawn from one or several families or from interrelated social networks. As noted in Chapter 2, some 76 percent of 159 joint-stock firms started between 1951 and 1961 had ten or fewer founding investors. In this setting, the new restrictions represented a direct and potent challenge to bourgeois control of the large industrial and commercial petite bourgeoisie, the rural middle class, and, to a lesser extent, labor—in other words, the constituent elements found in many popular authoritarian coalitions.

2. Al-Thawra, August 12, 1958. These measures were strictly enforced. In May 1959, several "opposition" firms were nationalized after considerable controversy, among other things, the firm had no director coalition.
3. Venice 21, no. 60, passed in April 1959, 1959, p. 460.
commercial sectors. They effectively dismantled the various mechanisms perpetuating that control: the crosscutting representation of elite families on company boards, insider relationships with banks and insurance companies, and a largely unregulated environment with regard to the distribution of profits, the level of directors' benefits, the private use of corporate assets, and investment decisions.

Such decrees had explicitly populist andquist objectives. They were meant to protect small investors and workers at the expense of the small number of families who dominated the industrial and commercial sectors. As one business journal noted, restrictions on the size of boards of directors were intended "for the advantage of small investors and capitalists who are now able to benefit from the profits of companies to the same degree as large businessmen. In addition, a new generation of young people will introduce themselves onto the boards of directors and take them a new dimension." Such regulations increased the accountability of private sector management to the state and enhanced state control over the allocation and use of private capital. Given the primary position of private capital in Syria, this effectively expanded the state's command over the national economy as a whole.

These regulations shed important light on how the gradual expansion of commercial regulation set about undermining elite social networks, diluting the private sector's capacity for collective action, reallocations resources from the largest investors to smaller shareholders and workers, and, above all, transferring control of capital from the private sector to the state. Laws governing the management and structure of private sector firms represent instruments through which the U.A.R. regime institutionalized state power and undermined private sector autonomy, as evidenced in the pattern of conflicts described earlier. Nonetheless, it is important to recognize that Nasser's overall project envisioned not the demise of capitalists in the U.A.R., but the formation of a distinctive form of capitalism resting on a popular institutionalizing and state-led strategy of development.8

9. Because politicians were actively aware of the capitalist character of Nasser's strategy and sharply critical of the 1951 decree. According to Abu Jabir: "The party charged that such a step was a transfer of capital from private hands to bureaucrats. This amounted to nothing more than state capitalism and in the eyes of the party this could not be called socialism. Such a plan of the economy in the hands of bureaucrats, and inside the cadre, is the monopoly and monopolizing of the economy." (Nasr S. Abu Jabir, "La République islamique à l'épreuve du communisme: étude de cas d'Egypte" (Ph.D. dissertation, University of Chicago, 1975), p. 48).

10. Following Marshall, Iran's initial shift to a state-owned economy was established to weaken "bourgeois" in the appropriation of land. The commune, established in response to the complaint of landowners, was seen as a "political turning point in the process of agrarian reform. "The measures introduced by Ayatollah Khomeini are creating a spirit of justice in the process of land reforms" (Deir, 1999, 1:12).

these conflicting processes—the increasing dependence on the landed elite and the expanding state control over the private sector—stymied progressive state missions throughout the last months of the union.

Agricultural reform measures introduced into Syria during the U.A.R. consisted of three interconnected programs: legislation regulating the relationship between agricultural laborers and landowners, legislation governing the ownership and use of private and state domain lands and directing the economic organization of peasant and laborers, and mechanisms for organizing and regulating agricultural production under state control. Legislation protecting the rights of peasants, regulating their working conditions, and creating a fair division of harvests between landowners and sharecroppers had been debated numerous times in the Syrian parliament during the 1950s, but landowners had shown themselves to be highly adept at undermining efforts to improve the living conditions or broaden the political and economic rights of peasant farmers.

The formation of the union not only accelerated the process of agrarian transformation but also dramatically altered the political context within which reform was carried out. Peasant agrarian reform under the auspices of the centralized political institutions of the U.A.R. severely eroded the capacity of large landowners to impose the restructuring of agricultural property rights. As a result and despite containing high levels of inequity in landownership, union officials made considerably more progress in the actual redistribution of land between 1958 and 1961 than had any Syrian government since independence.

The first problem to be addressed following the creation of the U.A.R., as part of an overall agrarian reform program, concerned peasant mobilization and the expansion of peasants' rights. On September 4, 1958, the government promulgated an agricultural relations law (Law 84) that was designed to strengthen the position of sharecroppers and agricultural laborers in their relations with landowners. Several days later the Ministry of Labor and Social Affairs announced the formation of a commission to organize re-
visions of the 1946 labor law and the peasant protection bill proposed by the Ba'th, the Agricultural Relations Law also denied peasants the right to strike.

Through these provisions, Law 134 significantly weakened the economic autonomy of landlords. It reduced the arbitrary quality of their power and their ability unilaterally to regulate economic relations with peasants. It established a welfare-style support system for agricultural workers financed largely by the landlords themselves. By offering collective bargaining to peasants, regulating work hours and conditions, and compelling landlords to honor labor contracts, Law 134 extended ministerial authority and resources to help eliminate the inequalities that had perpetuated the impoverishment of peasants and their subjection to landlords. The law also brought peasants firmly within the embrace of the state and meant that neither the collectivization of rural labor nor their integration into popular organizations would enhance their political autonomy. The incorporation of peasants into the regime's ruling coalition produced substantial gains in peasant welfare and income, but it followed a thoroughly corporatist design, thus underscoring the regime's authoritarian and state capitalist character.

Moreover, although the Agricultural Relations Law introduced a new set of personal rights and administrative procedures into the countryside, it did so without tackling the larger question of individual property rights. The law began to transform tenant and land into employee and employer, but it did not address the crucial issue of land ownership in attempts to deal with the political and economic consequences of Syria's highly unequal pattern of land distribution. Significantly, the organizational rights of peasants and the question of rights to land were broken apart by union officials and handled in two separate contexts. Property rights were therefore addressed in a separate bill, drawn from the Egyptian land reform law of 1953.12 This law set limits on individual and family landownership, founded the Agrarian Reform Institute to oversee the expropriation of excess holdings and their distribution to peasants, and established guidelines for the compensation of landlords and for the sale or rent of expropriated land to peasants. In October 1953, the regime carried these reforms to include state-owned land, providing for the distribution of state lands to peasants at no cost. Perhaps most important in terms of the reorganization of Syria's rural political economy and the effort to link rural classes directly to the state, recipients of either private or public land were required to join state-sponsored agricultural cooperatives.13 These compulsory economic associations were administered by the newly created Agrarian Reform Institute under the auspices of the Ministry of Agrarian Reform.14 Their general function was to ensure that individual peasants received the capital and technical support necessary for the efficient exploitation of their land. Cooperatives were given privileged access to agricultural loans, seeds, and livestock and were exempted from import duties on agricultural machinery. An additional rationale for the creation of these cooperatives, however, was to reduce the possibility that the agrarian social order which prevailed prior to the union would reconstitute itself following reform. Without the structure of cooperatives, it was feared, cash-poor farmers would simply revert

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12. The legal foundations for such cooperatives had been established earlier, in Laws no. 144 of 1943 and nos. 24 and 25 of 1946. See ibid., 122-124.
14. See General Economy of Syria, 48-52. The list of cooperatives in 1970 was 21,717. Cooperatives are described in detail, 335-358. For an overview, see Al-Maridani, 35-40.
to their previous status as sharecroppers or laborers if traditional patterns of indebtedness and peasant labor were allowed to reassert themselves. The cooperatives also provided a vehicle for ensuring that the regime's agricultural policies actually were carried out.17

Managing the affairs of peasants became especially important as state officials began to reorganize and control the details of farm production, especially for Syria's largest cash crops, such as cotton. Almost simultaneously with the laws reinforcing labor relations and landownership, almost all of the decrees were issued to bring Egyptian and Syrian agricultural practices into closer conformity, standardize agricultural practices, reduce fluctuations in yields, improve crop management, and, not incidentally, create new opportunities for Egyptian investors to profit from Syrian agriculture. These decrees resembled measures which had been introduced in Syria during the 1950s but were, as in other cases, much more rigorously applied under the U.A.R.18

The most important of these regulations was Presidential Decree no. 288, signed by President Nasser on November 15, 1958, for the "purpose of reorganizing the entire cotton economy of Syria, the largest economic sector, Syria's largest source of foreign exchange, the center of organized labor, and a crucial supplier of raw materials to Syrian industry. Though rarely taken into account in histories of this period and not typically viewed in the context of agrarian reform, the effects of Decree 288 would be hard to overstate. In many respects, the cotton economy formed the backbone of the national economy. Deepening state intervention in this sector contributed to the erosion of the structural ties that bound industrial and commercial expansion, directly to the agrarian elite. By virtue of its immense scope, Decree 288 played a significant role in restructuring the balance of economic and political power in the countryside, constraining the autonomy of private cotton growers and expanding the reach of state institutions. The decree covered growing, selection of seeds, supervision of cotton seeds and fiber trade, reorganization of ginning and pressing, supervision of cotton-cloth exports, setting up of two arbitration committees in Aleppo to study disputes between Syria exporters and spinners abroad, etc. . . . Under this law the Minister is authorized to fix a minimum price for the purchase of cotton, so that the government will be obliged to buy at this price all cotton remaining unsold at the end of the season. . . . [T]he U.A.R. has decided to make use of the Egyptian financial organizations which are experienced in cotton affairs. Thus the Misr Bank and the Banque de Caire are to increase their branches in Syria from 7 to 11 and 8, respectively; these branches will step up their storage facilities and develop cotton loans to the maximum. In addition, the "Société Misr pour l'expédition du coton" and the "Société Misr pour l'exportation du coton" are studying the possibility of forming new Syrian companies of similar type with Syrian-Egyptian capital. . . . Furthermore, the Syrian Cotton Board is to be considerably expanded and transformed into a cotton department. . . .

One of the "new Syrian companies" referred to here was formed shortly thereafter by precisely this coalition of Egyptian banks, Egyptian textile firms, and Syrian investors. In July 1959, the Arab Company for Cotton Titles, Ginning, and Export (al-Sharika al-Arabiya li-Tajara wa Hili wa Tada' al-A'aman) was founded with capital of $13 million. Bank Misr was the largest single investor ($5,575,000); the two Egyptian firms invested in the above-mentioned each contributed $500,000, while the largest Syrian in


18. Middle East Economic (hereinafter cited as MEE) (February 1959), p. 3. The Middle East Economic was published in Cairo between 1950 and 1959 and had several different names, including, The Arman and Middle East Economic and the Middle East Economic and Cotton Report. It covers 1950 through 1959.
The factors aside, the consequences of the agrarian reform laws should not be underestimated. Within the first year of the union, a wide-ranging reorganization of Syria's rural economy had begun that greatly expanded the scope of state intervention in the countryside. New institutions and forms of collective organization were created to break down existing patterns of political and economic association among peasants and landowners and put both under the direct mediation of state agencies. Agrarian reform began to institutionalize more clearly specified property rights, individual rights, bureaucratic procedures, and administrative norms. The 1938–59 reforms thus significantly accelerated the expansion of the agricultural bureaucracy, the collectivization of Syrian agriculture, and the legalization of rural income and property from landlords to peasants.21

Agricultural production was for the first time integrated into an overall economic development program, with a five-year agricultural plan setting out investment and production objectives. Moreover, in contrast to the informal and well-organized opposition that greeted Nasser's attempts at economic integration or currency unification, agrarian reform met with little organized resistance. Prior to the union, landlords had actively participated in collective action designed to thwart the implementation of land reform. By 1958, landowners were still fighting the regime over how agrarian reforms were to be implemented, but their ability to thwart the process of reform itself had been sharply diminished by the shift of political power to Cairo, by the further strengthening of state institutions, and by widespread popular support for reforms.

Restructuring Interest Associations

The regime's efforts to reorganize and control the associations that had represented the interests of landed elites since the days of the French Mandate also underlined the position of landowners. While much attention


15. See on land owned by the absentee owner after the collapse of the union and the abolition of the land tax, the data show that 35,000 hectares were removed to their owners. Initially 35,000 hectares were expropriated, and in 1952, representing only about a percent of the total owned at that time. It is possible that large landowners regained use of these lands through informal means, but many prostituted land remained unclaimed (ibid., p. 40).
The emergence of a relatively uniform structure for the organization of various interests should not obscure the important differences that remained between them or between the Egyptian and Syrian regimes. The general framework reflected the varying positions of different groups in its broader constitutional project and in its efforts to build a relatively harmonious environment for political compromise. Yet, even as he policies also underscored the risks inherent in the current political and economic agenda. In general, labor gained considerable importance, as evidenced by the extent to which the Chamber of Commerce and Industry sought to curtail the role of labor in organizing and regulating economic activities. Despite the generally popular support for these efforts, the Chamber of Agriculture, for example, had dominated the government boards of commerce in the various provinces. Furthermore, the Ministry of Agriculture became the leading force directing the affairs of the agricultural chambers. In February 1959, the ministry created a Union of Chambers of Agriculture whose mandate was to coordinate their efforts. This new structure was designed to represent the interests of all agricultural parties, including those of farmers, labor, and landowners. Although the Chambers of Commerce and Industry retained considerable control over their leadership and over their relationship with the state, they too were subject to a certain degree of restructuring. In May 1959, following the ouster of the union, constitutional affairs in Egypt and Syria were further governed by a framework of local government. In early 1959, the Egyptian Chambers of Commerce and Industry were reorganized, and a network of provincial and municipal chambers was created to promote professional associations and encourage industry. New Chambers of Industry were also affected by these changes. 

34. Ibid., pp. 4-4.

Nasser's office issued a decree giving the Chambers of Commerce authority to represent the interests of the business community to the state, providing for public-sector representation on the boards of directors, and introducing a majority of elected directors—and requiring them to oversee the affairs of the Chambers of Industry while the latter were being reconsidered. These changes transformed the Chambers of Commerce from organizations that had played an important role in economic policymaking before Nasser into semi-independent administrative agencies whose influence over policy was now sharply curtailed. And these immeasurably pressured what was to become a highly-organized restructuring of the chambers after 1958. As the Nasser leadership moved toward the consolidation of a populist authoritarian system of rule, the chambers' influence continued to decline, to the point that by 1959, Syrian economic Yahya Amin disdained them as "irrelevant," given the economic changes of the previous ten years. To play a meaningful role, he argued, they would have to be revived in light of the "requirements and necessities" of an economy on the path to socialism. 52

Reforming Syrian labor confronted U.A.R. officials with a different set of problems. Nasser's relationship with Egyptian unions had been antithetical: he recognized their importance as sources of support but also their potential to become mobilized and articulate bases of opposition. In the years following the Free Officers' coup of July 1952, Nasser continued the trend begun under the monarchy of incorporating the union movement into the regime's ruling coalition, integrating unions into the state apparatus, and suppressing their capacity for autonomous collective action. At the same time, however, a labor law passed in 1954 provided Egyptian workers with significant organizational incentives and protected their rights to union independence. By the time of the U.A.R., Nasser and his associates had apparently resolved some of their earlier uncertainties over how much the state should intervene in and direct labor affairs, and they began to develop a more coherent system of corporatist controls. It was this more coherent system that Egyptian authorities exported to Syria in the early months of the U.A.R.

Syrian workers, however, encountered these changes from the vintage point of an organizational trajectory very different from that of their Egyptian counterparts. In contrast to the creation of political rights experienced by Egyptian trade unions since 1952, the legal authority and political influence of Syrian unions had been expanding steadily since passage of the first labor law in 1925. Aside from periods of military rule in the early 1950s, the unions had retained and made extensive use of the right to strike. The rapid increase of Ba'ath Party representatives in parliament after the 1954 elections greatly enhanced the voice of labor within parliament. It is not to suggest that unions were unregulated. In earlier chapters I have emphasized the extent to which they operated under the supervision of the Ministry of National Economy and the Ministry of Labor and Social Affairs. Yet Syrian unions had retained a relatively high degree of autonomy in the crucial area of collective bargaining. Under the progressives who were elected to the leadership of the two major federations after 1954 (including a number of Communists), unions used this authority to mount an increasingly militant campaign of strikes and protests against factory owners. This experience stood in sharp contrast to Egypt, where by early 1955 most of the forces favoring a trade union movement independent of the regime had been stripped of their positions in the unions, and by the end of the year, virtually all of the most important communist labor leaders were in jail. 53

Egyptian officials therefore confronted a Syrian labor movement that, although vulnerable to corporatist restructuring, was still more autonomous and politically mobilized than its counterpart in Egypt. Syrian unions were resistant to further state encroachment, opposed to Nasser's purge of leftist and communist union leaders, and concerned to protect their right to strike, engage in political activity, and to bargain collectively. These circumstances led Nasser to adopt a heavy-handed approach to the reorganization of Syrian labor, through his first efforts in this direction were nonetheless limited.

Almost immediately after the formation of the U.A.R., the regime absolved the right to strike. The government then moved to increase state control over unions in strategic economic sectors, particularly those under construction control. In May 1959, leaders of the Iraqi Petroleum Company, Workers and Employers Union (IPCUWEU) were dismissed and the union dissolved after it had rejected efforts by the new regime to impose government control over collective bargaining. Since its formation in 1956, the

52. Cfr. 1959, 1:3. The Chambers of Industry were first affiliated to the Ministry of Commerce in 1953 under its Ministry of Industry.

supported the law in large part because it strengthened state control over Syrian trade unions. According to Bianchetti, union representatives had protested loudly in Syria over the law's implications, concerned that it might enhance the power of unions relative to the state: "Nasser finally agreed to proceed with the plan only when Syrian police officials assured him that the new corporatist unions had greatly simplified the task of political surveillance in their region of the United Arab Republic. By constituting union activity in a handful of big federations, the Syrians explained, the new labor law had eliminated many of the local networking areas that served as the traditional refuges of Ba'ath and communist troublemakers." 

As broad as they were, these organizational changes represented only part of the corporatizing consequences of the Unified Labor Code. The new law codified earlier restrictions on strikes and on union political (or religious) activity. It gave government agencies a number of important functions, such as setting minimum wages, in which unions had previously played a role. Fines were introduced as penalties for "breaches of discipline" defined by employers, a system hitherto virtually unknown in Syria. Proceedings against arbitrary dismissal were weakened. Beyond this, the code required all union members to join the National Union (NU), and candidates for union offices needed the NU's approval before they could run for election. Syrian unionists mobilized to oppose the Unified Labor Code and the growing power of the NU over Syrian workers but met with stiff opposition from the regime. In January 1963, union representatives convened a trade union congress in Damascus to protest the erosion of workers' rights. According to Pezman, participants in the meeting "demanded the right to strike, an end to unannounced dismissals, and payment of the Labour Code, liquidation of National Union control, and a 10 percent increase in the minimum wage. . . . Many of the union leaders were arrested. The Executive Committee of the General Federation, which had been handcuffed by the Ba'th in September 1958, resigned in protest. This action reflected the pressure of workers from below and the fact that the Ba'th's cooperation . . ."
Table 14. Occupational background of National Union local council members in Damascus

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil servants</td>
<td>90</td>
</tr>
<tr>
<td>Factory workers</td>
<td>62</td>
</tr>
<tr>
<td>Students</td>
<td>59</td>
</tr>
<tr>
<td>Professionals</td>
<td>32</td>
</tr>
<tr>
<td>Peasants</td>
<td>18</td>
</tr>
<tr>
<td>Laborers</td>
<td>15</td>
</tr>
<tr>
<td>Students</td>
<td>12</td>
</tr>
<tr>
<td>Students</td>
<td>7</td>
</tr>
<tr>
<td>Retired</td>
<td>5</td>
</tr>
<tr>
<td>Large businesses</td>
<td>4</td>
</tr>
<tr>
<td>Small businesses</td>
<td>2</td>
</tr>
<tr>
<td>Workers</td>
<td>2</td>
</tr>
<tr>
<td>Unemployed</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>203</td>
</tr>
</tbody>
</table>


The erosion of labor autonomy at the hands of the NU was already sufficient to provoke conflict. But the composition of its leadership, at least in the local Damascus council, suggests yet another source of tension. Of the three hundred members of the Damascus council, the NU itself identified only twenty as workers or peasants, while ninety were described as civil servants; sixty-five as professionals; fifty-eight as businessmen; and forty as large industrialists. Only two were large landowners, which demarcates the extent to which this group had been marginalized as a result of the union's agrarian reform program. Maz'um Kazbari, a Syrian lawyer and businessman, with close ties to the former military strongman, Alaw al-Shahabiti, served as the head of the National Union's Damascus council. The list of council members by occupation (Table 14) indicates that the NU was not the most likely vehicle for building Nasser's socialistic society or representing the interests of labor. National Union control over trade unions meant, in effect, giving business and state-bureaucratic interests a privileged position in the determination of labor policy.

By the end of 1966, labor had largely been brought under the control of the state bureaucratic. Elections to the Executive Committee of the GFTU

held in January 1967 were unsuccessful, with a slate of approved candidates running without open contest. Essentially, under the rhetoric of building a socialist cooperative society, the U.A.R. regime had succeeded in its attempts to incorporate and demobilize the Syrian labor movement. Labor's capacity for autonomous collective action had been effectively undermined. As Al-Shahabiti emphasized, the labor laws enacted under the U.A.R. were fundamentally compatible with the regime's industrializing orientation. They meshed well with the "organic" state of labor's relationship to production that was part of Nasser's vision of a populist-industrializing system of rule, even if in practice this system strengthened the capacity of employers to hire, fire, and set wages.

In addition to these immediate consequences, the legacy of the U.A.R. period was crucial in the development of state labor relations both during the brief, tumultuous ascendency period from 1961 to 1963 and under the Ba'th after 1963. Despite several important changes of the 1959 labor law (including some modifications associated with the July 1961 socialist decree that raised worker representation on company boards and gave workers the right to a quarter of the profits of private sector firms), it has continued to provide the basic framework for the organization of Syrian labor until the present. Its provisions were reinforced during the ascendency regime and further expanded by the Ba'th. The Uniform Labor Law thus represents one of the most important examples of the way in which Nasser's corporatizing efforts were later appropriated to consolidate the popular, authoritarian system of rule constructed by the Ba'th after 1963.

Indeed, the repression of labor and peasants reflects one of the central issues of Nasser's efforts to build a populist authoritarian coalition. These sectors were sought to integrate, including peasants and workers, had first to be contained. This led to, at least in Syria, to place the most side-ranging corporatist restrictions on precisely the groups he looked to for support with regard to the large landowners, Nasser's strategy was more consistent. Because he desired their political and economic exclusion, Nasser thoroughly reconceived the associations that represented large landowners, marginalizing their members. Their land, the material base of their power, was appropriated by the state, effectively eliminating them as obstacles to the deepening of exploitation in the countryside, the allocation of agricultural produce, and the integration of peasants into the ruling coalition and the expanding market economy.

This is not to suggest that the landed oligarchy and its political influence were totally destroyed. But for the first time in the twentieth century, the balance of rural power was decisively changed. As a result of the reforms of the U.A.R. period, rural notables have never subsequently been able to
dominate the rural economy or rural politics and, by extension, the politics and economy of Syria as a whole. In this sense, the structural features that characterized the rural economy were symptomatic of the broader economic and political challenges faced by Syria during this period.

**Business against the State: Collapse of the U.A.R.**

Corporate restructuring during the first years of the union succeeded in creating a system for a new type of business, which was less successful in incorporating capital into a new system of dependency organized around the state. Nasser's approach to the nationalization of business was marked by a higher degree of ambiguity and contradiction than his approach to any other social group. Nasser's view of business was not as (at least potentially) a "patrician bourgeoisie," along with the importance he attached to industrialization and to the usefulness of capital in his conflict against communism and the Ba'ath, led him to regard the Syrian business community as a necessary participant in the economic and political reforms and to preserve a greater measure of autonomy for the private sector than for labor, landlords, or peasants.

Despite the complaints of business leaders and the common perception that the state intervened in commercial activity as a way to disengage the economy from the union during the period, this sector exported a significant part of a revival under the U.A.R. regime.

Of the 200 Damascus-based private sector, joint-stock and limited liability companies whose formation was recorded in Al-Hurriyat el-Mustaqbal from 1950 to 1961, almost 90 percent (180 firms) were founded over the three years between 1955 and 1961, a number exceeded only by the 90 firms founded in the boom years between 1949 and 1955. When Syria's first five-year plan was introduced in November 1958, the public sector was expected to contribute two-thirds of the required capital ($15.72 billion), compared with the private sector's $5.1 billion over the five years. Yet in the first year of the plan the private sector invested $1.3 billion.

45. Certain the Ba'ath's and its supporters never that the end of Nasserite economic patronage would be followed by the return of the bourgeoisie to an economic order of the federalism, since Nasser concentrated his attention on raising the level of industrialization. (Muhammad Al-Rifai, p. 329.)

46. For its part, the Syrian bourgeoisie saw its activity as a nationalistic plan to "serve Egypt's interests to enhance Syria's industrial development." (Qasem, p. 113.)

47. It was through its "First Five-Year Plan of Syria—An Appraisal," published in the Journal of Economic Developments (1958) and its "First Five-Year Plan of Syria—An Appraisal of the First Five Years of the Plan de Développement Économique et Social, 1954 to 1959.

several of these reasons but regards the decrees primarily as an attempt to stabilize the economy. While the decree is probably some combination of these possibilities, Nasser was certainly aware of the effect the decrees would have on the autonomy of the private sector and the success of the economy. As a result, he decided to proceed with the decrees. Perhaps, as Binder indicates, the submission of the Egyptian bourgeoisie after a decade of free market policies undermined the degree of opposition he was able to generate.

Although the leadership of the Baath Party publicly supported the decrees, privately it viewed them as an attempt to enhance the power of the bureaucracy. On their part, Syrian capitalists saw the socialist decrees not as a decisive break with the past but as an acceleration of Nasser's efforts to force the private sector into submission. Leading Syrian capitalists were still adjusting to the Arabization of U.A.R. banks which had been proclaimed by the regime in late 1956. Only months had passed since foreign exchange operations had been taken over by the state. Rumors of currency sterilization still persisted, as did capital flight and the expansion of an informal economy based on smuggling and other forms of noncompliance with state regulations. Nonetheless, Syrian capitalists regarded the current nationalizations as different from previous measures in their scope and as abandoning decisively any attempt to accommodate the private sector concerns.

The decrees represented the ultimate break that Nasser would not have been earlier able to make on the protection of private property or the autonomy of the private sector. An early review of the union published just after its collapse by the editors of L'Etat, which covered the state of the workers movement, reflects these attitudes. The article is worth citing at some length for the clarity with which it summarizes the perspective of Syrian capitalists toward the union.

Syria, before its union with Egypt, constituted a liberalism in its constitution which guaranteed free enterprise and private property. Its budget which defined and outlined the limits of state interventions in its domain and its control, [Syria's] economic and monetary institutions, in particular the Central Bank and Credit, the Central Bank, the Economic

52. Butler, As a Moment of Fascination, p. 206.
53. See the important sociological work "Les sociétés 'destination' et le 'rôle de levée' dans l'histoire de la R.A.U. Les objectifs, conséquences sociales et économiques du processus de colonisation dans le Maroc et l'Algérie," in "La politique économique et sociale du Maroc," Stud. et Sav., vol. 4, 4th Bureau of the R.A.U., 1961, pp. 14-19. Butler emphasizes the differences in the private sector's performances between Egypt and Syria, while accepting the view that the decrees were intended to mobilize capital on behalf of the regime's commitment to double gross national product within ten years.
Council, guaranteed the free play of private initiative which, side by side with state representatives... defined, together, the political economy of the state, closely managing the evolution of its social and economic order...

Thai arrangement was totally opposed to that of evolution which it characterized by the upsetting of the established order and its replacement by a new order.

The union with Egypt immediately upset this order. Progressively undermined, Syria’s economic liberalism was suddenly transformed into a crash planning, then into state capitalism which replaced the individual in the process of production with a single mechanism... the state.

The last nationalization law, as with those which redistribute property and revenue, seems to have completed and decisively established this evolution. But Syrian liberalism, failed all these plans: Syria remained a union which had become suffocating for it...4

Only two months after the socialist decrees were promulgated, conservative factions of the Syrian officer corps announced Syria’s secession from the union. After a brief period of tensions during which Egyptian naval and paramilitary units were dispatched to Syria, Nasser backed down and accepted Syria’s withdrawal. In fact, if not in his public policy or rhetoric. The military quickly and uncharacteristically withdrew to the barracks and turned power over to a provisional civilian government composed principally of the same figures who had dominated Syrian politics before 1958. Mahfuz Kibar, the attorney and businessman who had recently headed the Damascus Council of the National Union, became prime minister and a focus of Nasser’s attentions that business were won against the union from the start, and he formed a cabinet of deputies from the People’s and National Parties. For capitalism and the landed elite, the end of the union offered an opportunity to undo the damage of the national period and to reconstruct a political and economic order more to their liking.

Although Syrian capitalists and landlords apparently did not play a direct role in the military’s actions (the events leading up to the secession remain unclear and business-military negotiations were evidently possible), the situation exists that the socialist decrees provided an important catalyst for the secession and that it was undertaken largely to preserve the interests of capitalists. Certainly the new regime received strong business support. Moreover, and perhaps more important, the timing of the secession and its actions to a crisis in the part of bourgeois facing regulatory threats from


The C.A.R. regime indicates how deeply Syria’s domestic political economy has been altered by the tremendous changes made during the union.

Since 1958 the union had survived agrarian reform, which eliminated the largest holdings of the landed oligarchy and began a profound social, political, and economic restructuring of the countryside. The C.A.R. regime was able to incorporate and contain a mobilized and fairly progressive union movement and successfully to suppress its opposition to corporatization. Even the public sector had been rather extensively recommissioned.

In most of these cases the Syrian military feel the need to intervene, though justification for military intervention had long been present: subordinating the Syrian armed forces to Egyptian command was one of Nasser’s first priorities and a leading source of complaints from the Syrian military.52 Only after Nasser had embarked on his more radical form of populist, statist economic development did the movements of the military and the decline of the bourgeoisie come into an opposition capable of breaking the union. That the interests of capitalism had acquired such compelling force while the interests of land and labor had diminished reinforces the conclusion that Nasserist policies had unintentionally enhanced the position of capitalists. By making industrialization the regime’s most important economic goal, Nasser thereby made the private sector crucial to its success. But the Ba’tists, especially the younger and more radical generation of officers and civilian politicians, the secession was seen as nothing less than a bourgeois counter-revolution. Their sense that Nasser “suppressed” the bourgeoisie, its resilience in the face of his corporatizing efforts, and its capacity to engage with the military in a successful alliance against the state served as crucial, formative lessons of the need firmly to consolidate the grip of the state over the private sector and decisively to exclude not only large landowners but capitalists as well.

By the end of the union most of the institutions and practices associated with popular authoritarianism in Syria were in place. Redistribution and welfare policies aimed at increasing the share of peasants and workers in the allocation of national income had been introduced, along with the bureaucratic apparatus needed to implement them, though trained personnel were in short supply. The operations, management, and in many instances ownership of the public sector had been transferred to the state; the public sector had become the leading agent of capital mobilization, even while it drew heavily on the private sector’s participation in the task of capital accumulation through savings and investment.

Nasser’s approach to reorganizing the U.A.R.’s economy also produced a feature common to Middle Eastern attempts at state-led industrialization. Nasserist policies helped to institutionalize and deepen the breakdown of accommodationist relations between capital and the state. This was especially true in Egypt under Nasser as it was in Syria between 1963 and 1970. Both countries have subsequently tried to recapture in new forms some elements of the earlier relationship—through economic openness, liberalization, and new efforts to induce the participation of private domestic and foreign capital. But the end of accommodation, however transient, between capital and the state had profound consequences for the organization of politics and the economy in Syria in the years after the rise of the Ba’ath. The ability of business interests to steer the state, mount a counterrevolution, and fail attempts to subvert it to the public sector taught the Ba’ath important lessons about the costs of building a “soft state.” The Ba’ath process of state formation was guided in its early years by a more determined effort to repress the private sector, ensure the domination of capital by the state, and break the autonomy of traditional elites and the new bourgeoisie. It directed similar attention to consolidating a coalition organized around rigidly corporatized and politically demobilized popular sectors. The revolutionary and authoritarian forms of mobilization adopted by the Ba’ath seemed necessary to ensure the survival of the regime as it confronted the old guard. As a result, the Ba’th Party has found it much harder than the Sadat or Mubarak regimes to build broad-based coalitions, to display flexibility in its now discredited economic policies, or to accept the value of even a limited return to pluralist practices.

Of the other long-standing attributes of the Ba’ath regime that took root during the U.A.R. period, perhaps the most important was the rise of the cooperative movement among rural labor and the reorganization of agricultural production. Achievements in these areas included not only the redistribution of land but also the regulation of agricultural labor relations, the extension of organizational and economic rights to peasants, and the creation of a vast network of state agencies to oversee the process of production in the countryside. The integration of Syria’s peasants into the regime’s populist coalition through such instruments as the National Union and the National Federation of Peasants was a landmark event in Syrian political development. It began a process which by the mid-1970s had largely ended the historic social and economic marginalization of over half of Syria’s labor force.

Also important was the growing role of the state as the agent of political organization in Syrian society. Nasser manipulated associational life to incorporate and contain certain sectors of society—peasants and labor—while deorganizing and suppressing others, especially the landed oligarchy. As part of an overall effort to centralize power, to restructure relations between public and private sectors, to break the autonomy of social classes, to undermine political and economic coalitions, and to reorient sectors to direct relationships with the state, Nasser developed in Syria a powerful set of instruments, institutions, and ideas about building a populist authoritarian regime. He was not entirely successful, and he paid for his failures with the collapse of an enterprise that had hitherto enhanced his prestige and legitimacy but the legacy of this period has nonetheless endured. Even the politicians of the accessionalist regime that followed the union took a great deal from the U.A.R. era: a long shadow over their attempts to institutionalize controlled liberalism as Syria’s guiding economic framework. After the union’s demise, in the debate over what kind of state a more liberal Syria should try to construct and how it should organize its political economy, the changes wrought by the union stood as imposing obstacles to those who sought to reestablish the hegemony of the private sector.