

## **SYRIA’S STATE BOURGEOISIE: AN ORGANIC BACKBONE FOR THE REGIME**

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Despite the political turmoil that has engulfed Syria since March 2011, the one constant had been the remarkable coherence and cohesion of the regime elite and their immediate circles. This cohesion can be seen not only within the top regime elite and armed forces but also among the entire diplomatic community and the top economic elite during the first year of the uprising. The main, and perhaps only, defections witnessed occurred at the lower and lower-middle levels within the army, with very few significant exceptions. The conflict between the regime and protesters continues, with a death toll that exceeds 10,000, all in the absence of the kind of internal regime outcries that we witnessed in Libya during a much shorter period. Moreover, as the opposition took up arms and the fighting intensified, one often saw signs of solidarity that go well beyond those who benefit directly from the Syrian regime. It is difficult to disentangle the webs of relations and practices that are responsible for such displays of cohesion, if not organic solidarity.

One group, stratum, or class of individuals forms the broader nucleus of this phenomenon of solidarity, for good or for ill: the state bourgeoisie. These are individuals who have been catapulted from one socioeconomic position to the top rungs of the social ladder in Syrian society as a function of their official or para-official<sup>1</sup> position in the state bureaucracy, ruling party, coercive apparatuses, or public economic sector. This article seeks to examine the origins, composition, and characteristics of this group to gain systematic understanding of one of the pillars of the Syrian regime’s stability since the 1970s, and especially since the current unprecedented internal upheaval.

First, a discussion of the term “state bourgeoisie” is in order, considering that the term does not always travel well, and that alternative designations tend to be less precise. As will be made evident throughout the article, the term refers generally to the political elite associated with the various institutions of the state as well as its ruling organizations/bodies. Invariably, such elites hold marked positions of power and have accumulated significant wealth as a result of their position within the state apparatuses. These include the Ba`th Party, the bureaucracy (political, economic, administrative), the state’s public economic sector, the army, the security apparatuses, and, finally, what can be called para-officials (close relatives of those who hold power within the state—these individuals hold no official position but often wield considerable power while exhibiting equal devotion to the regime. A modal example is Rami Makhlouf, the president’s cousin who has no official position but is considered one of the most influential men in Syria). Altogether, this article considers these individuals and their immediate families the constituent parts of the “state bourgeoisie.”

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<sup>1</sup> “Para-official” refers to individuals related to others that actually have an official position within the state apparatus. Often, they exercise power themselves, depending on their personality and proximity to the levers of power.

## Politically Constituted Social Strata

The state bourgeoisie in Syria is part of what can be called the “new bourgeoisie.” The new bourgeoisie—its state and private varieties—is not a new social phenomenon. It emerged with the acceleration of statist economic policies during the Asad era, particularly after the heavy inflow of capital from Arab Gulf countries in the aftermath of the 1973 Arab-Israeli war. Referred to as *al-tabaqa al-jadida* (the new class), or *hadithi al-ni`ma* (the new wealth), the new bourgeoisie *qua* social category grew rapidly as a result of a number of factors involving the expansion of the state, public investments, (semi) legal business ventures across Syria’s borders, and exceptional domestic “business” deals, all of which brought together officials and private partners in largely commercial ventures that provided little added value to the economy.<sup>2</sup> The new private bourgeoisie is largely a creation of the regime, while the state bourgeoisie has been an outgrowth of statist policies and risk-averse regime strategies that emphasized capital accumulation within regime orbits—i.e., industrial expansion rather than industrial deepening.<sup>3</sup> These strategies were intended to create a new bourgeoisie in the image of the more rural, more minoritarian, state elite, one that is juxtaposed to a traditionally resilient urban/Sunni bourgeoisie. Although this social divide was not the only concern of the regime—there were other political concerns associated with the developmental dilemmas of populist-authoritarian regimes like Syria’s—the social factor emerged as increasingly decisive for inclusion among the top ranks of the political and economic elite, especially as liberalization policies expanded in the late 1980s and early 1990s.

Amounting to no more than one percent of the population,<sup>4</sup> the new bourgeoisie wields tremendous economic power, especially at the level of medium-range policies. Its power is derived not from the institutions that represent and support private business, for such institutions are rarely representative of the private sector or the business community

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<sup>2</sup> Perhaps the best example of such partnerships can be gleaned from the dismal results of Investment Law #10 of 1991 and the numerous presidential decrees that directly preceded the law. See Khalid Abdul Nour, “The Private Sector in the Shadow of Protection” [*al-Qita` al-Khas fi Thill al-Himaya*], Paper No. 13, 2000 Conference Series (Damascus: Economic Sciences Association, 25 April 2000); and Raymond Hinnebusch, “Democratization in the Middle East: The Evidence from the Syrian Case,” in Gerd Nonneman, ed., *Political and Economic Liberalization: Dynamics and Linkages in Comparative Perspective* (London: Lynne Rienner Publishers, 1996), INCLUSIVE PAGE NUMBERS?

<sup>3</sup> The difference here speaks to the kind of economic development the regime pursued, one that is marked by a severely controlled pattern of economic growth that prevents the emergence of powerful industrial social forces. Alternatively, industrial deepening would have required more far-sighted economic planning that subordinates political imperatives, as well as a more open political and economic system that does not hinder ingenuity and other price-setting mechanisms. For a comparative account of the Syrian case in this regard, see David Waldner, *State Building and Late Development* (Ithaca: Cornell University Press, 1999); for a comparative account on the requirements and challenges of industrial deepening drawn from cases in Latin America, see Guillermo O’Donnell, *Modernization and Bureaucratic Authoritarianism: Studies in South American Politics* (Berkeley: Institute of International Studies, University of California, 1979).

<sup>4</sup> Although official statistics do not exist on class distribution in Syria, independent analysts and economists who work on demographic distribution, urbanization, and labor concur with the figures presented in the book by Volker Perthes, *The Political Economy of Syria Under Asad*, which remains the best rough estimate for class distribution; see especially, Table III.2 on p. 118. Among economists interviewed on this topic are Rizqallah Hilan, Arif Dalila, Sa`id Nabulsi, Nabil Marzouq, and Nasir Nasir.

as a whole. Rather, its power emerges from both its access to the highest power centers in the regime and the positions that members of the new bourgeoisie themselves hold simultaneously in government, party, and the army/security services. The most powerful among the new bourgeoisie are by far the state bourgeoisie, followed by a small number of surrogate private businessmen who are beholden to the regime and whose fortunes result directly from their relations.<sup>5</sup> The remaining members of the new bourgeoisie are economically more enterprising than either of the former groups, but they wield far less influence on economic policies.

Hence, the most powerful segment of the new bourgeoisie derives its fortunes based primarily on its political positionality and is itself politically rather than economically constituted: i.e., without access to, and the blessing of, the political/military elite, opportunities for significant private capital accumulation would be quite limited. It is the political position and/or connections, not entrepreneurship, which determines membership among the top echelons of the bourgeoisie. Though powerful politically and economically, the new bourgeoisie as a whole is dependent on rents (politically created/expedited economic opportunities and income); remains largely undifferentiated sectorally;<sup>6</sup> and lacks a common interest in sustainable collective action.

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<sup>5</sup> The trio of Uthman al-`A`idi, Sa`ib Nahhas, and Abdul Rahman al-`Attar, often are referred to as the first batch of the new private bourgeoisie in Syria. However, several other individuals have surpassed both their reputation and their wealth, including relatives of the Asad, Makhlof, Shalish, and other politically prominent families.

<sup>6</sup> The wealthiest individuals, groups, and families in Syria usually are involved in the commerce, service, and manufacturing sectors, in both exports and imports. The Sanqar family is an example: three enterprising brothers, who are involved in the importation of luxury cars, own restaurants, and provide the local market with various agricultural products. The Sa`ib Nahhas group is perhaps the epitome of business diversification in Syria, spanning nearly all sectors, including commerce, agriculture, industry, transportation, and tourism. Whereas Nahhas declined personal interviews, the records of his businesses are made public through the variety of brochures published by his office in Damascus.

**[Chart on Syria's Bourgeoisie]**

## The Rise Of The State Bourgeoisie

The rise of what commonly is referred to in academic discourse as the state bourgeoisie<sup>7</sup> intimately is related to the growth and expansion of the state, the economic public sector, and the middle classes, especially in late developing countries with mixed but essentially socialist-modeled economies.<sup>8</sup> Although the debate over the class origins and nature of this category has been tentatively settled,<sup>9</sup> empirical research invites new questions. John Waterbury's 1991 article on the state bourgeoisie concluded that this was/is not a class in the traditional sense, primarily because it does not seek to reproduce itself and because it does not own, but only controls, the means of production. He consequently rejected a number of theories on the transformational project(s) of this "class," precisely because it does not view itself as such. Neither is it clear that members of the state bourgeoisie are necessarily members of any single class that predates state expansion.<sup>10</sup> His treatment of the topic has not been credibly challenged since, and for good reason.

Nonetheless, since the early 1980s the state bourgeoisie has been decisive in influencing the course of state-business relations by constraining or hijacking the course of economic liberalization in various LDCs, if only because of the threat that economic liberalization may pose to them as individuals and to their select allies/partners in the private sector. It is not a discovery that the state bourgeoisie has been a prominent feature of virtually all non-capitalist countries, whether or not they are in transition. More pertinent to the purpose of this project are the specific characteristics of this social stratum and the nature and dynamics of its relationship with the private bourgeoisie and the institutional context. Who depends on whom? How do members of the state bourgeoisie maintain their privileges? And what are the future prospects of the state bourgeoisie in a reforming economy? All indicators in cases such as Syria support the argument that, though the state bourgeoisie cannot be considered a class in the classical sense of the term, its members have acted in concert on a number of important counts, including blocking legislation and decisions that might have made their economies more efficient. Instead, they have propped up those public sectors from which they could derive the maximum amount of rent seeking, entered into private business directly or

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<sup>7</sup> It is noteworthy that the category of the state bourgeoisie is not a distinct one in the Syrian public's imagination, discourse, or creative production. More often than not, people refer to such categories in political not economic terms such as "the officials" (*al-mas'ulin*) or, less often, "men of the authority" (*rijal al-silta*) even if they are depicting their wealth. Alternatively, they lump the state bourgeoisie and the private bourgeoisie under the term "the parasitic class" (*al-tabaqa al-tufailiyya*). Although some academics and social critics use the literal term for "the state bourgeoisie" (*burjwaziyyat al-dawla*), it is largely absent from the visual, print, and audible media. The significance of this lack can be traced back to the absence of open discourse on such matters: most social sectors in Syria take the abuse of political authority to be the primary culprit, with the economic enrichment derived therefrom being a consequence of political corruption. The abstraction involved here is linked to the absence of open discourse on the regime and perhaps to the fear of cutting too close to the bone by inadvertently relating corruption to the regime directly.

<sup>8</sup> See Perthes, *The Political Economy of Syria*, p. 114; and Alan Richards & John Waterbury, *A Political Economy of the Middle East*, p. 201.

<sup>9</sup> See John Waterbury, "The Twilight of the State Bourgeoisie," *IJMES*, 23 (1991), pp. 1-17.

<sup>10</sup> See *ibid*, pp. 13-14.

through partners, and/or they have continued to exploit the powers of public office for private gain under the status quo. In the Syrian case there has not yet been a crisis that created an enduring schism among the state bourgeoisie.<sup>11</sup> The explanations for what might be observed as collective action among the state bourgeoisie are case-specific and do not support the thesis that they act as a class. Such explanations tend to center on the immediate collective political risks involved in abandoning the state public sector and on the comparative expected economic utility of a freer market from the vantage point of the state bourgeoisie. The state bourgeoisie's ultimate calculus that precedes collective action is a rather simple question: Does a career in the private sector furnish the state bourgeoisie (as individuals) with similar fortunes and security in the absence of a dominant public sector? On both counts, the Syrian state bourgeoisie seem determined that a sizeable public sector is necessary not only for their personal accumulation of capital, but also for their survival<sup>12</sup> in an increasingly hostile society.<sup>13</sup>

### *Social Origins and Attributes*

The dearth of statistical information on this rather maligned category in countries like Syria is not surprising. However, there is ample evidence to suggest that members of the

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<sup>11</sup> The closest would be the power struggle of 1984 between President al-Asad and his brother Rif at and the succession crisis that preceded and directly proceeded Asad's death in June of 2000. For more on the infamous Rif at al-Asad challenge, see Patrick Seale, *Asad: The Struggle for the Middle East*.

<sup>12</sup> A high level public sector official was most direct in relaying to me the existential dilemma many of them face in that sector: "we have committed grave mistakes in the past, and people will not remember who among us was not directly involved . . . neither will the regime excuse us now for abandoning it." Interview, Damascus, 1 June 1999. Other interviews with high-level public sector officials were infinitely more discrete and more useless in interpreting their real attitudes. The above quoted individual started with a typical Syrian resigned attitude by telling me "They will all lie to you, they are all scared of death of saying what's in their heads . . . sometimes when we are drinking together, I have to remind them that I am [a friend]." Many of those we could call members of the state bourgeoisie—especially those not tied directly to the regime—would like to be dissociated from the state, but know well that the consequences are most uncertain, both economically in terms of their livelihood and politically in terms of their security under changing circumstances. The import of such attitudes is latent: if or when the current regime falls apart, few would come to its rescue if they could afford otherwise. In the meantime, state employees—especially those outside the military and security apparatuses—would hold on steadfastly to the public and governmental sectors. They are rational actors in a system that has managed to align calculated rational behavior with the regime's most pressing interest: its survival through state dominance.

<sup>13</sup> Hostility toward the regime should be differentiated from criticism of the regime: the regime would tolerate criticism, especially since the late 1990s, so long as the president and sect are not the object, but it would not, and has not since 1970, tolerated any signs of hostility. Thus, while hostility is almost impossible to observe publicly, it is ubiquitous in private, especially among the social sectors that have seen their fortunes decrease dramatically and among those who have had their political voices castrated: primarily the urbanized working classes and the Islamists—both categories dwell in more traditional urban quarters—but also within society at large, including the legions of disaffected youths without job opportunities and civil society advocates. As Lisa Wedeen points out, it is difficult to discern what people really feel, but the manifestation of increasing dissatisfaction in the less-controlled media, and in 'encrypted' novels, art, cartoons, television shows, and films, is unmistakable; see further Lisa Wedeen, *Ambiguities of Domination: Politics, Rhetoric, and Symbols in Contemporary Syria* (Chicago: The University of Chicago Press, 1999). More often than not, the culprit is a public official, even if he is thoroughly humanized and his objectionable behavior diluted, such as in the famous television sitcom "Yawmiyat Mudir `Aam" (The Daily Life of a General [Public Sector] Manager). The message is clearer in other works, such as the film *Nujum al-Lail*, which symbolically depicts the domination of cities by unsophisticated individuals (from the countryside) who are ruthless plunderers.

political and military elite are in control of the commanding heights of the Syrian economy, including oil, duty-free areas, pharmaceuticals, satellite dish and cellular telephone contracts—if only because few, if any, private individuals have the power to maintain and exercise such economic activity legally.<sup>14</sup>

Historically, the state bourgeoisie has its origins in the continuously expanding governmental and public sectors between the mid-1960s and the mid-1980s, a period of state expansion across much of what is called the developing world.<sup>15</sup> Though such patterns of growth are similar in most ‘less developed countries’ (LDCs), the importance of the Syrian Ba`th party in the 1960s and early 1970s, and the extraordinary swelling of the security services apparatuses in the 1970s and 1980s, gives the state bourgeoisie in Syria even more political clout. The heightened level of social conflict in the early 1960s, as well as the rise and prominence of rural-minoritarian elements in the top ranks of the Ba`th leadership in the 1960s, pushed the refurbished Syrian regime in a more ironclad statist direction in the 1970s. Simultaneously, for many Syrians, Syria’s conflict with Israel served as a legitimate smokescreen for statism during much of the decade. The establishment of a security or *mukhabarat* state<sup>16</sup> that is impervious to penetration from without or from within—regarding security matters—became the leadership’s principal priority, evidenced by the gradual shift in power from both the party and the army toward the more than half a dozen security apparatuses that were created to protect the regime at the dawn of the Corrective Movement in 1970-71.<sup>17</sup>

The result was an overwhelming reliance on the powerful heads of the security apparatuses, their deputies and their cronies/yes-men, all who then established close ties with other military generals, state officials, and even private sector entrepreneurs, both actual and potential. Within less than two decades these relations, centered around such strongmen and other powerful figures directly related to the Asad family, have

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<sup>14</sup> For instance, see Riad Saif “The Cellular Telephone Contracts” [*Safqat `Uqud al-Khilyawi*] a controversial paper presented by MP Riad Saif to the Syrian Parliament on 14 August 2001. The paper exposes the scandal of the cellular telephone contracts between the government and individuals affiliated with the state but acting as private businessman. These contracts proved to be extremely costly for the government and highly profitable for the local contractors, who belong to the Makhluḥ family, Hafiz al-Asad’s in-laws. The telecom market is only the latest to be seized by men of power and wealth in Syria, by now a predictable occurrence with regard to lucrative new markets.

<sup>15</sup> See Manfred Halpern, *The Politics of Social Change in the Middle East and North Africa* (Princeton: Princeton University Press, 1963); and Alan Richards and John Waterbury, “Contradictions of State-Led Growth,” in Richards and Waterbury, eds., *A Political Economy of the Middle East*, pp. ??

<sup>16</sup> See Michael C. Hudson, *Middle East Dilemma: The Politics and Economics of Arab Integration* (New York: Columbia University Press, 1999), p. 15; and AUTHOR? “Democratization and the Problem of Legitimacy in Middle East Politics,” *Middle East Studies Association Bulletin* 22, 2 (1987), pp. ?? . Perhaps no other country in the Middle East fits Hudson’s designation of a *mukhabarat* state better than Syria (the literal translation is ‘security services state,’ which refers to the ubiquity of such agencies).

<sup>17</sup> Author interviews with former Ba`thists, who were disillusioned by the post-1970 gradual marginalization of socialist Ba`thist ideology, Damascus, Aleppo, Hama, August 1998-June 1999. These observers make a distinction between what Hinnebusch considers the “pillars of the Ba`th,” (including army, party, and bureaucracy) and the actual dominance of the security apparatuses that undermined the authority of the Ba`th party qua ideological party. See R. Hinnebusch, *Authoritarian Power and State Formation in Syria*, pp. 144-152.

mushroomed into intricate networks for the exchange of favors and the doling out of privileges and rent-seeking opportunities. Because the regime's ultimate security rested on the newly endowed authority of the various security apparatuses, the amount of power they managed to hold and exercise and the political clout they enjoyed was extraordinary. And though former president Hafiz al-Asad was a most astute political player, especially in terms of balancing and limiting the power of individuals under his authority, he allowed the security apparatuses, as a collective, to thrive and, at times, play fast and loose with laws and regulations.<sup>18</sup> Most detrimental has been the entry of security apparatuses strongmen into private business, whether directly or through proxies, for it brought out the worst in economic decision-making and abuse of public office in the interest of private economic gain. Though some transgressions were checked from above—usually from the president himself—and committees for scrutinizing illegal/semi-legal sources of wealth were established every now and then,<sup>19</sup> the state bourgeoisie, spearheaded by security apparatuses strongmen, generally have weathered most political storms and economic crises.<sup>20</sup> Perhaps the biggest threat to this stratum would be the compromise of the grounds for a security state, i.e., developments that obviate the overwhelming militarization and securitization of the Syrian state. However, the state has continued to exercise overwhelming dominance in virtually all spheres of life after nearly four decades of Ba`thist rule.

Socially, the state bourgeoisie in Syria is a mixed group. Though the most powerful, and certainly the richest, among the state bourgeoisie are `Alawis, this stratum is generally cross-sectarian, comprised of Sunnis, Shi`is, and Christians. Most, however, are from rural/provincial lower-middle classes, who were catapulted from the rural

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<sup>18</sup> Independent Syrian analysts who experienced the tense period leading up to, and proceeding, the Corrective Movement in 1970 openly admit that President al-Asad had no choice but to tolerate the excesses of his aides: It was either to allow those who surrounded him to loot, or to suffer along with them at the hands of competing factions and societal forces. Others are far more critical. They claim that Asad knew well what he was doing and opened the door quite willingly and widely to the kind of corrupt behavior that the Ba`th officially condemned henceforth. The latter critics emphasize that this was unavoidable, but not an accident. The Asad faction of the Ba`th had alienated the more refined Ba`thists and attracted the careerist and more self-serving individuals. These, they claim, were the people whom Asad had surrounded himself since he occupied his post as Defense Minister in 1966. The behavior of the top political elite in the Ba`th party after 1970, according to one informant, reflects the “unfolding of their yet unsatisfied desires . . . political, financial, social, and sexual.” Fortunately, or perhaps not, Asad's principal desire was political power, as opposed to the assorted bag of desires that some of his aides pursued. This, they claim, kept him focused and allowed him to manipulate those who surrounded him. He made sure, one critic claims, that they individually amounted to very little in terms of power: “without him, they were all zeros, and they all knew it, all the way up to the most powerful among them. Only when you put him in the picture, as the number ‘1,’ do these zeros acquire meaning and power.” But by no means was Asad personally opposed to much of their behavior, critics assert in responding to the common thesis of a good man surrounded by a nasty bunch. Short of encouraging it, he protected many of the most notorious “men of the regime” for decades. These men, those who kept by Asad's side, became the cornerstones of the state bourgeoisie in the 1990s. Source: Various conversations and interviews with independent Syrian critics, Damascus, Aleppo, Hama, December 1998. Also, see Batatu, *Syria's Peasantry*, pp. 230-233.

<sup>19</sup> Such committees would be titled “Commission of Inquiry into Illicit Gains.” See Batatu, *Syria's Peasantry*, p. 215.

<sup>20</sup> Only when such figures cross a political line do their economic activities become subject to scrutiny, as with the removal of Bashir Najjar from his security post in 1999.

regions into the metropolitan areas in the 1960s and 1970s.<sup>21</sup> These modest social origins, imbued as they are with age-old antagonism toward the exploitative urban society, have colored the character of the state bourgeoisie as a whole, but especially of those who still feel the resentment of urban society (i.e., most non-Christian minorities).<sup>22</sup> Increasingly, however, as Batatu points out in his elaborate background tables, Syria's political, but especially military,<sup>23</sup> elite have become 'Alawized, a trend that has not subsided in the aftermath of Asad's death in 2000. Far more than a reflection of sectarian attitudes, such trends reflect the lack of legitimate institutionalization and the level of political (in) security among the regime elite.

### ***Divisions within the State Bourgeoisie***

Being a part of the bourgeoisie for any prolonged period of time in Syria usually requires the blessing of the most influential elites. Perthes even asserted that for one to remain in the state bourgeoisie, he would have to have relations with the president himself.<sup>24</sup> However, as the bureaucracy grew and rent-seeking opportunities increased, such blessing from high above was no longer necessary, or, in some cases, possible. The networks that comprise the ruling political and economic elite (civilian and military) became sufficiently consolidated and differentiated by the end of the 1980s so as to make the blessing of key figures in the regime adequate for inclusion among this growing circle. Thus the state bourgeoisie became an increasingly differentiated category. It is spread across various spheres of influence that characterize the Syrian regime. And although virtually all members of the state bourgeoisie, through the late 1990s, have been members of the Ba`th party, there have been a few exceptions since then. Such exceptions, which extend to the time of writing, were brought about by Bashar al-Asad's attempt to construct an alternative, younger leadership leading up to his assumption of the presidency in the summer of 2000 and beyond. Generally, four levels of power among the state bourgeoisie stand out: top leadership; army/security services; administrative/bureaucratic sectors; and the economic public sector.<sup>25</sup>

By all indicators, the top leadership, the most powerful segment of the state bourgeoisie, is drawn from the ranks of the top regime leadership, though not all these

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<sup>21</sup> See Hanna Batatu, *Syria's Peasantry*, "The Causal Factors Behind the Ascent of the Lesser Rural or Village Notability," pp. 155-62, particularly the section on "The Rural Penetration of the State Bureaucracy," p. 160.

<sup>22</sup> Though a minority in Syria, Christians, comprising around 11% of the population, historically have been among the more privileged classes, largely because of the kind of professions they have taken up and the kind of support they received either from relatives abroad or from foreign powers in the past two centuries. For more on minorities and their historical presence, see Nikolaos Van Dam, *The Struggle for Power in Syria: Politics and Society Under Asad and the Ba`th Party* (London: I.B. Tauris, 1996); and Philip Khoury, *Syria and the French Mandate: the Politics of Arab Nationalism, 1920-1945* (Princeton: Princeton University Press, 1987).

<sup>23</sup> See Batatu, *Syria's Peasantry*, pp. 218-224.

<sup>24</sup> That requirement may apply only to those in the top rungs of the state bourgeoisie, if only for the sheer [small?] number of those usually understood to be in that category; see Perthes, *The Political Economy of Syria*, p. 114.

<sup>25</sup> These levels of power and the discussion below are based on my book, *Business Networks: The Political Economy of Authoritarian Resilience* (Stanford University Press, 2012).

individuals have been constantly in charge of an official post.<sup>26</sup> Comprised of a few dozen individuals who control the commanding heights of the Syrian economy within and outside the public sector, this sub-stratum is united by its direct relations with the Asad family. Defections or exclusions within this category have been few, most notably the expulsion of Rif at al-Asad, the former president's brother, from official and non-official positions of power in 1998.<sup>27</sup> Important, however, are the growing tensions within that category in the late 1990s when the succession crisis reached its peak and led to intra-family shooting at the Presidential Palace.<sup>28</sup> Nonetheless, this is the sub-stratum that experienced the least turnover, and thus has been able to accumulate the largest fortunes over a period of three decades or more. Though they are in control of public sectors such as oil, they increasingly are deriving their wealth from their relatively recent entries into various lucrative private sector markets, including those of communication, information technology, the recently liberalized and expanded Free Trade Zones, and car dealerships. Their relations with the private sector, both individuals and institutions, remain informal at virtually all levels, though some of the partnerships with private sector individuals are becoming increasingly public.<sup>29</sup> Individuals among the top regime elite are most wedded to sustaining the dominance of the state sector, even at the expense of economic growth. External rent income from oil and geostrategic aid allows them to be more interested in retaining powerful coercive mechanisms than in promoting economic development.<sup>30</sup> Even the offspring of top leaders, those who never have occupied a public post, share this interest, as their high profile families indelibly are associated with the regime.

Directly below the top leadership category is that of the army/security services. This category includes not only top generals and heads of the nine major security apparatuses, but also their deputies and loyal underlings. Numbering around several hundred, with a few dozen exceptional strongmen at the helm, these individuals have been able to convert their coercive power and, in some cases, their institutional positionality into significant wealth.<sup>31</sup> However, due to the military nature of the work in

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<sup>26</sup> Some individuals in this category officially have left the political scene but remain intimately involved in political decision-making and processes of allocating economic surplus and resources. Prominent among such individuals is Muhammad al-Khuly, former president Hafiz al-Asad's brother-in-law, and other members of the Asad family, particularly his own brothers and their offspring.

<sup>27</sup> See "Timeline: Syria," in BBC News, Internet source at [http://news.bbc.co.uk/hi/english/world/middle\\_east](http://news.bbc.co.uk/hi/english/world/middle_east), 27 December 2001.

<sup>28</sup> It is reported that Maher al-Asad, Bashar's brother, who occupies increasingly important roles within the military, shot his brother-in-law, Asif Shawkat, during a dispute over how to proceed after Asad's death in June 2000. Although a well-known incident among most observers, this episode was never written about in the Syrian press. Author's interviews, July-August 2001, Damascus.

<sup>29</sup> This occurs primarily in the automotive sales sector, where members of this sub-stratum, usually the younger generation, are attempting to take over the car dealership businesses of a host of private sector actors. Often, they enter into temporary partnerships that end up in buying out private partners, as with the Sang Yong dealership that previously was owned by MP Ma'moun al-Homsy. Not incidentally, al-Homsy was arrested on dubious charges after initiating a hunger strike on 8 August 2001 and was charged with inciting sectarian strife. See *al-Hayat*, 8 and 10 August 2001, p. 1, and *MÉRIP Press Information Reports*, #68, "Syria: Business as Usual," by this author, 7 September 2001.

<sup>30</sup> See Bradford L. Dillman, *State and Private Sector in Algeria: The Politics of Rent-Seeking and Failed Development* (Boulder: Westview Press, 2000), pp. 11-15.

<sup>31</sup> Most prominently in this respect, the customs officers in charge of traffic across the Lebanese borders since 1976, as well as those in similar positions along the Syrian-Turkish borders in the early 1980s, have found themselves in positions that allow them to accumulate untold wealth—as well as free products—

which these individuals are involved, much of their wealth comes in the form of privileges rather than from their direct involvement in private business.<sup>32</sup> To the extent that such individuals are involved in private business, they act as the “protectors” of businessmen, who usually compensate them handsomely. Toward the end of the 1990s, the offspring of army generals and heads of security apparatuses began going into business for themselves and acting as their fathers’ “partners,” making the process of formulating and implementing economic decisions quite favorable and highly rewarding, especially when their government sector partners (in the bureaucracy, cabinet, and public economic sector) are involved with them in the same business sectors. Individuals in this category are highly wedded not only to the dominance of the state, but also to the continuation of the general state of emergency from which they derive much power and privilege. Most of the regime hardliners are found among them, although there was some significant reshuffling of posts in favor of soft-liners when the succession struggle was at its peak between 1998 and 2000.<sup>33</sup> Not surprisingly, most of the offspring of powerful figures in the army and security services have opted for private careers, which have been facilitated by their fathers’ positions of prominence. Together, fathers and sons/daughters form a significant power and financial bloc among the state bourgeoisie as a whole.

A substantial number among the state bourgeoisie hold posts in the administrative/bureaucratic sectors. This does not mean that all bureaucratic posts are automatically rewarding. Loyalty, often manifested by party membership and backing from a member of the regime elite, is usually a prerequisite for such post holders to become far more powerful, and richer, than their post may suggest.<sup>34</sup> This third tier among the state bourgeoisie includes several hundred top civil servants, cabinet members and their deputies, provincial governors and high-profile mayors, and heads of labor and peasant unions who, after 1985, gradually became part of what Hinnebusch calls “the embourgeoisied elite.”<sup>35</sup> Also included in this sub-category of the state bourgeoisie are dozens of high-ranking party functionaries—many with no official governmental posts—and their cronies, most of whom are associated with the Regional Command of the Ba`th

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simply by accepting “gifts” as compensation for turning a blind eye to cross-border shipments. Indeed, some of the fiercest administrative struggles within the military concern the occupation of such posts at the end of the incumbents’ terms. This applies to the high level generals and, usually, their own officer crews who move around with them. Such wholesale team changes have made corruption at land borders far more efficient and far less likely to be cracked down upon. To illustrate the point further, see FORENAME? Dalila, “The General Budget Deficit and Methods for its Treatment” [*ʿAjz al-Muwaazanah al-ʿAamah wa Subul Mu`aalajatuhu*], Paper No. 9, 1999 Conference Series (Damascus: Economic Sciences Association, April 20, 1999), in which he outlines the “lost income” of the Syrian government, income that goes right back to Syrian officials and para-officials (e.g., relatives of the top elite who wield power through such ties or through quasi-official appointments by their kin).

<sup>32</sup> It is no surprise that generals like Ghazi Kan`an and Shafiq Fayyad literally have created islands of wealth and power as a result of Syria’s involvement in Lebanon and of their commanding army and intelligence positions there. Such high-level generals do not, and cannot, operate by themselves. They receive assistance from both horizontal and vertical networks that share an interest in promoting semi-legal and illegal avenues of accumulating wealth and securing their positions.

<sup>33</sup> This movement in the direction of regime soft-liners and reformers subsided after Hafiz al-Asad’s death, which left most reformers in disarray and allowed the security hardliners to play a more decisive role in Syria’s domestic politics.

<sup>34</sup> Author’s interviews with former public sector officials, September 1998-May 1999.

<sup>35</sup> See Raymond Hinnebusch, *Authoritarian Power and State Formation in Ba`thist Syria: Army, Party and Peasant* (Boulder: Westview Press, 1990); and AUTHOR, “Democratization in the Middle East: The Evidence from the Syrian Case,” in Gerd Nonneman, ed., *Political and Economic Liberalization: Dynamics and Linkages in Comparative Perspective* (London: Lynne Rienner Publishers, 1996).

party, the actual decision making body in Syria. High-ranking Ba`th party members—whether or not they have a governmental post—are distinguished from other bureaucrats by virtue of their close relations to the core regime elite. As such, they occupy their “positions” for much longer periods of time as their power derives less from whatever official position they might hold and more from the political clout they have mustered over the years.<sup>36</sup> What is significant about the civil servants in this sub-stratum is that they are slowly but steadily moving to the private sector and leaving behind their political careers. This move, usually typical of those without close regime ties, is a phenomenon of the 1990s, when opportunities for success in the private sector became available. Because of their record, their ties to the regime, or their politically sensitive posts, many higher-level civil servants are not able completely to abandon the public and/or governmental sector.

The move of civil servants into the private sector is not unique. Long before this trend, former and incumbent managers in the economic public sectors had been entering into private business with far more skills, relations and, eventually, economic success. These managers, along with some of their deputies and other economic bureaucrats, historically have operated the eighty-odd state-owned enterprises since the mid-1970s. Many of their positions are akin to limitless tenure, with minor revisions since President Bashar al-Asad took the helm. Even those who are removed from their posts as managers usually remain within the same economic sphere, institutionally or informally, based on ties they have woven during their tenure. Numbering in the hundreds (considering the boards and committees that run the public economic sector), former and current high level economic public sector managers and bureaucrats have been most successful, not only in making the move to the private sector but also in competing effectively even with better-positioned businessmen with ties to the core elite. Specifically, economic public sector managers and officials have benefited from years of experience in a rather closed economic system, working under conditions of severe product shortages and decisional constraints. They have established the skill, relations, and contacts—domestically and abroad—that prepared them for both honest and “subsidized” competition.<sup>37</sup> Some of them, however, have decided to abandon their privileged relations and their official posts in favor of independent economic futures unencumbered by political ties/loyalties. This trend continues as the opportunities for capital accumulation in state-owned enterprises have shrunk since the late 1990s as a result of the economic recession, continuing since 1995. As relatively skilled individuals in the world of business, members of this sub-stratum of the state bourgeoisie are least wedded to the idea that the state sector must be propped at all costs.<sup>38</sup> These individuals are likely to find more durable alliances in the private sector in the long run. By the same token, they are least likely to be dependent on

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<sup>36</sup> A clear indication of the “tenure” of such individuals is the length of time in which they remain either as members of the Regional Command or within the elite regime circle, often as provincial governors or heads of the myriad popular organizations that span Syria. Between 1985 and 2000, for instance, the Regional Command members remained the same, largely because of continuous postponement of the Regional Command Conference. Even in the 2000 reshuffle, two-thirds of the members remained on board.

<sup>37</sup> This term refers to competition between two parties where one party is heavily supported by the state. The outcome of such “competition” is invariably favorable to the state.

<sup>38</sup> It is important to note here that some economic public sector managers would fight for maintaining the dominance of the public sector, but these are individuals who have largely kept to the rules and regulations set by the public sector—e.g., they live on their relatively meager salaries as opposed to other public sector managers who benefit from a variety of opportunities and abuse institutional privileges—and who have not ventured into the private sector. Thus, they have a real and honest interest in maintaining their positions and, by connection, the public sector. Their behavior and lifestyles, and their, at most, modest wealth, vastly differentiate them from those we consider to be part of the state bourgeoisie.

private sector entrepreneurs—as members of the secret services usually are—since they already possess the skills and business acumen that most others among the state bourgeoisie lack.

The fourth level of state bourgeoisie is comprised of the salaried bureaucrats who have risen to positions of prominence, usually through being junior players in economic networks that bring capital and power holders together, especially when they too become active business partners. However, most lower and medium rank officials usually remain in their positions while taking on other jobs in the afternoon and evening. The significance of this relatively large segment of the population—25.7 per cent of the labor force in 1995<sup>39</sup>—is that they too have an interest in opposing the shrinkage of the state. As state employees, they benefit from special (albeit decreasing) subsidies<sup>40</sup> on food, education, and health, advantages that rarely are obtained, much less guaranteed, for low-skilled workers in the tenuous private sector. Despite the absence of avenues through which they can organize, most of those employed by the state express this ironically statist interest by maintaining their silence vis-à-vis the size of the state sector and the excesses of some officials. Those of higher rank among the state bourgeoisie do acknowledge the importance of the state sector to the nearly 800,000 individuals (excluding the army) it employs and also share their interest in maintaining an oversized state. The only point of serious contention between the state bourgeoisie and the rest of those employed by the state is the question of salaries and raises, one that has become increasingly pressing since the late 1990s, as prices have shot up with minimal salary increases.<sup>41</sup> It is only regarding such issues on which they may temporarily differ, but usually both seek a similar solution: to strengthen the state and expand its extractive functions so it can pay higher salaries. Ultimately, however, it is primarily the state sector employees whose income is taxed to the last Syrian pound when extractive capabilities are enhanced<sup>42</sup>—but that matters less, since the purchasing power value of such income is less important than the guarantee of a job and the relative social status and other benefits that come along with it.

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<sup>39</sup> See Nabil Marzouq, “Development and Labor,” (*al-Tanmiya wa al-`Ummal*), Paper No. 17, 1998 Conference Series (Damascus: Economic Sciences Association, March 1998), p. 309.

<sup>40</sup> General social subsidies have decreased significantly, from 8.23% in the early 1980s to 2.44% in the early 1990s, and along with them the additional subsidies for public and government sector workers. *Ibid.*, pp. 314. Nonetheless, these workers receive guaranteed health and other benefits that are not available to those employed in the private sector.

<sup>41</sup> On 27 August 2001, the government announced a 25% raise in the minimum wages and salaries of 1.4 million public sector workers (with their families, they constitute 45-50% of the Syrian population of 17 million). The last such raise occurred in 1994 (a 30% raise), but was literally gobbled up by dramatic inflation in 1994-96. For more information on the state of the Syrian labor market, see Sa`id Nabulsi, “Correcting the Structure of Syrian Labor” (*Tasheeh Bunyat al-`Amalah al-Suriyya*), Paper No. 11, 1999 Conference Series (Damascus: Economic Sciences Association, 5 April 1999), pp. 343-361.

<sup>42</sup> See Rislan Khaddour, “The Economic Effects of the Phenomenon of Administrative Corruption,” (*al-Athaar al-Iqtisadiyyah li-Thahirat al-Fasad al-Idari*), Paper No. 2, 1999 Conference Series (Damascus: Economic Sciences Association, 23 February 1999).

### *State Bourgeoisie: A Class or a Social Stratum?*

The most analytically salient debate on the state bourgeoisie turns on the question of its social status, particularly whether or not it is a class. The debate is not simply academic: If the members of the state bourgeoisie indeed represent a class and see themselves as such, it is more likely that they would act collectively or see their common interest in doing so. If not, circumstances and positionality determine the behavior of individual members of the state bourgeoisie. John Waterbury, among other analysts, has been critical of those who consider the state bourgeoisie a class.<sup>43</sup> The principle ground for the oft-quoted argument is that the state bourgeoisie does not possess the most important attribute of a class, namely, the desire or capacity to reproduce itself. This lack arises first and foremost from the fact that members of the state bourgeoisie do not have legal rights to the assets they control. Although some among them have sufficient political power to maintain control over public assets for extended periods of time, most remain vulnerable to, if not dependent on, those above them in rank or power. Thus, even their control of assets is tenuous.<sup>44</sup> Under challenging times, power has been wrested from even the most influential members of the state bourgeoisie in Syria, including the former president's brother, Rif'at al-Asad, temporarily in the mid-1980s and then, permanently, in 1998,<sup>45</sup> as well as from Prime Minister Mahmoud Zu'bi in the Spring of 2000,<sup>46</sup> among other examples.

Nevertheless, so long as they remain in their positions in the government's bureaucratic, military, or economic sectors, members of the state bourgeoisie often control the usage rights over the assets they administer. This is so to the extent that the rule of law is not respected. Provisionally, the rule of law can be measured by the power of the judiciary to sanction violations of bureaucratic and other laws, a quite weak capacity in the case of Syria.<sup>47</sup> Over and beyond the corrupt modal behavior of this

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<sup>43</sup> See John Waterbury, "Twilight of the State Bourgeoisie;" and idem, *A Political Economy of the Middle East*, pp. 201-4.

<sup>44</sup> In fact, this tenuous relationship to assets has pushed civilian members of the state bourgeoisie toward establishing, if not relying on, relationships with various top officials in the army and security apparatuses in Syria.

<sup>45</sup> See Patrick Seale, *Asad: The Struggle for the Middle East* (Berkeley: University of California Press, 1990), and "Timeline: Syria," in BBC News, Internet source at [http://news.bbc.co.uk/1/hi/english/world/middle\\_east](http://news.bbc.co.uk/1/hi/english/world/middle_east), 27 December 2001. Interestingly, the chronology provided by the BBC highlights the "Rif'at Sacked" section as one of five other major events in a Syria timeline that stretches from 1970 to 2001.

<sup>46</sup> Former Prime Minister al-Zu'bi immediately was expelled as a member of both the Ba`th party and its regional command upon official reports that accused him of being "heavily involved" in corruption and of committing acts "that conflict with the values, morals, and principles of the party and constitute a transgression of the law, creating severe damages to the reputation of the party and state and to the national economy." A long list of associates and other "corrupt" officials was drafted and people were arrested or "called in" by the dozens. Most significant among those were the former Deputy Prime Minister for Economic Affairs, Salim Yassin, and Minister of Transportation, Mufid Abd-ul-Karim. Al-Zu'bi was reported to have committed suicide while under house arrest. See the weekly *Al-Wasat* No. 437 (12-18 June 2000), p. 12.

<sup>47</sup> In theory and in practice, the Syrian constitution promulgated under Asad in 1973 (three years after the Corrective Movement) vested vastly disproportionate power in the hands of the executive, often at the expense of all other branches of government. In practice, the judiciary has been replaced by the Ba`th party's Regional Command, itself made up of the most powerful members of the state bourgeoisie. See the

stratum in various other LDCs, the state bourgeoisie in Syria often has appropriated public property for private use on a wide scale.<sup>48</sup> Indeed, the state bourgeoisie, with its dominance of economic decision-making at the expense of parliament and other nominally representative bodies, has had the power to make sweeping decisions regarding the distribution of the surplus generated in the public economic sector. Their positions as managers of the public economic sector also afford them control of “a significant part of the labor market,” a kind of power that has proven potentially divisive *and* debilitating during periods of economic liberalization, since labor is the sector whose interests are gored during such processes.<sup>49</sup> Thus, managers of state-owned enterprises (SOEs) did not invest in training labor for a more open market, making labor power in the public sector both more redundant and vulnerable vis-à-vis employment opportunities in the private sector. This neglect persisted for the most part during the much-celebrated economic liberalization decisions in the early 1990s.<sup>50</sup> Moreover, SOE managers manipulated individual workers with selective incentives that further prevented collective action among labor forces in the public sector.<sup>51</sup> Most destructively, managers of SOEs have become close allies with the labor union leaders, thereby further weakening the leverage of labor in general. The head of the General Federation of Trade Unions, `Izz al-Din Nasir, has been considered one of the wealthiest men in the Syrian public sector, not least because of the lucrative business deals with various partners in the private sector and the security apparatuses.<sup>52</sup> “. . . And this is the protector of labor rights,” quipped an official in the GFTU, as he was replying to a question regarding a mundane case of labor rights abuse.<sup>53</sup> The fortunes of people like Nasir are not always in their name formally, precisely because he could be tried for possessing unjustifiable wealth under changing circumstances. Along with others in the Syrian Cabinet, including former Minister of the Economy and Foreign Trade, Muhammad al-`Imadi, Nasir entered into various informal

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charts on the make-up of the Syrian Ba`th's Regional Command after 1975 in Batatu, *Syria's Peasantry*, pp. 332-353; and Source?, Syria's constitution, pp. ??

<sup>48</sup> See Dalila, “The General Budget,” pp. ??

<sup>49</sup> See Perthes, *The Political Economy of Syria*, p. 114.

<sup>50</sup> For further study of the neglect of SOEs, consult the economic series volumes published by the Economic Sciences Association in the mid- to late-1990s, a time when such criticism leveled at the public sector dinosaurs was somewhat encouraged by the then-up-and-coming “heir,” Bashar al-Asad. See especially the 1998 and the 2000 lecture series, including Arif Dalila's oddly titled “The Public Sector in Syria: From Protection to Competition” (*al-Qita` al-`Am fi Suriya: min al-Himaya ila al-Munafasa*), Paper No. 14, 2000 Conference Series (Damascus: Economic Sciences Association, 2 May 2000).

<sup>51</sup> For instance, upward mobility within the public sector usually is tied to one's membership in the Ba`th party, itself a position that requires renouncing of potentially opposing views, making promotion synonymous with consent vis-à-vis one's superiors. Other methods include the offering of privileges for those who cooperate among the most outspoken members of the GFTU. Author's interviews with public sector workers in the Health and Industry Departments, November-December 1998, Damascus.

<sup>52</sup> Various off-the-record conversations between the author and former public sector officials (September 1998-May 1999), including an interview with a former communist who serves as an academic advisor for the GFTU, 21 April 1999. Such information is naturally without documentation because of the political sensitivity and informal nature of such prevalent partnerships between officials and private businessmen.

<sup>53</sup> *Ibid.*

and silent partnerships with powerful businessmen in the private sector.<sup>54</sup> Sa'ib Nahhas, owner of one of the largest business conglomerates in Syria, has been a partner of various high-level figures in government, however informal/unofficial the partnership. Both parties in such partnerships need one another and usually are associated with other partners (officials and/or businessmen) simultaneously. Such cross-cutting relationships dilute the potential for collective identity on both the business and the state fronts.

In sum, the awareness of members of the state bourgeoisie of each other as occupiers of similar privileged social positions has not translated into a collective awareness of themselves as a distinct class or social category whose status ought to be protected and/or reproduced. Members of the state bourgeoisie are more eager to blend in with what is perceived to be the private bourgeoisie than to work toward affirming their affiliation with any official organization, i.e., the state, even though their ultimate security rests with it.<sup>55</sup> Exceptions to this preference have occurred during crisis periods in which the regime was in relative danger, of which the post-Asad period after June of 2000 is indicative. During that time, most members of the state bourgeoisie rallied to protect the regime *qua* regime, one with a particular set of institutions and rules governing state-society relations. Even then, it is noteworthy that the most cohesive mechanism of association at the level of the top political elite proved to be more communal than socioeconomic: regime strongmen who were opposed to an inexperienced and younger Bashar al-Asad knew well that an extensive struggle would jeopardize the hold of the `Alawis on the regime.<sup>56</sup> In that communal sense, individual matters were subordinated to rational group thinking (or collective interest), albeit of a primordial nature.<sup>57</sup> That is not to say that non-`Alawi strongmen did/do not exist, or that

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<sup>54</sup> The financial and logistical affairs of their private business partners, who usually formally own their joint assets, are facilitated directly by their partners in officialdom, often with no more than a phone call that urges bank officials to approve loans or customs officers to allow entry of shipments through land borders. Author's interview with former official at the Commercial Bank of Syria, 8 March 1999, Damascus.

<sup>55</sup> Such trends can be observed best in reverse, since no member of government, for instance, would vocalize this desire for being acknowledged as a member of the private bourgeoisie: i.e., prominent business leaders, including figures like Abd-ul-Rahman al-Attar, are quick to deny any affiliation with officials, whether or not they work together. Moreover, established businessmen like al-Attar would flatly distinguish themselves even from other businessmen who are known to be/have been the protégés of officials or security service men. It is such attitudes toward the new bourgeoisie and its protectors—as parasitic bourgeoisie—that many among the state bourgeoisie would like to overcome. Interviews with al-Attar, and other established businessmen who wish to remain anonymous, Damascus, 9 May 1999 (with al-Attar) and Aleppo, 3 April 1999 (noteworthy here is that al-Attar himself is considered by most Syrians as a member of the new bourgeoisie as well as a pioneer among the “trio” who cooperated with the state in the mid-1970s, including Sa'ib Nahhas (who ultimately declined to be interviewed) and `Uthman al-`A`idi (residing in Paris). The salience of this attitude towards the new bourgeoisie—state or private—in society at large is well documented even in the state-run press, especially the “Economic Page” of the daily *Tishreen* and *The Ba`th* newspaper weekly supplement, *al-Ba`th al-Iqtisadi* (which was published regularly until the year 2000). More blunt depictions of this attitude appeared in the two publications that were licensed after Bashar's succession, the economic *Al-Iqtisadiyya* and the satirical *al-Domari*. Though they are still in circulation, both publications' freedoms were curtailed along with the arrests of civil society activists in September 2001.

<sup>56</sup> See *MERIP Press Information Note #68* by this author, “Business As Usual in Syria.”

<sup>57</sup> It is important to emphasize the rational motivation for protecting a minoritarian regime and not confine the motives to sectarian ones. The reason is simple: even anti-sectarian strongmen within the

they did not share an interest in maintaining the regime. Rather, there are few shared interests that bring the state bourgeoisie together as a collective whole, and that which does bring the majority of them together in times of crisis—communal identity—is itself divisive in nature because it alienates the non-`Alawis among the state bourgeoisie. What remains the strongest common denominator among the state bourgeoisie is their desire to maintain a strong state sector, whether or not the private sector grows. Alternatively, it is the fear of the marginalization of the state that brings the state bourgeoisie together. So long as the state remains dominant, politically and economically, the state bourgeoisie tend to seek individual paths for economic prosperity.<sup>58</sup> In the case of Syria, such paths (i.e., large scale entry into the private sector) have been especially detrimental to economic policy-making because of the resultant fusion of the entrepreneurial and the bureaucratic functions in the person of the decision maker: those who run the state also run and own the largest parts of the private economy. The Syrian state bourgeoisie believe in the state but not in statehood.

### The State Bourgeoisie and Social Status

The fact that the state bourgeoisie does not constitute a class in the classical Marxist sense—since its members do not seek to reproduce themselves as a class—has not prevented them from trying, with invariable success, to reproduce and, in some cases, exponentially increase their wealth. Occupying top positions within the governmental and public economic sectors, the state bourgeoisie, as a collectivity of individuals, have been able to exploit thoroughly their privileges and access at the expense of both the public and the state. Amid the turbulent or, at best, uncertain political context that characterizes most LDCs, members of the state bourgeoisie also have sought to establish deeper roots in the broader social context from which they emanate. These attempts are triggered by their ultimately tenuous political-economic position, but also by a desire to achieve a social legitimization of sorts, given the relatively modest and rural social backgrounds from which most of them hail and the negative reputation many developed through their illegal and semi-legal business operations in the 1970s/1980s. The wealth that members of the state bourgeoisie have acquired through their control of public assets cannot be guaranteed for extended periods of time, for them or for their offspring. Thus, not only have they sought alternatives to capital accumulation through a direct entry into the private sector, but also they share a desire to be respected by both the business community and the society at large. However, in Syria achieving this desire has proven a most arduous task for the older generation because of the socio-communal divide between the political elite (generally rural-minoritarian) and the traditional business elite

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regime are likely to face a similar fate to that dealt to everyone else in the regime in case of a regime collapse. Hence, the behavior of protecting the regime is, first and foremost, rationally and not primordially motivated.

<sup>58</sup> See Waterbury, “Twilight of the State Bourgeoisie,” p. 14. This conclusion contrasts with Waterbury’s conclusion with respect to countries with strong private sectors such as Morocco, Turkey, and Iran. The communal factor in Syria proves decisive in determining individual or collective action. In times of crisis, the state bourgeoisie in Syria is able to discern how it is differentiated as a group that is perceived to belong generally to a particular minority. It is during such times that the state bourgeoisie begin to perceive a solid common interest, especially if the crisis involves social forces outside the regime.

(generally urban-Sunni), although some of their offspring seem to be making headway in the direction of social amalgamation and legitimation.<sup>59</sup>

The status to which the state bourgeoisie and their offspring aspire is close to the one accorded to the traditional bourgeoisie, with its oft-referred to business ethic, hard-earned labor and skill, and nationalist coloring, three of the attributes that the old bourgeoisie endlessly invoke to distinguish themselves from the “new bourgeoisie” as a whole, whether state or private. Despite some advances among the less hawkish [meaning of hawkish unclear here] offspring of the state bourgeoisie, this stratum as a whole faces some structural challenges and obstacles that prevent it from achieving the kind of socially respectable status for which it longs. The first obstacle is their past, or the history of their fathers’ careers, which often include exploitative, corrupt, illegal, and/or, in some cases, outright criminal practices.<sup>60</sup> In more structural terms, the state bourgeoisie and their offspring remain largely dependent on their proximity to the state and the governmental and economic public sectors as the guarantors for both their political power and capital accumulation. Without the state, they lose their access to the most lucrative rent-seeking opportunities and special privileges, from which they continue to benefit long after receiving them. At the same time, however, their ties to the state prevent them from achieving an independent social status and, thus, from being considered serious partners/allies by the broader business community. One might add that the mode of business operation that most members of the state bourgeoisie and their offspring have pursued has prevented them from developing the kind of entrepreneurial skills, and certainly the business ethic, that distinguish many members of the business community who must play by the “rules.”

### ***The Generational Factor***

In general, the state bourgeoisie have adopted one of two main options out of this dilemma, in which their relation to the state sustains their political power and economic fortunes but undermines their social status and independence. The first option, pursued by nearly all members of the state bourgeoisie, has been to go into business, to make a more decisive entry into the private sector while retaining their public office. This could occur either directly or by proxy, through their offspring or private partners.

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<sup>59</sup> Though the distinction between sons and fathers here is of a generational nature, the distinction among their offspring is rooted in personality differences. Certain sons of families that are politically well-poised (e.g., the sons of Hafiz al-Asad’s brother, Jamil) have tarnished their reputation by infinitely abusing their powers and privileges in the 1980s, whereas the current president, Bashar al-Asad, had developed a far more respectable reputation even among the prominent traditional families. Other examples abound, and most often involve distinctions among brothers within the same influential family.

<sup>60</sup> This indelible mark stains the most powerful—such as sons and daughters of Rif at al-Asad—as well as the offspring of the less powerful heads and deputies of various governmental and security agencies and apparatuses, who must contend with their fathers’ pasts. See articles on narcotics trade through Lebanon in the French press: “Lebanon became the major element in various forms of trafficking . . . smuggled products—including drugs and luxury cars—were transported towards Lebanese ports and the special markets of Damascus in convoys of military vehicles belonging to the 569<sup>th</sup> army division,” in *L’Evenement*, 11-17 March 1993.

Although the primary motivation was economic, especially for the elder among the state bourgeoisie, it was not necessarily so for their offspring. For many sons and daughters of the political elite, going into private business was not a step that simply allowed them to level with the business community, to achieve some sort of parity socially. It also reflected the non-political, and in some cases anti-political, stances of the new generation. It is quite evident, though, that nearly all the Sunni offspring have moved much farther away from politics, and from state-related posts, than have their `Alawi counterparts.<sup>61</sup> The reasons are not unrelated to the increasing `Alawization of the ruling elite and the limited promotion opportunities for non-`Alawis.

The other way out of the political power/social status dilemma (which is often a zero sum formula) is the increasing rate of inter-marriages that occur between state officials or their offspring (usually `Alawi) and the private bourgeoisie (usually Sunni). This trend, exemplified in the current president's choice of a Sunni bride, is also a result of mixed motives. It is seen socially as a catalyst for social amalgamation, while politically it is also intended to erode sectarian boundaries/differences that have marked the Syrian body politic since the late 1970s.

Ultimately, a result of these mixed motives on the part of the state bourgeoisie vis-à-vis social status and political power is often an odd division of labor, as it were, among their family members: some of their offspring, a minority of them to be sure, chose a military/political career, while the rest freed themselves up for opportunities they could exploit in the private sector, opportunities that are in more than one way their own creation or the creation of their relatives in government, military, party, or bureaucracy. This division of labor, a more extant characteristic since the mid-1990s, presents interesting parallels with the divisions in the state-business networks a decade earlier. During such earlier periods, primarily in the 1980s, state officials usually would go into partnership with up-and-coming business people or opportunists in the private sector, who would then manage their economic affairs informally, but in a more vigilant state-run economy. Now, however, the state bourgeoisie no longer need to rely on potentially threatening private sector partners for purposes of capital accumulation: they have their sons and daughters as their partners and they have a more open economic system. What is more, their offspring are often marrying into some of the most prominent urban Sunni families, thereby catalyzing their social amalgamation process while safeguarding their political and economic privileges.

Economically, an important concern of the powerful among the state bourgeoisie is to offset potential criticism or to keep it under check by maintaining a modicum of societal leveling, whereby social polarization is not threatening to the existing social order. Until the early 1990s, this was generally achieved by controlling the prices of non-

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<sup>61</sup> For instance, the sons of Vice President `Abdul Halim Khaddam and, to a lesser extent, the sons of the Defense Minister, Mustafa Tlas, have chosen careers in the private sectors. One of Tlas's sons, Manaf, however, decided to join the army ranks and is being catapulted by his childhood friend, Bashar al-Asad, into the upper ranks. Nonetheless, both Manaf and, to a much greater extent, his brother, Firas, have entered into private business. A special story on Firas Tlas was published in *al-Hayat*, largely because of his success as a businessman.

tradables and by an ideological cannon that affirmed the equal dignity of all Syrians. Since then, societal leveling has proved a more formidable task as scores of individuals and families, usually the offspring of friends or others with relations to the state, have accumulated untold wealth and have spent it lavishly as well as publicly, through, for instance, the building of resort-style villas and the purchasing of exorbitantly expensive European cars. Faced with a changed reality and a burst in consumption as the private sector's share of GDP grew tremendously in the mid-1990s,<sup>62</sup> the Syrian regime found it impossible to prevent the public from enjoying such formerly illegal niceties as satellite dishes and imported products (usually electronics) to which only the privileged had access. Gradually, the state began turning a blind eye toward various breaches of the "law," partly by allowing citizens to shop in metropolitan Lebanon next door and blatantly to install satellite dishes on their rooftops, a practice that turned residential buildings in cities like Damascus into near-disfigured structures, with dishes on nearly every balcony.<sup>63</sup> This newfound "freedom" and consumerism, however, reached its peak in the late 1990s and, worse yet, proved to be too much of an eye opener to many Syrians who previously had had access only to the infamously dull local Syrian Television. Today, the regime and its dependent state bourgeoisie are in search of ways to provide controlled political compensation for economic failures by allowing a modest resurgence of civil society. At the time of writing, that strategy has turned sour; some of the leaders of this resurgence were rounded up and incarcerated when the regime's old guard began to consider their power of mobilization as threatening.<sup>64</sup>

### ***The Discourse of the State Bourgeoisie***

The state bourgeoisie in Syria no longer shares or promotes a collective grand narrative with the old bourgeoisie. Instead, it possesses remnants of a discredited [OK] discourse, one marked by an amorphous Ba`thist ideology that largely failed in practice. In effect, the older generation among the state bourgeoisie ironically appropriates a statist discourse that is marked by a quasi-socialist coloring. What it retains from that discourse is geared toward public consumption, in sum, "a belief in the state itself, in its capacity to manage the economy better than the private sector, and in its duty to mobilize resources in a planned, rational, and socially responsible manner."<sup>65</sup> Perhaps because they are unable to do otherwise given their dependence on a state that still claims to be socialist, those in the state bourgeoisie repeat the age-old mantra that Syrian citizens have been

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<sup>62</sup> Syria witnessed remarkable growth in the size, capital, and activity of the private sector between 1986 and 1994. Its share of fixed capital formation rose from 34% in 1985 to 65% in 1993, with largely similar increases in its share of foreign trade, employment generation, and production in most sectors. See *Statistical Abstract* 1998, published by the Central Bureau of Statistics, Syrian Arab Republic, Chapter 16, "National Accounts," pp. 516-17, 523. Also see Perthes, *The Political Economy of Syria*, pp. 59-61, on the "Structural Results of *infitah*."

<sup>63</sup> Such shifts in consumerism were directly related to the entry of the state bourgeoisie's offspring into the market. Most of them avoided the comparatively high start-up costs of manufacturing and went into import/export businesses that provided products for the new upper classes and the modernized middle classes.

<sup>64</sup> More than ten civil society activists were arrested between the 6<sup>th</sup> and 10<sup>th</sup> of September, 2001, including outspoken industrialist and parliamentarian, Riad Saif, and outspoken economist `Arif Dalila. See *al-Hayat*, 7, 8, and 10 September 2001.

<sup>65</sup> See John Waterbury, "Twilight of the State Bourgeoisie," p. 12.

accustomed to hearing and ignoring simultaneously.<sup>66</sup> That does not mean that such a discourse has no function. On the contrary, it is the discursive justification, often legally supported, that is given when the regime cracks down on those who violate the quasi-socialist constitution. Ironically, some members of the state bourgeoisie often find themselves victims of their own discourse when they fall out of favor. The infinitely contradictory and dated laws and regulations that govern social, political, and economic relations facilitate such periodic crackdowns.<sup>67</sup> Thus, the state bourgeoisie must tread a delicate line, in theory and in practice, lest they face the fate of former Prime Minister Zu`bi and others who have found themselves either impoverished, incarcerated, or—in the case of Zu`bi--dead,<sup>68</sup> once they fell out of favor. Naturally, to be part of the state bourgeoisie is itself a violation of a number of rules and regulations. For instance, none of the salaried posts in the government, party, security services, or the army can support the lavish lifestyles of the least wealthy among the state bourgeoisie. Consider the salary of the head of the Central Bank in Syria, compared with the salary of his counterpart in Lebanon: the latter is exponentially higher, while both men enjoy similar lifestyles. The same magnitude of differentials applies to ministers, governors, army generals, and public sector managers.<sup>69</sup>

Needless to say, there is a dearth of documentation that reflects the discourse and narratives of the state bourgeoisie. Not only is their discourse—in public speeches or written statements—a series of endless extolling of the Asad legacy and a regurgitation of the official line, but many powerful members of the state bourgeoisie are not public figures. For instance, the heads of the more than nine powerful security apparatuses and close relatives of the Asad family—often with dubious official posts—are notoriously reclusive figures who remain faceless for most Syrians.<sup>70</sup> Researchers are certainly farthest from such figures or are advised to remain so if they wish to continue their research. Despite such field research obstacles, it is not difficult to discern the principal components of the essentially statist discourse: emphasis on the ubiquity of the state, the revolutionary nature of the Ba`thist socialist mission, and the importance of the public sector for both society and the nation as an independent and proud social entity. Ultimately, much of the statist discourse is distilled in the concepts of social peace and security. These concepts derive from recurrent speeches by former President Hafiz al-Asad, and regime supporters repeat them incessantly in response to critics who advocate change.<sup>71</sup> The state bourgeoisie have adopted this language and these concepts to remind

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<sup>66</sup> See Lisa Wedeen, *Ambiguities of Domination* (Chicago: The University of Chicago Press, 1999), Chapter 3, pp. ???

<sup>67</sup> Riad Saif, public lecture on the private sector, Goethe Institute Lecture Series, Damascus, 4 April 1999.

<sup>68</sup> See the weekly *Al-Wasat* No. 437, 12-18 June 2000.

<sup>69</sup> See *al-Hayat*'s depiction of such differentials, 27 August 2000. For instance, the salary of the assistant to the coach of a Lebanese soccer team is thirty times that of his Syrian counterpart.

<sup>70</sup> For years, if not decades, many Syrians could not identify the second or third most powerful man in the country, the notorious security strongman, `Ali Duba, head of the Military Intelligence Department (*shi`bit mukhabaraat `askariyya*), until January 2000.

detractors that what obtains in Syria—an unusually high level of social peace, security, and “order”—is not unrelated to the unending accomplishments of the Ba`th party.<sup>72</sup> Taken at face value, such claims were not without merit prior to 2011. The relative social peace that obtained in Syria between 1983 and 2011 compared favorably with the the civil strife and instability that proliferated in the region. Civil wars in Lebanon and Iraq, Jordan’s external dependence and frequent domestic uprisings, Egypt’s state versus opposition cycles of violence, and the continuing Israeli occupation of Palestinian land, all provided the Syrian regime and its supporters with an opportunity to overvalue the social peace that obtained there. The social, political, economic, and humanitarian cost of the acclaimed social peace not only was relegated to the background but also forthrightly denied and explained away by references to internal and external danger to an independent and socially just Syria. While the public did not internalize this statist discourse—as the (albeit aborted) resurgence of civil society made clear in 2001<sup>73</sup>—it did recognize the limitations of most available alternatives, at least prior to March 2011, and that recognition seems to continue to lend an essentially corrupt regime what one may call ‘negative legitimacy.’<sup>74</sup>

### **The State Bourgeoisie and the Institutional Context**

It is important to specify first that the most powerful individuals and groups within the Syrian regime are themselves the most affluent among the state bourgeoisie. Well known family names such as Asad, Makhlof, Shaleesh, Khuly, Sulaiman, Kan`aan, Fayyad, Safi, Ahmar, and As`ad have dominated both circles for the past three decades. All these families, however, are not unaware of the vulnerability of a rural-minoritarian authoritarian rule, even if the regime does not espouse an agenda that aims at elevating the fortunes of those with rural-minoritarian backgrounds. This vulnerability puts the state bourgeoisie in a social-institutional dilemma similar to that discussed earlier: the regime thrives on crises that necessitate the institutions of authoritarian rule, but the state

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<sup>71</sup> See Asad’s inaugural speeches, especially in 1991 and 1998 when “social peace” became a landmark of Syria’s domestic setting. Also see the introductions to ESA (Economic Sciences Association) papers (1991-2000) in which many writers seldom miss a chance to quote the president on the issue of “social peace” that Syria enjoys.

<sup>72</sup> This mantra is repeated in the print, audible, and visual state-run media to a deadening degree, although there has been a considerable toning down of both the tone and the language since Bashar’s succession in August of 2000. Much of this toning down of praise and figure-worship discourse was ordered directly by Bashar al-Asad upon his assumption of power.

<sup>73</sup> The manuscripts published by the Lijaan Ihya’ al-Mujtama` al-Madani (The Committees for the Revival of Civil Society) reveal the concrete ills that have struck Syria as a direct result of the regime’s corrupt and authoritarian practices over a period of more than three decades. This sentiment has wide currency among most Syrians, who, in any case, remain cynical about nearly all available alternatives. In fact, the failed resurgence of civil society, even if the ultimate reason for failure was that the regime crushed such efforts and imprisoned the activists, has deepened the cynicism of many Syrians who observed disorderly and narcissistic tendencies dominating civil society activists. Such episodes ultimately play into the hands of the regime and further ingrains what can be called “learned helplessness” among a vulnerable citizen base. See *al-Watha’iq al-Sadira`an al-Hay’a al-Ta’sisiyya* (Released Documents by the Central Committee), by Lijaan Ihya’ al-Mujtama` al-Madani, (Damascus: n.p., 14 April 2000).

<sup>74</sup> Negative legitimacy is what a ‘lesser evil’ enjoys, the kind of legitimacy that authoritarian regimes/leaders enjoy as a result of the people’s fear that the available alternative is a worse option.

bourgeoisie is increasingly seeking the kind of social legitimation that is difficult to obtain within the authoritarian context that they oversee. This would not have been much of a dilemma had the state bourgeoisie been uninterested in social legitimation or had it not differentiated itself communally during the previous decades through sectarian patterns of recruitment and promotion with regard to top leadership positions.

Because of the rural-minoritarian dynamics of authoritarian rule in Syria, the state bourgeoisie, as a social stratum—not as individuals—cannot yet survive in the private sector without the protection of the state or without a (albeit unlikely) transition to democracy. This is not an entirely obvious statement: the state bourgeoisie elsewhere, even in Egypt, is able to survive more comfortably than the Syrian state bourgeoisie outside the state, even if its fortunes decline. The reason involves the level of social amalgamation between state elites and business elites that exists in Egypt and that is still lacking in Syria. Specifically, the state bourgeoisie in Syria is not able to blend well with the traditional bourgeoisie because of the constantly renewed sectarian divide between the predominantly rural `Alawi political, bureaucratic, and military elite, on the one hand, and the increasingly mixed, but traditionally Sunni, urban bourgeoisie on the other. This divide is not intrinsic to Syrian society, but is historically renewed through increasingly sectarian patterns of recruitment and promotion at the level of the state. State and business elites in Syria generally hail from dissonant communal and regional backgrounds and have a history of antagonism that has not subsided, largely because of the continued and increasing exclusion of the Sunni community from top leadership positions, with a few exceptions, like vice president Abdul Halim Khaddam, who have been associated with the regime since the 1960s. The more affluent members of the state bourgeoisie—invariably from an `Alawi background—depend on the state not only as a source of rent-seeking, but also as a guarantee that their rights as members of a minority are protected, a fear that is not irrational given the increasing social hostility toward the concentration of wealth within the regime.

What the Syrian bourgeoisie *must* depend on is an institutional infrastructure that simultaneously legitimizes their rule and fends off any potential threat. On the one hand, despite the fact that the quasi-socialist Ba`thist ideology has been emptied of any real meaning, the regime still holds on to the socialist-populist rhetoric that is backed by its admittedly decreasing commitment to the public sector. On the other hand, the state bourgeoisie depends heavily on the coercive institutions as a last resort and as a continuously operative deterrent to potential threats. It is this dependence on coercion that chips away at the social status of the state bourgeoisie and it is the increasing gap between socialist rhetoric and practice that further delegitimizes the regime. The outcome, so far, has been a need for recurring crises to justify an essentially unwarranted ironclad rule that is notorious for corruption and wasteful allocation and squandering of resources. The networks that the state bourgeoisie formed with select individuals and groups within the business community mitigate the increasing opposition to the regime, but do not reduce its vulnerability to legitimate criticism. Only an unlikely financial breakdown—unlikely because of the semi-rentier nature of the Syrian economy that is based in large part on oil income and renewed geostrategic rent from rich Arabian Peninsula countries—is liable to make the state bourgeoisie try its hand at a more serious

restructuring that would include actual political liberalization and reworking of the institutional setting.

Another consequence of the dilemma of the state bourgeoisie is its mixed attitude toward economic liberalization, a process that invariably involves institutional changes or innovation.<sup>75</sup> The state bourgeoisie's weighty dependence on the state leaves the state bourgeoisie in Syria even more vulnerable to processes of economic liberalization than those in other authoritarian LDCs. However, economic liberalization could be, and indeed has been, the route through which the state bourgeoisie can establish themselves in the private sector. The state bourgeoisie dealt with this dilemma by seeking individual routes that often brought some of them together in networks with private businessmen. First, a substantial portion of the state bourgeoisie entered into the private sector through proxy by establishing partnerships of sorts with private individuals who pose as the front men for business ventures. These partnerships across the board—between business men and bureaucrats, military personnel, public sector managers, and even Trade Union leaders—began to grow and become consolidated in the 1980s, especially the latter half. Secondly, maturing state-business ties ended up forming not only an effective nexus between the state bourgeoisie and select partners in the business community, but they became the core of the informal networks that impacted the course, if not pace, of economic liberalization henceforth. More visibly, such networks became the launching grounds for new and rejuvenated economic institutions that represent private sector interests and that link the state to the private sector, namely, the Chambers of Commerce and Industry and the Committee for the Guidance of Imports, respectively. Thus, we witness a particularly circumscribed pattern of economic liberalization in the late 1980s and 1990s, one that largely benefited the same groups and individuals who already dominated the economic sphere prior to the introduction of liberalization policies.<sup>76</sup> In this manner, the state bourgeoisie were able to withstand the otherwise threatening waves of liberalization *and* benefit disproportionately, if not exclusively, from the opportunities it brings. As will be discussed throughout this research, this nexus between the state bourgeoisie and select groups in the business community has had a tremendous impact not only on Syria's economic liberalization in the 1990s, but also on Syria's broader economic and social development. It is important to emphasize that these state-business ties represent a strategic alliance or a deal much more than a durable alliance, as both the empirical record and Waterbury rightly remind us.<sup>77</sup>

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<sup>75</sup> See former minister of the economy and foreign trade, Muhamad al-'Imadi's policy papers, including "The Economic and Investment Policies of Syria," in Hans Hopfinger and Raslan Khadour, eds., *Investment Policies in Syria [Siyasaat al-Istithmaar fi Suriyah]*, Proceedings of the First Syrian-German Forum in Cooperation with the Faculty of Economy (Damascus: Damascus University, 1997); and ESA articles in the mid- to late-1990s. One article after another, by well-to-do state officials who represent their peers, has exhibited an ambivalent position toward liberalization, a position that is usually replete with contradictions that affirm the importance of the private sector yet deny it the necessary instruments that it needs for proper functioning. In fact, this contradiction between rhetoric and practice suits members of the state bourgeoisie: on the one hand, the rhetoric opens the door for private business activity, in which they are heavily involved, and, on the other hand, the reality of business operations is imbued with constraints and bureaucratic hurdles through which they stand a good change at navigating.

<sup>76</sup> See Dalila, "The General Budget."

<sup>77</sup> See Waterbury, "The Twilight of the State Bourgeoisie," p. 12.

## **The State Bourgeoisie and Economic Liberalization in Comparative Perspective**

Although state officials and salaried managers have cooperated or colluded with private sector members nearly everywhere in the developing world, we can observe some serious differences in the characteristics of the state bourgeoisie and in the developmental consequences or implications of such alliances. Such differences include the concern or support for higher vs. secondary education, the level and proliferation of skilled vs. unskilled labor, and the variance in manufacturing consumer durables vs. cheaper goods for everyday use, among other factors. As will be discussed later in this research, on virtually all of these counts, Syria compares unfavorably with similar cases, such as Egypt, where the state bourgeoisie is also a contentious social category.<sup>78</sup> In Syria, the alliance of an extraordinarily security conscious state bourgeoisie with select members of a largely desperate business community dwelling in a tightly regulated environment has had even more detrimental consequences on education, labor, and production. The timing and backdrop of liberalization policies, the opportunities and options involved for the state bourgeoisie, and the legitimacy of the concept of private capital, all furnish a working explanation for the difference between the Syrian and Egyptian state bourgeoisies.

Two principal factors that account for a major part of the variance between Syria and Egypt on the question of the state bourgeoisie are the timing and backdrop of liberalization policies vis-à-vis regime change and the stage of public sector expansion. First, a regime/leadership change seems to make subsequent private capital accumulation more legitimate, assuming a relaxation/abandonment of some constraining socialist strategies. Secondly, it seems that when liberalization policies coincide with bureaucratic and public sector expansion—even at the tail end of expansion—the institutionalization of private sector interests seems to occur along more disciplined and formal lines, even if informal relations and backdoor deals continue.<sup>79</sup>

These two factors in no small part characterize the difference between Syria and Egypt on the question of state-class relations. Economic liberalization occurred earlier on in Egypt, soon after the death of Nasir, thus coinciding with serious ideological and structural shifts in the political economy of that country. These shifts, while not revolutionary by any standard, allowed for a more legitimate opening to private sector interests and accumulation.<sup>80</sup> At that time, during the early 1970s, the Egyptian bureaucracy and public sector were by no means contracting. Though not substantial, a middle-level public sector job would furnish a decent living standard. Moreover, though not thoroughly efficient, the public sector was not in ruins. By contrast, when economic liberalization policies

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<sup>78</sup> See Richards and Waterbury, “The Emergence of the Public Sector,” chapter 7 in their *A Political Economy of the Middle East* and John Waterbury, “The State Bourgeoisie and its Allies,” pp. 247-262 in his *The Egypt of Nasser and Sadat*.

<sup>79</sup> Backdoor deals are not unique to developing countries, for they occur in both advanced and developing countries. The problem is that in many developing countries, there are few other avenues for economic prosperity.

<sup>80</sup> See Waterbury, *The Egypt of Nasser and Sadat*, pp. 259-60.

began to emerge in Syria in the late 1980s and early 1990s, there was no corresponding shift in the fundamentals of Syria's political economy or ideology, nor was there a change in leadership on all fronts and at all levels. In addition, by the time the government officially acknowledged the role of the private sector in the national economy (1991), crony networks had been consolidated, the public sector had for years been nearly bankrupt, and inflation had already eaten up the purchasing power of public sector wages at all levels. Throughout the 1980s, prices had increased sevenfold, while wages increased twofold.<sup>81</sup> Most important, the Syrian regime was in desperate need of capital and foreign exchange at the same time that it was able neither to privilege private capital accumulation ideologically, nor to allow international financial institutions to meddle with its economic policies.<sup>82</sup> As much as analysts of Egypt's political economy would like to assert that the magnitude of state-business cronyism existing in Egypt is harmful for the economy (OK for clarity?), it still compares favorably with Syria. The predicament of the Syrian regime toward the end of the economically disastrous decade of the 1980s left it with few options but large-scale informal cronyism far surpassing that of Egypt, a country where business associations, foreign companies, and direct foreign investment proliferated.<sup>83</sup> None of the latter factors were available to Syrian businessmen in any meaningful capacity domestically; at the same time, the state was unable and unwilling to allow for external interference or for effective domestic representation of private sector interests. This created a situation of mutual vulnerability between state and business in the economic sphere, leading to the proliferation of unbridled rent-seeking among them, with virtually no legal watchdogs, save security concerns.

### **Concluding Comments on the State Bourgeoisie and Big Business**

Finally, it is nearly impossible to disentangle the interests and fortunes of the state bourgeoisie from the rest of the Syrian upper classes, especially in light of the deeply-engrained networks that combine the state (bourgeoisie) component and the private business component. On the one hand, together they form a class that benefited for quite some time from a particular state of political-economic affairs. On the other hand, the connection of the state bourgeoisie to the fortunes of the regime is more organic, yielding different levels of political commitment and loyalty. This does portend some breaking

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<sup>81</sup> See Perthes, "Wages and Cost of Living," pp. 28-29. According to official figures, there was a 36% and a 60% rise in consumer prices in 1986 and 1987, respectively, and "true inflation rates were believed to have increased by more than 100 per cent in each of these two years." See Sukkar, "The Crisis of 1986 and Syria's Plan for Reform," in *Contemporary Syria*, p. 28.

<sup>82</sup> Interview with Ratib Badr al-Din al-Shallah, Damascus, 9 May 1999.

<sup>83</sup> Egyptian state employees have had a broader choice of working with foreign companies operating in Egypt, or, through these foreign companies' branches in Egypt, they can work elsewhere in the Arab world. By contrast, the extent of direct foreign investment in Syria always has been less than one percent since 1965, and most Syrian state employees have not been sufficiently trained to benefit from high paying jobs abroad. The most lucrative option for former state employees in Syria is a shady private sector that requires more contacts than skills. Thus, many remain dependent on the decreasing real wages of the public sector and have fewer opportunities for social mobility without abusing public office. On Egypt, see Karen Pfeifer, "How Tunisia, Morocco, Jordan and even Egypt became IMF 'Success Stories' in the 1990s," *Middle East Report*, no. 210 (Spring 1999), pp. 23-27. On Syria's direct foreign investment, see the Economist Intelligence Unit's *Syria: Country Profile 2000* (London: EIU).

point threshold where the loyalty of the non-state related private business would be tested. The apparent political stalemate in Syria during 2012 is based, to significant degree, on the fact that metropolitan big business, public and private, either stands firm with the regime or at least has not withdrawn its support explicitly.<sup>84</sup> This does not mean, however, that the more “private” component of the business community will not break away from the regime’s zone of alliances under changing circumstances. However, such defections have been rare to non-existent more than a year after the protests began, and this notable aspect demonstrates the intertwined interests of all members of the Syrian bourgeoisie. All the bourgeoisie have benefited from the same economic dynamics over the decades, and invariably at the expense of the majority of the Syrian people, and perhaps even at the expense of the state *qua* state.

The fortunes of what can be called the state bourgeoisie and their offspring became intimately related to, and dependent on, the acceleration of (albeit corrupt) forms of state capitalist accumulation which, in its Syrian variety, has benefited neither society nor the state *qua* state. Consequently, this state of affairs, with roots dating back to the mid-1970s when joint public-private sector projects were launched, made it increasingly difficult to speak convincingly of state and business or bourgeoisie as totally separate corporate interests, unless we are referring to empirically blurry categories that are analytically unhelpful at this point. Economic policies in particular, and economic change in general, became subordinate to a new set of economic objectives that reflect neither the interest of a state seeking to swell its own coffers nor the interest of an ascending business community as a whole: this new set of economic objectives reflected the hybrid influence of elite officials and big business as expressed through an amalgam of informal networks. Although the top regime elite still determine the broad “red lines” of the economy—e.g., issues of privatization, the increasingly shrinking list of “strategic industries,” etc., the networks combining state and private business actors continue to enjoy abundant economic freedom, which explains their behavior during the 2011-12 political turmoil.

Strategically speaking, even though the private component is less likely to support the regime to the very end, its members do know that the most powerful components of the business community in Syria is organically allied with the regime, and is not likely to abandon it. This state of affairs reduces the possibility of core defections from within the state bourgeoisie and raises the stakes for an early exist/defection by the private business actors. Hence, the importance of recognizing the distinction in the position of members of the private business community between their outward and inward position: many are only strategically sticking to the regime’s position for now, and would be ready to switch sides swiftly if it appears that the regime is not going to make it. In contrast, the overwhelming majority of the state bourgeoisie will stay the course. This potential split and/or impending regime collapse furthers the argument that the Syrian regime is brittle: it’s still powerful, but not invincible.

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<sup>84</sup> Bassam Haddad, “The Syrian Regime’s Business Backbone,” *Middle East Report*, Spring 2012, Number 262, p.?

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