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The Political Economy of the Syrian Crisis

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Abstract

This essay investigates the subject of history or the social class that has precipitated the social disaster in Syria. The subject of history is the social force that moulds social relationships to ensure an outcome favouring its class interest. The essay follows the circuit of capital by which value veers away from the working class towards national and US-led capital. Politically, the case for collusion between the Syrian regime and US-capital is nebulous. On one hand, the regime supports radical resistance to US-imperialist hegemony. On the other, the regime, in key historical moments, constrained the Palestine Liberation Organisation and the Lebanese National Movement in 1976, encouraged sectarianism and participated in the coalition of the willing in the war on Iraq. At the political level, the regime appeared savvy, in the sense that it acted below ceiling set by US-led capital. However, in terms of the allocation of resources to wasteful ends, this essay, through a reading of Syrian economic history, finds proof of structural collusion between the Assad-led class in Syria and US-led imperialism. The Assad regime presided over a social class predisposed to grow into the dollar denominated money sphere and, as such, it became a structural and subordinate partner of US imperialism. The Assad regime turned its back to national industry towards value snatching from the working population and a mode of import-led commercial growth. Notwithstanding its repression, because it did so, it succumbed and caused the regional balance of forces to be tilted further in favour of US imperialism and its allies. This is a *déjà vu* of Alavi's note in respect to the excessive practices of the state bourgeoisie that extend far beyond the logic of what is necessary in the interest of orderly functioning of the peripheral capitalist economies. In this essay, I argue that there were two levels of deception propelling Syria into disaster. Firstly, the Syrian military-merchant class, in a self-serving manner, deployed its technocrats to infuse public opinion with the fantasy of free markets in order to further regiment and control the labour process. Secondly, US-led imperialists adumbrated their broader objectives of regional oil control and deluded the Syrian regime and its associated class with the idea that imperialist interests could be principally satisfied with money-form gains drawn from Syria alone or, more facetiously, that regional peace was a possibility. The Assad regime effectively administered the implicit terms laid-down by US-led capital and was later sacrificed on its alter. Throughout this process, the Syrian regime and its class drew their strength from the very defeat incurred by the Syrian social formation. Defeatism provided the ideological veneer for the regime's self-serving pragmatism. The regime parted with the thesis of combining development with security objectives, formally split the economics of resistance from the politics of resistance and pursued resource-grab in a destructive way. As such, the

Syrian state was only secondarily the Syrian regime's medium of repression and exploitation, it was principally imperialism's. This essay argues against the received wisdom that a small clique in a somewhat isolated state makes history. The social forces that produced the conditions for blind accumulation, when the Syrian regime combined absolute political and economic power, are the imperialistically imposed undercurrents upon which the regime engages in rent-grab. As social ideology ebbs and labour as an internationalist power fragments, US-led capital continues to be the uncontested subject of history.

I. Introduction

That the Syrian regime squeezed Syrian state to an extent beyond its own interest is borne out by the recent uprising. The reasons for the ongoing social collapse oscillate between the purely economic to the wholly political and shades of synthesis in between. To whichever side of the argument one leans, the military in alliance with differing sections of society is alleged to personify the perpetrator or subject of history. But the most relevant overtone of the uprising to date has little to do with the domestic conditions, and more to do with the great tectonic collision between the Sino-Russian camps on one end, and the Euro-American camp on the other. The world appears to be reliving a proxy-war for the division of peripheral formations resembling to some degree a pre-First World War scenario. Prior to the uprising, the Syrian regime and its associated social class did not usurp the resources of Syria driving it to the point of uprising without the tutelage of Western powers and World Bank advice on liberalisation. Since the uprising, the Syrian regime and its associated class, badly battered as they are, could not have remained in power without the support of the Sino-Russian constellation. Thus, the vocabulary convoluting the Syrian regime's role into the subject of history is a mis-categorisation and an inadequate conceptual tool of communicating developments in a process. It is an abstraction too close to detail, meant for an ideological blame game, rather than a fuller understanding of the process leading to the uprising.

On ethical grounds and by the Kantian moral equivalence, all parties involved in the making of conflict are implicated. But by a reasoned position that mitigates the intensification of atrocities on a global scale as a result of Syria's succumbing to the US-led imperialist camp and, the subsequent deepening of the rule of capital, it is just the cohort realigned with US-militarism *qua* the encroachment side of accumulation that bears

the burden of responsibility.¹ It may be as well to note that it is the dominant class *cum* its ideology which determines historical relevance including the subject of history in line with its values. However, the notion that a small military clique in a strategic corner of the globe commandeers history is firstly, *prima facie* absurd and, secondly, methodologically flawed because it represents a one-sided abstraction that only partially portrays the path of events and, hence, a falsification of fact. Neither Syria as a political entity nor the very constitution of its internal conditions can be said to be primarily executed by nationally bred forces. As I will argue in this essay, it is no haphazard matter that Syria parted with etatism and the allocation of the social product to developmental ends receded pursuant to two military defeats in 1967 and 1973. As more Arab countries flew into the US-led 'moderate' orbit, Egypt in particular, the regional balance forces further tilted against Syria. In spite of its pan-Arab hubris, Syria's waning position became glaringly obvious even to its own population. In a self-serving manner, which coincided with the goals of US-led imperialism, the regime and its associated class used the growing state of defeat as an alibi to pass more of the 'pragmatic' concessions that eroded development and security. For long, the working population tolerated the heavy price of austerity as the price to pay for its anti-imperialist position, but the state bourgeoisie siphoned the resources and stifled the sacrifice. Changes to the national class formation, specifically, the expansion of the cultural medium for private sector growth, responded to the coincident demands of US-led imperialism and the Syrian bourgeoisie.

The creation of Syria and its course of history are primarily shaped by monolithic extra-national forces, in which, military force represents the foremost component of the power structure. In this essay, I will argue that the determining moment in recent Syrian history represents a cross-border class alliance in which the regime and its national alliances were

¹ This is not to say that the Syrian regime does not bear the burden of responsibility whereas US-led capital does. Both are involved in the making of atrocities and, therefore, both are responsible. Already, in its capricious alliance with US-led capital, the Syrian regime became contingently one and the same with US-led capital and both drove the working class into abjection. The Syrian regime's desultory alliance with US capital was driven by the Syrian bourgeoisie innate compulsion to grow into the dollar denominated space, which was momentarily restrained when regime legitimacy came into question. When both the Syrian regime and US-led imperialism are joined in a class alliance, both are responsible. At this Kantian equivalence stage responsibility is not greater for those whose acts have worse consequences. Responsibility is immeasurable. The practical ethical challenge occurs when we motivate the issue historically by asking what revolutionary act should be carried out to halt the atrocities and humanise the war-leaden social relations that were produced by the subject of history. Given the strategic importance of the region, these war breeding social relationships engulf the globe. It is at this juncture that it becomes relevant to design acts and policies that situate the national struggle in an anti-imperialist context, otherwise, the parties that do not, actually bear the burden of responsibility.

the structural partners of US-led imperialism. Their class ties superseded national interests. In the shadow of a distorted power structure, the Syrian regime and its associated class parted with etatism and espoused a mode rent-grab from national and outside sources. In its later stages of development, the class in charge of Syria misread US-led imperialist goals of hegemony, and was sacrificed along with the social formation by the very imperialist partner that had groomed its inauspicious path. In its uneasy alliance with imperialism, the Syrian regime and its associated class are secondary in relation to the making of Syrian history; with secondary meaning a derivative of a balance of real and ideological powers in which military force has always figured prominently. The regime and its associated class administer the state of affairs, but the historical scene was designed by the resultant force of an inter-imperialist struggle for the control of the Near East. Although to a degree every regime enjoys some partnership with extra-national classes, the peculiarity of Syria's exposed security and sovereignty position in the Near East and the degree to which the region falls subject to the diktat of accumulation by encroachment wars, imply that the regime and its associated class, necessarily but not exclusively, structurally fulfilled the diktat of US-led imperialism. In that context, the regime's margin of manoeuvre and autonomy are so defined.

The received wisdom posits that the Syrian regime represents the primary agent of contemporary Syrian history. In the like of the heroism in ancient Greece, a handful of people in power, in a somewhat isolated totalitarian state are depicted as the evil force responsible for Syrian political and economic distress. Syria the nation state as well, is reified into an agent, which is incapable, for 'inherent' reasons, of meeting the challenges of democratisation and modernity. This facile interpretation is loaded with racial and ideological bias. Not that demarcating by statistical proportion the degree of isolationism is ahistorical; in Syria, neither the regime nor Syria can be said to enjoy any significant degree of separateness from the rest of the world. The purpose of this essay is to rebut the received assumption and to assess Syrian history from the point of view of the inter-connectedness the Syrian class structure to imperialism. It is to demonstrate through tracing the circuit of capital or an account of recent economic history- in so far as it can be documented- that the process of accumulation by encroachment, which is headed by US-led capital, is central to recent developments in Syria. In the like of its colonial predecessors, US-led capital stands to benefit more from a fragmented non-sovereign Syrian state than a cohesive entity. These relationships are real and the real persons in them are appended to the ruling Syrian military-mercantile class and personae of international financial capital and governance structures, which exemplify the dominant social structures

globally. Much had already been said about the regime's political swerve to the right in key historical moments: the containment of the Palestine Liberation Organisation and the Lebanese National Movement in 1976, the encouragement of sectarianism and its participation in the coalition of the willing in the war on Iraq, to name a few. This essay will only present economic evidence of structural collaboration. It will principally address the pattern of value divesture as proof of a complex class alliance between the Syrian military-merchant class and US-led imperialism, as a result of which national development faltered and contributed to collapse. I will trace the pattern of resource allocation from the etatist mode to the neoliberal mode, which is inherent to the Syrian state bourgeois class as it makes the leap to a bourgeoisie proper and, which is also a compromise to US-led imperialism.

II. Pre-analytic

The subject of history cannot be defined as Syria, the state. As a deployable concept, the Syrian state, fraught with contradictions and unravelling as it is, would be less than adequate in encapsulating the role of social forces in a political process. The Syrian state was already on a downward path, which is post facto proof of the overbearing presence of class over state. For the purpose of this essay also, the subject of history is not an analytical interplay between agency and structure, but an articulation of classes which is reconstituted by imperialist aggression aimed at the control of a strategic region. There is also to begin with a need to avoid one-sided concepts and to recognise the prevalence of class relationships over a class. Social classes cannot exist outside class relationships that bond them together in alliances. It is within these relationships that national class structures in their relationship to imperialism are constituted. Classes become a materialisation of relations between classes including their subjective, cultural and symbolic dimensions. These relationships between classes are founded upon social relations of production, which are capitalist and will have to be defined in their specificities and development. To the extent that these relationships between classes rest upon relationships of production, they are essentially, but not exclusively, relationships of domination, exploitation and, in a developing context, imperialist control. In Syria, as in many Arab countries, the specificity of rent-grab came to characterise the social formation; that is, rent which accrues to the ruling military/merchant class without rising national/social productivity or productive effort. The space into which nationally grabbed wealth is to grow necessitates an alliance of the ruling class with classes rooted in the dollar-based international financial structure.

The distinction between national classes and imperialism is only marginally defined in terms of the rents earned in money form. Syrian dollar assets, in any case, are re-circulated abroad and are namely held in US treasury bills. Moreover, the relatively small amount of money capital drawn from Syria by the ruling military/merchant class is not the primary concern of US-led imperialism. In the Near East, the core objective of imperialism is one of strategic control so as to pressure the rest of the world into submitting to its political and financial order. The objective of the national ruling classes, however, is to commandeer the national accumulation process for the purpose of generating wealth from the national economy itself. These objectives do not necessarily overlap, and although the Syrian military/merchant class and US-led capital coincide when their earnings are tabulated in dollar form, they are engaged in the accumulation process and draw their earnings from differing practices. Here, one witnesses that although the dollar universalises two strands of capitalistic social classes, the Syrian rent grabbing social classes will remain subservient to US-led financial capital because they need to place their capital in dollar form as they grow. For US-led capital, imperial rents, dollar seigniorage, and security premiums generated from control of the Near East supersede the pittance in trade generated from an Arab economy. Thus, there are two principal social classes, the regime's and imperialism's, cohabitating in an uneasy symbiosis, where the regime's class represents the subordinate partner whose narrow interest is confined to rents via the state. Imperialism generates its rents from the debilitation of the sovereignty of very state from which Syrian national tyrants usurp their wealth.

US- headed financial capital engages the Near East (including Gulf) for the strategic control of oil. The relationship of oil or the political arrangements of control around oil to class is extra-national and construed by a constellation of global powers to ensure the disempowerment of Arab working people. An empowered working class implies a degree of popular sovereignty and, conversely, a possible ebbing of imperialist hegemony. In this region, wars dispossess the working people of their political and social rights as well as of their resources, leaving the security of the labouring classes and national security both exposed and vulnerable. War in the Near East is more a rule than an exception and the degree of tensions all on its own contributes physically and ideologically to expanding the global accumulation process. A growing crisis of capital implies that the social dislocation of Arab social formations will proceed by the degree to which imperial rents redress crisis of market realisation or declining profit rates. As per Marx, the money form is the mediation value relationships in which the disempowered working class enjoys little bargaining clout. These arguments are rooted in the literature on the political economy of imperialism. 'Militarism is not only in itself a province of accumulation,' it

also serves through encroachment and dispossession to offset the inherent crisis of accumulation on the realisation side through simple market expansion (Luxemburg 1973 [1913]). Lenin also emphasised that militarism is 'the principal means by which capitalism could overcome the disparity between the development of productive forces and the accumulation of capital on the one side, and the division of colonies and spheres of influence for finance capital on the other' (Lenin 1966 [1916]). Wars on the Arab world reflect inter-imperialist rivalries, which linger despite the financialisation phase of imperialism. Certain corners of capital are dissatisfied with the disproportionate US-led elite of the financial rent, US indebtedness and the risk it poses to devaluating wealth holdings in the dollar. US imperial rents rise by the degree of strategic control of oil it exercises in the Near East, a process that principally underwrites the dollar as the world's medium of wealth holding.²

Within the context of imperialist hegemony, it so happens that Iran's growing capabilities undercut the stature of US Empire and its drive to control the Eastern flank of the Gulf. Although at its core Syria's relationship with Iran is 'business-like,' Iran's and Hezbollah anti Israeli position provides a facade of legitimacy to counteract the regime's snatched share of wealth. As the degree of tension in the Gulf rises, however, the old stabilisation arrangement that the Syrian regime brokered at the behest of US-led capital in return for geopolitical rents lost its significance. The idea that the regime would continue to kowtow to imperialist diktat in not permitting the type of development that empowers the working folk has also ebbed. In the new phase of the US-Iran stalemate, the rules of the game changed. More than the complete capitulation of the Syrian regime was required, as opportunity allowed of course. The destruction of the social and physical infrastructure and the re-situating of imperialist forces as partners in the formation of the state is the new mode of imperialist articulation in the Middle East. US-led imperialism has developed a new form of colonialism: a weak and fractured state in which its leverage, principally by military means, brokers decisions. With momentum building against Iran, Syria has to fall first. That is principally why the Syrian conflict experienced a single phase: that of war without scope of resolution.³

² Avramidis S., Articulation by the 'barrel of a gun:' development under the threat of war in the Near East, *Historical materialism Conference*, London, 2006, <http://mercury.soas.ac.uk/hm/pdf/2006confpapers/papers/Avramidis.pdf>

Patnaik P., *The Value of Money*, Tulika, New Delhi, 2009. And, for a short summary of the commodity basis of money see Ernest M., *The Basic Theories of Karl Marx, Marx's Theory of Money*, <http://www.internationalviewpoint.org/spip.php?article286>

³ In this article, as in many others, the idea is being entertained is that US power is receding and that the possibility of a transition to secular democracy in Syria is possible. See, *The Syrian revolt enters a new phase*, Tuesday, July 24, 2012, <http://www.leninology.com/2012/07/the-syrian-revolt-enters-new-phase.html>

More importantly, in view of the many foundering states in the Middle East, US-led encroachment capital continues to thrive in a militarised milieu. The power of capital measured by the degree of its strategic control in the Near East, given the absence of viable working class forms of organisations or, for that matter, sovereign states in the Near East, is at its peak. To entertain the notion that the US is weakened and, subsequently, a revolutionary force in Syria would erect the first pluralist democratic state in the Near East may be conceptually based on a fetishised concept of the nation state, or an understanding that strips the state of its constituent classes.

III. The debate on reforms in short

Neoliberal policies, as adopted by the Syrian regime, pushed the share and revenues of the working class to below the historically-determined minimum income and contributed to the making of the recent uprising. Reified-economic causes or a political agenda, at times without grounding in a politico-economic context, are presented as reasons, among many of course, behind Syria's slide into the abyss. Alleged economic problems arising from the statist or state-controlled economy, such as low levels of productivity, resource misallocation, institutional weakness, debt build-up and foreign exchange shortages are given a life of their own and assumed to occur naturally under etatism contributing to collapse. As the rate of capital accumulation measured by the growth rate bogs down and state-led investment deteriorates, the offshoot of that is for private investment to replace it and privateers to push policy-makers to pursue *infithah* (openness). Liberalisation is said to mobilise local and foreign capital, and acquire debt relief loans and other subsidies from the international community (Barkey, 1992; Richards and Waterbury, 1996; and Hopfinger, 1996). Authors like Perthes (1995: 15), Polling (1994: 17) and Sukkar (1994) contend that it is basically Syria's economic crisis of the late eighties that pushed the regime into pursuing a market-driven economic order. Richards and Waterbury (1996: 162) further posit that economic crisis forces fiscal and political adjustments. They describe the move towards transition as being 'unnatural,' because there are some 'interest groups' who are benefiting from the *status quo*. However, is it not somewhat 'natural' for the state bourgeoisie to make the most out of the transition, given its grip on power and because it can deploy the initial funds necessary to convert public into private assets. In an adjacent manner, one presumes that the concept 'natural' is for capital to devour man and nature in its pursuit of profit and not otherwise.

Beblawi and Luciani (1987) introduce theories of the rentier state (a government that derives on a regular basis a key portion of its income from

external rent or export of raw material), and consider the state as the principal recipient and distributor of external rent in the economy. They describe economic transformation as being primarily driven by a fall in rent. The fall in economic rents pushes the state to decrease its role and increase the role of the private sector. The state is viewed as the main facilitator of economic liberalisation as it responds to economic pressures. The liberalisation process is viewed as an outcome of the interplay of internal challenges, such as economic deterioration rather than an outcome of international pressure, or more specifically external political considerations. More so than anywhere else probably, in an Arab context the state is privately owned. The devolvement of rents in an Arab context principally assumes stabilisation functions. Although the contradiction between the pressures to accumulate and the need to stabilise is not easily containable, the fall in rent can be redressed via more egalitarian distribution or stabilisation funds rather than in heightened repression. The exigencies of the fall in rent in Syria, however, were exacerbated by neoliberal reform. These reforms stiffened the regimentation of the labour process to the point where they would allow the social structure to come undone. This literature, which bases rent grab on some pathological personal drive rather than an inherent tendency of capitalism, suffers from an unfounded disconnect between the formation of social classes and the state. In an Arab context, the hold of ruling oligarchies on the state is ironclad and, hence, to postulate matters as such is absurd.

Whilst some stress economic crisis as the main driver of economic liberalisation; others point towards political considerations. Callaghy (1990: 257-319) and Haggard (1990) adopt the view that in authoritarian state-controlled regimes, political considerations precede economic considerations when the latter become risky for the political survival of these regimes. These authors argue that economic and political logics or considerations are irreconcilable as economic decisions end up being governed by the regime's political considerations. From a more synthesising standpoint, Heydemann (1992: 14-16) contends that the 'political logic of economic rationality dominates,' and states that authoritarian regimes can actually react rationally to economic crisis, especially when the latter creates a threat to its security and when political pressure mounts from its state bourgeoisie, whose welfare and benefits deteriorate with the economic downturn. He adds that 'under these conditions, the logic of politics becomes, in some measure, the logic of economic reform' (Heydemann, 1992: 15). In parallel, Hinnebusch (2001: 116-118) posits that in the Arab authoritarian regimes, such as Egypt and Syria, the ruling elite's preoccupation has been to secure both their class-based interests and the regimes' securities. This concern has required compatibility and balance between political and economic logics. He points out that 'while

a neo-mercantilist regime subordinates economics to politics, it recognises that national power requires a healthy economic base' (Hinnebusch, 1993: 199), because 'usually neither logic can wholly prevail' (Hinnebusch, 1994: 98). In addition to that, if political logic does not place itself in harmony with economic logic, then economic crisis will unfold. Moreover, Pool (1993, 47-48) draws examples from some Arab countries as to how both economic and political imperatives – the latter ranging from political uprisings to external intervention – accompany the process of limited and partial economic reforms. He adds that the political liberalisation in some Arab states has been shaped by both economic liberalisation and the 'tactics and strategy of regime survival' (Pool, 1993: 50). In synthesising manner, the transformation is also considered to be neither a response to an internal economic crisis nor to a regime's political considerations. Rather, it is the interplay of both political and economic considerations that shape the transformation process (Niblock, 1993: 57 and Hinnebusch, 2001: 114 and Heydemann, 2000).

In this strand of literature, the distinction between the economic and the political may be analytically over-emphasised. It is the political consideration of control over the labour process that holds primacy in respect to the degree, timing, and even targeting of reforms. When measures of social control are erected, the money form earnings tally by different media, private or public, in a manner that reflects the degree of power exercised over the working class. The regime's political rationality does not solely rest on internal factors, but in addition to that it is the role that Syria plays in a highly volatile and strategic region that also buttresses the argument for the primacy of politics. Economic crisis driving reform does not provide a complete picture. It is anecdotally said that Hafez Assad would coyly insinuate that the regime cares less for the economy than it does for the politics of stability: 'do whatever with the economy, but leave the politics to us.' In any case, liberalising reforms are permitted to transfer public into private assets at a rate that does not jeopardise political control over the means and end products of production, and that despite the pressures arising from a Veblen type competitive emulation in consumption patterns.

Although economic issues were taken into consideration, determinacy however rests in political considerations. That is to say, economic reforms were subordinated to political priorities, basically regime security and its *raison d'être*. Only when economic crisis represented a serious issue in a sense that it threatened political legitimacy, the state bourgeoisie took measures in a way that best served and safeguarded the security of the regime (Heydemann, 1992: 17-32). 'Elites can therefore, to a considerable extent, determine the pace and scope of reform according to their

own goals and interests while adapting it to economic and external exigencies' (Hinnebusch, 2001: 116).

According to this line of reasoning, an accelerated and full-fledged form of economic liberalisation was not pursued in order to forego symptoms of the depressive shock therapy experienced in ex-Soviet states and its attendant social political consequences. Indeed, a thorough reading of the history of reforms in Syria reveals exactly that. Reforms were gradual and targeted. Economic liberalisation was conducted under the decisive control of the ruling military-merchant class, and in a way that apparently eschewed threats to the core power structure. The uprising, however, turned this whole logic upside down and showed that despite reform gradualism, we stand confronted with an appalling social and economic condition or civil war. In the realm of politics, the regime appeared savvy because US-led imperialism tolerated the minor costs which it incurred as a result of its anti-imperialist positioning. In key confrontations and in areas of working-people empowerment, the regime performed in line with the imperialist ceiling. The Syrian military-merchant class in charge, set against its own working class, actually pushed the limits to which the resources drawn from the system to the point where the state came to be on the verge of crumbling down. The Syrian regime, as it turned out, squandered the economic and the political arrangements safeguarding itself and the state. In a sense, this is a *déjà vu* of Hamza Alavi's note in regard to the excessive practices of the state bourgeoisie, which extend far beyond the logic of what is necessary in the interest of orderly functioning of the peripheral capitalist economies over which the state presides, and specific needs of each of the dominant classes.⁴ Yet there are specific historical reasons why a Syrian military-merchant class in charge of the Syrian state would place itself on such an inauspicious path.

The neoplatonic tenets of neoliberalism worked only where they were superseded- the case of East Asia. In capacity-wanting social formations, when applied, neoliberalism wrought havoc.⁵ It reallocated resources away from labour, weakened labour, cheapened social value and weakened national capabilities. It transpires that whether piecemeal or, all at once, the neoliberal mantra contributed to delivering a death sentence on Syria as a state residing in a precarious environment. In their pursuit of wealth by blind competition, the military merchant class reallocated resources away from job creation and national industry. This was a gradual process that gained momentum as of 2000. More importantly,

⁴ Alavi, H., The State in Post-Colonial Societies: Pakistan and Bangladesh." *New Left Review* I, no. 74 (1972): 59-81.

⁵ *Trade and Development Report*, UNCTAD, 2007.

however, the regime misread the essence of imperialist objectives and the rapport de force with imperialism. The regime's demagogical line on the liberation of Palestine and its hubris in relation to other inalienable rights camouflaged under pan-Arab rhetoric fell through as stomachs gnawed. The state began unfolding on two interrelated planes: political and economic. Behind this process there lurked two interrelated conditions. The first was the planetary defeat in social ideology or the rise of free market alternatives. The second was a combination of complacency on the part of the regime and appeasement hinging on deception that US-led imperialism deployed to weaken at the core the Syrian social formation.

IV. Monumental obfuscation

The history of neoliberal reforms and their contribution to Syria's uprising/civil war has to be read in light of two intertwined layers of obfuscation. The first and more primary form is about the process by which the Syrian ruling class, which is in charge of a country at war, was both misled and deluded itself into applying reforms that debilitate its social base and the arena from which it draws its rents. The regime misapprehended imperialist motives of greater geopolitical control, and believed that their accession into global financial circles can be promoted by a combination of rapprochement with imperialism on one hand, and the transfer of dollarised national assets to the centre, on the other. The second form of obfuscation relates to how the regime deployed its technocrats to promote the idea that after neoliberal reforms, the trickledown effect will result in major welfare improvements.

Syria represents an important player on the Middle Eastern stage. It certainly draws geopolitical rents because of that position. By necessity rather than choice and because of frail defences, it acquired the status of a confrontational state with Israel and, subsequently, received significant aid from other Arab countries. The regime plays both sides of the capital divide, with its own merchant-class roots swaying innately towards the larger spaces of US dominated financial capital. The neoliberal bent gradually shifted the basis of accumulation of the state bourgeoisie from national industry, protected and controlled by the state, to one of wealth drawn from higher capital share and imports for sale on the local market. The destruction of national industry became a corollary of import-led growth as is the case in much of the Arab World. Its role in the rendition, its participation in the First Gulf War and later furtive role squeezing Iraqi resistance are landmark pro US-led imperialist positions. But the most important contribution the regime provided to imperialism is to furnish the conditions for prolonged civil strife. The regime was colloquially dubbed the 'let's make a deal regime,' while remaining nominally Arab nationalist.

In its early stages, it carried on because the balance of power of the cold war created the medium for its survival. In the post cold war era, it lingered because there was no imperative lurking about to end Syria as a social formation with an outside invasion or, for Syria to experience the fate of Iraq. Its developmental process, however, was *sui generis* self-defeating; the regime's repression hollowed the participation of the working class in politics and, in terms, of military capabilities, it was literally defenceless despite tremendous amounts spent on the military. In retrospect, the regime's despotism and neoliberalism meant that Syria's was laid on a self-destruction mode.

Whereas, the Sino-Russian strand of capital required a foothold in the Near East and a more or less, sovereign state in Syria, the regime's gravitational pull, powered by its drive to invest its rents in US-controlled financial markets, pulled it towards the US. Earlier in 2000, Iran and Russia had practically written off their debts to Syria in an effort to further consolidate their regional positions, but the monetary base of the military merchant class was becoming increasingly dollarized. At the same time, the Syrian merchant/military class promoted private banking and fulfilled World Trade Organisation standards despite not being a member. Syria's membership in the WTO was opposed by the US and Israel until months before the uprising or when the US gestured its approval of Syria's reform progress and offered Syria observer status. What the regime did not foresee is that imperialism stands to benefit from the destructiveness of a region developing under the onus of encroachment more so than through the narrow confines of trade and commercial exchange. Prices are not formed by supply-demand conditions, but principally by power structures. The powerful draws higher values for lower or no prices. US-led imperialism had a broader goal, certainly exceeding Syria's fifty billion dollars income. The regime failed to pierce through the facade of the money-form and understand the essentiality of conflict and dislocation in the Near East to expanding the material of capital- socialised value or idle resources at the disposal of capital. Both idle and productive assets constitute elements at the disposal of capital, and both contribute to accumulation, although the latter indirectly. Retrogression and idleness of resources have been the trademarks of an Arab region, because imperialism and its subordinate Arab allies compose a class that denies Arab working people the right to development and, by implication, sovereignty over their resources. This joint-class continuously dis-empowers the working population in the Arab World. The ultimate reckoning or sovereign (*ultima ratio regum*) becomes US-led capital incarnate in the drones and US-military bases strewn around the area.

In the near East, the propaganda surrounding the strategic relevance of oil contributes twofold to accumulation: firstly, by keeping all those with-

out strategic control uneasy in respect to an abrupt halt of oil supplies and, secondly, by heightening militarism and increasing global transaction risks, hence raising the premium exacted by the US-led dollar-based financial order. The uncertainty surrounding the safety of oil supply is imputed into the costs of financial transactions worldwide. The dislocation of the pauperised mass by war and indirect colonisation resituates the balance of forces upon which the money form and its associated financial system present themselves as symbols of power and power structures. As market crisis set in, the imperialist power progressively disengages more of the social material in the third world for resource grab purposes. It also fragments and appoints itself as a proxy sovereign in order to reproduce the terms of trade and price ratios in its favour. The enigma that the cost of imperialist wars exceeds the returns from the colonies in moneyed terms occurs because exchange prices are not set by benign market conditions, but by the fact that powerless corners of the third world cannot negotiate the price at which they valorises their assets. Imperialist wars of re-colonisation, especially in the strategic Near East corner keeps the world tense and create the disastrous social conditions that implicate global production by the degree of destructiveness wrought upon this corner of the third world.

Value as a qualitative category is created by the totality of the material available to capital. The dislocated third world-billions whose income amounts to no more than five percent of world income are, by their very state of being, part of the material of capital. The real and ideological pressures that the pauperised and politically disempowered third world mass exerts on reducing the costs of production in terms of cheapened primary resources and lowering wages is critical for profit making. Once more, however, in the Arab Near East, the concern that self-induced development may empower working people and shift the balance of forces against US-led capital, precipitates war scenes, it crowds in a dilution of the state, and a state so weak such that outside military intervention tips the internal balances between sects, tribes, ethnicities in one way or another.

The shift from protected national industry to the mode of import-led growth and the short sightedness of recourse grab through the state weakened the organised dimension of Syrian capital or its capacity to temper expansion at the risk of social collapse. On the flip side, imperialist goals had more to do with the co-opting or destructiveness of the state rather than the tribute channelled from Syria to international financial circles via neoliberal policies. Syria to imperialism was a prophylactic by which it wards off imperialist competitors. The regime awoke too late in the game. In one early gaffe, the notorious cousin Rami Makhlof aired

views in a New York Times interview that Syria protected and will continue to protect Israel from otherwise Al-Qaida barbarians.⁶ Later the regime tried bribing the workforce by raising salaries, appeasing the Islamists by appointing Islamic bankers to government positions or allowing women-teachers the Niqab. Remarkable myopia in relation to Syria's balancing act vis-a-vis imperialism took hold in the years preceding the uprising. Not knowing how to maintain and reproduce the social condition of the working population is the Achilles heel of any regime, especially in a country targeted in a state of war. As soon as the demonstrations in border regions commenced, shipments of weapons to select groups meant to prolong and cause the outmost devastation commenced. The predicament in Syria represented an opportunity that is not to be forfeited by imperialism and its allies. One would be hard pressed to spot a single optimistic item in the media regarding a halt to civil strife any time in the near future. Few were under the illusion that any peaceful mediation will deliver. With Iran, furthermore, representing an obstacle to imperialist hegemony in the Gulf, any Syria in cohesive form, whatever its content may be, neoliberal or national capitalist, was unlikely to be reprieved.

More so than the regime of Hafez the father, the regime of his son (since his accession to power in 2000) and the class associated with it infused the cultural sphere with the rhetoric of neoliberalism and began to dissociate itself from a relatively planned and heavily state interventionist past. Initially, the reforms were confined to raising private investment and to eroding the subsidies attached to the basic consumption bundle delivered to the working population. But gradually the glitz of these reforms began to be visible in ostentatious displays of wealth on the part of the upper echelons of society. Most importantly, the gains to the military-merchant class in terms of control over the labour process, regimentation and repression materialised as a relatively lax quasi-socialist work attitude was transformed into a more stringent third-worldist sweatshop environment. Many of the reforms were predicated on a rise in investment rates, driven by private investment. However, in view of uncertainties over the foreseeable horizon, investment rates fell steadily (average-wise, the investment rate fell from 25 percent in 1981 to 20 percent in 2010, WDI, various years). Notwithstanding the uncertainty that would thwart 'animal spirit' and private investors, it is unlikely, given the paucity of private finance that the private sector would succeed unless it piggy backs public investment or, peculiarly, expand public finance to meet private ends. The latter case is what occurs when despotism meets capitalist finance.

⁶ Assad cousin to New York Times: No stability in Israel if there's no stability in Syria. <http://www.haaretz.com/news/diplomacy-defense/assad-cousin-to-new-york-times-no-stability-in-israel-if-there-s-no-stability-in-syria-1.360907>

Until 2002, real growth rates were on average around zero and unemployment figures reached the two digit level (UN, various years).⁷ Economic growth, the quantitative measure of success, was torpid. Growth would only pick up when oil prices regained momentum in 2003 and, it would be both, jobless and inequitable.

Despite this mal-performance, the Syrian regime deployed its technocrats and ideological gurus to promote liberalisation, subordinate and control the social process for snatching purposes. When in 2008, the global financial crisis overtook the planet, the interlocutor of the ruling social class in government announced that their economy was spared and that some eleven billion dollars in investment was forthcoming from abroad.⁸ This was a time when stunting in children less than five years old had reached 28 percent.⁹ Instead of arresting these reforms when their initial dose failed, the regime intensified the neoliberal arrangements freeing more resources for transfer into private ownership. To invert Waterbury's remark, it was 'natural' for the regime and its class to continue with the reforms because the regime and its class were the prime beneficiaries. Drowning in complacency and veering from steadily away from national industrialisation, the regime was tearing away at its support base. Instead of solidifying the national front, the organised dimension of capital, through the state, further regimented the labour process and repressed dissent. The regime snuffed the first Damascus Spring (around 2000) and cloaked its neoliberal bent with Prof. Issam Alzaim's social market economy proposal. In the latter phase of neoliberal reforms under Bashar, the regime lifted price control on basic commodities, removed much of tariff barriers and freed the capital account. In one indication of the primacy of labour control to capital, the regime lifted subsidies on certain essential commodities like heating fuel (upon World Bank advice), but dispersed cash handouts in lieu of subsidies. Despite the fact that the cost of subsidy was lower to the state than the cash disbursement, the aim of this policy was to subjugate and humble the worker in a further subsumption of labour to capital. The price of staple commodities rose and the inflation rate jumped on average to more than 10 percent- 2006 onwards.¹⁰ In the absence of autonomous trade unionism, the corresponding rise in wages was inadequate.¹¹ By the time of the uprising, the regime had de-socialised

⁷ There was one factor offsetting fast rising unemployment and that is employment in agencies of security, in order to co-opt the working population, but these were not weighty enough to dampen unemployment rates. See this issue and previous years of the same publication: <http://www.escwa.un.org/information/publications/edit/upload/edgd-08-3-e.pdf>

⁸ http://www.alwatan.sy/dindex.php?idn=128939&fb_source=message

⁹ http://www.unicef.org/infobycountry/syria_statistics.html

¹⁰ <http://www.cbssyr.org/index-EN.htm>

¹¹ <http://world-news-post.blogspot.com/2011/03/syria-raises-wages-to-calm-situation.html>

some land tenure, widened the income gap, dealt a blow to national industry, and promoted import-led growth.¹² Typically, poverty rose and public health and education foundered in terms of quality and delivery capacity.¹³

To boot, the Central Bank would stabilise the national currency with reserves so that locally amassed wealth denominated in the Syrian pound could be converted into dollars at a stable rate to the advantage of the military/merchant class. When the currency is pegged to the dollar, drawing resources from the national economy to steady the currency represents a form of subsidy to the national-money holders or an effort to stabilise their wealth in terms of dollars. By the end of reforms and just prior to the uprising, unemployment was still rising and real wages were at half the level they were at in 2006.¹⁴ The process of allocating resources away from the interests of working people reached a point where in 2009, nearly 71 percent of Syrian workers were earning less than S£13,000 (approximately \$274) monthly when the average household expenditure on food alone was S£14,000 (approximately \$295) per month.¹⁵ This occurred in a country where the BBC reported in the early eighties that its standard of living was exceptionally high when compared to others in the same bracket of development.

V. The Syrian regime: an unlikely subject of history

Liberalisation subject to uneven playing-fields implies a relative loss of the social product. Openness wastes wealth either through affluent consumption by the elites nationally or diverts wealth abroad at pricing terms dictated by global markets. It is the gateway by which the military-merchant class converts national wealth into dollars and integrates financially into the global financial structure. The degree of constricting the outflow of the social product in money or commodity form or its diversion to waste in either idle savings or exorbitant consumption mirrors the spectrum of working class autonomy in relation to the social product. A

¹² Ababsa, M., 'Contre-réforme agraire et conflits fonciers en Jazîra syrienne: 2000-2005'. *Revue des mondes musulmans et de la Méditerranée*, No.115-116, Décembre 2006.

¹³ Multidimensional Poverty Index (MPI), Syrian Arab Republic, December 2011. <http://hdr.undp.org/external/mpo/Syrian-Arab-Republic-OPHI-CountryBrief-2011.pdf>

Growing poverty in Syria, by Jean Shaoul, 13 July 2010.

<http://www.wsws.org/articles/2010/jul2010/soci-j13.shtml>

¹⁴ Gross estimates based on calculations conducted on data provided by the Syrian Bureau of Statistics.

¹⁵ The average monthly expenditure per household was S£31,000 per month (approximately \$653), which implied that the majority of households had more than one source of income. Central Bureau of Statistics, *Statistical Abstract* (Damascus: Central Bureau of Statistics, 2009)

higher degree of protection and socialisation in Syria reflects the degree to which the state as a sovereign entity erects the necessary safeguards to stitch together development with national security concerns. These are gross benchmarks that apply to fragile states developing in conditions of war or the threat thereof. Defeats in war and weakened national security impose their terms of surrender either directly by incorporating the victorious party into the composition of the state (the Paul Bremer of Iraq), or structurally with gradual liberalisation, which are the regime's supplication of the enemy. In connection with the latter condition, the regime adopts a pragmatic mode of administering policies that measure against the tribute that imperialism draws from the defeated entity, in this case Syria, or more importantly, from the security arrangement in the Near East to which Syria contributes. Imperial rents, it may be apt to recall, are drawn from the strategic control of an oil region. A cursory reading of the economic history of Syria reveals the close correlation between the allocation of the social product to working class needs and the degree of security and sovereignty enjoyed by Syria in relation to the balance of forces with Israel and the US. As consecutive defeats take hold, the social class structure shifts to accommodate the allocation of the social product away from working class living and national security. The agency of the Syrian class formation lurks only in the shadow of the greater imperialist forces and, as such, it is more an object rather than a subject of history.

V a. Post-independence Syria locks in and redistributes resources¹⁶

Syria became independent on April 17, 1946. After its defeat against newly established Israel and a period of political turmoil resulting in the downfall of president Shishakli in a 1954 coup, a state of normalcy emerged and the sole free parliamentary elections in Syrian history took place in 1955. Despite being dominated by more conservative elements, the elected parliament undertook several socialising measures that protected the right of farmers against eviction, redistributed some state land to peasants and enacted the law of social security. This parliamentary experience was soon to end with the creation of the United Arab Republic in February 22, 1958. Although short-lived, the unity experience entrenched socialisation. Apart from the establishment of agricultural, residential and consumer cooperatives, the newly founded Ministry of Agriculture and Agrarian Reform confiscated superfluous unutilised land

¹⁶ I am grateful to Syrian Professor Chouman for his contribution to this part of the essay in a conversation. Chouman, A., 2005. *The Socialist Experience in Syria, the Consequences of its Movement towards the Market Economy, and the Impact of Restructuring and Globalization*. unpublished paper.

and established a number of agricultural cooperatives and collective farms run by peasants.

The United Arab Republic collapsed on September 28, 1961, and in 1963, the Baath rose to power in a coup d'état. The immediate steps of its National Revolutionary Command Council included the nationalization of all banks, lowering the ceiling of maximum land ownership, nationalization of education and the erection of tariff barriers meant to protect local industry and agriculture. The year 1965 was the year in which socialisation measures reached their peak under Prime Minister Yussuf Zuayyin. This was a period of massive socialisation in land, the industrial sector, textile, pharmaceutical industries, food production electricity and cotton. A period also in which direct redistribution to the poor was initiated; subsidies, price caps were introduced; all imports and exports were to be conducted through the state. The main targets of macroeconomic policies were full employment, exchange rate stability, and socialised health and education. The expansion of the public sector to encompass all economic activity represented the prime objective of this regime. The private sector constituted of construction and contracting, tourism, and craftsmanship was relegated to a minor position trailing the government plan. In typical Soviet style, the five year plan envisaged the transfer of ownership of production and distribution from the private to the public sphere. It also envisaged a departure from a profit-oriented economy towards an economy based on societal welfare. This epoch culminated the heyday of security and post independence achievements (Chouman, 2005).

V b. The beginning of descent

Syria's defeat in the six-day war of 1967 represented the first turning point, which would restructure the internal class formation in a way that is amenable to the diversion of the social product away from working class and national security interests. In Yussuf Zuayyin words: 'we knew that Hafez Assad ascension to power came as a result of 1967 defeat and arrangements related to Security Council resolution 242.'¹⁷ In November 1970, Hafez al-Assad assumed power. As a first step towards the reshaping of the socialised allocation mechanisms, under article 14 of the new constitution, he decentralised the devolvement of state revenues to departmental heads and enshrined the right to personal and individual private property in the new constitution. Effectively, he reversed an earlier trend meant to supplant all forms of private property in production. Syria gradually moved from a high investment-high growth rate phase

¹⁷ <http://www.alarabiya.net/articles/2005/06/07/13742.html>

into a lethargic phase leading to collapse (WDI growth data shows that the period 1960 to 1980 exhibits two percentage points of higher per-capita growth than the period 1980-21010).

The new class in power, dominated by Assad and his clique, began a two way process of resource usurpation reflecting piecemeal capitulation. In one devious measure to undo the economy, Hafez Assad relegated the right to exchange national for foreign currencies to various heads of departments in the government. The scramble to exchange the national currency for dollars in neighbouring markets in the mid-eighties, which was incidentally driven by personal motivation rather than a need to import necessities, resulted in hyperinflation and the collapse of the price system. As the national currency flooded the neighbouring market, national reserves were being depleted to stabilise the neighbouring market exchange rate. As national money is sent out, the central bank chases it to return home with its dollar reserves. As the dollar reserves dwindle, further downward pressure on the national currency lowers its exchange value. The national money stock grew multiple folds under the pretext that national departments needed to import mainly production good denominated in dollars. In spite of the fact that consumption goods were nearly fully satisfied with internal production, the higher money stock drove prices up across the spectrum of nationally traded goods.

Meanwhile, the drop in Gulf aid during the eighties was almost compensated by Iran and remittances. The aid may have been thinner but the remittances were higher and more importantly, the leakages were so unchanged such that no amount of aid would have kick-started the Syrian economy. Arab transfers fell from \$1.8 billion a year between 1979-1983 to \$500 million between 1986-1988 because of Syria's political alliance with Iran (Hinnebusch, 1993: 188 and Drysdale, 1982: 7). However, Iran compensated Syria for its losses, especially those related to transit fees on oil from the Iraqi-Syrian oil pipeline (Perthes, 1992: 57). In 1982, Iran supplied Syria with 1 million tons of free crude oil and up to 5 million tons at reduced prices (EIU, 1989-1990: 32).

Oddly enough, the causes of inflation in the mid-eighties were attributed to a monetary policy that aimed at lowering the budget deficit (Sukkar, 1994). However, money supply was rising to satisfy foreign exchange demand or, more aptly, the demands of individuals who needed to convert national funds into dollars. In other words, the money stock rose to meet the desires of those in a position of power who, under the new constitution, were granted a *laissez faire* deal with the money supply. It is a moot point to speak of money supply leading to inflation in a protected and closed economy in which most basic consumption is satisfied

by local means. In a closed economy with multiple exchange rates, as was Syria then, money supply grows by the pressure of transaction demands in the national economy, which are satisfied by the local currency (the non-tradable sector), and the demands of foreign exchange in relation to national reserves (the tradable sector). There were multiple systems of exchange separated by multiple exchange rates, as if there were multiple currencies- some for national use and others for external use. The purpose of these multiple rates is to finance domestic investment by domestic means and protect the consumption bundle from inflation. In Syria, this is all the more possible because imports represented a low 20 percent of output, the capital account was strictly controlled and the ratio of tradable to non-tradable goods is low. Thus, when the general price level rises implicating the prices of basic necessities to the consumer, it is not because there is more money chasing fewer commodities- there are no shortages in basic goods, it is because monetary policy targeted value transfer from the working population to the nomenklatura. Pursuant to this debacle, the president's brother emerged abroad, after exile, with enough resources to finance the first Arab news satellite channel.

The early failures of resource usurpation under Assad's restructuring were attributed to the socialist past. However, statistical evidence shows that Syria in the socialising age grew at a much faster rate than in the liberalising age. GDP per capita growth rates in Syria registered 3 percent during 1964-1974. This rate then dropped to zero percent during 1975-1995, a period characterised by gradual phases of economic liberalisation (World Bank, 2009). The prosperity of the socialist past was alleged to generate its opposite in low investment rates, high unemployment rates, inflation and the sharp decline in growth rates. Privatisation, downsizing the public sector, removal of price caps and subsidies were the alternative being readied in the background. The regime was keen on laying the blame on the socialist experience. Yet, the early reforms were carried out as if somehow the working population was oblivious to the austerity of market reforms. To use a social-psychological phase, the working class appeared subliminally distracted by defeatism, and the onus of defeat it had to accept national resource divestiture as an act of patriotism.

The empirics of resource transfers in the Syrian economy bear witness to a shift in social wealth away from the productive base and working class consumption into resource flight and affluent consumption patterns. These corrosive policies began with the liberalisation of Hafez Assad's corrective movement. Measures that assigned a limited role to the private sector were undertaken selectively out of concern that a strong revival of the private sector would bring about anti-regime mobilisation. A private

sector may generate demands for greater political participation from the declassé bourgeois class for more political liberties (Gambill, 2001). Moreover, the struggle with the Muslim Brotherhood –during 1977-1982 – represented another reason for the slow pace of liberalisation under the Assad the father (Hinnebusch, 2001: 120). Whereas the professional class was the main beneficiary of the statist policies of the sixties with the public sector providing employment for the wage-earning middle class, it became a gradual loser as of late 1980. This section of the working class was the first to oppose the liberalisation measures.

The early liberalisation measures increased the role of the private sector allowing it to operate in sectors previously restricted to the public sector. By 1991, Law No. 10 purported to provide incentives for greater domestic and foreign investment. Couched under the law were generous tax incentives, unprecedented facilities in the import of machinery and equipment, tax exemptions on corporate profit for a period of 7-9 year period, and removal on restrictions on transfers of foreign exchange. By 2002, the regime adopted measures towards partial liberalisation of trade and pricing policy, abandoning the policy of import substitution. In 2007, the regime removed price caps, lowered subsidies on basic consumption items and raised the prices of basic agricultural products. Under the false alibi of the social market economy, the full gamut of openness was undertaken. This was a blatant case of capitalism parading under the logo of socialism.

VI. The empirics of cosy pragmatism

Although liberalisation started in the early seventies, it was not until the early nineties that it received an official proclamation. The need for change at that time was expressed in terms of the need for 'economic pluralism' (*al-ta'adudiyyah al-iqtisadiyyah*) (Hopfinger and Boeckler, 1996: 190). This term was used in most of Assad's official statements and refers to regime efforts in trying to unite the public, private, and mixed sectors and bring them under the service of the 'national economy' (*al-iqtisad al-watani*).

In the early seventies, Hafez Assad introduced corporations in the mixed sector of tourism and agriculture. Limited trade liberalisation was introduced by opening up to the conservative Arab states and to Lebanon in particular. Authorisations subject to a quota system were granted to licensed importers to previously import-prohibited goods (Hopfinger, 1996: 184). Customs duties on about 190 products imported from neighbouring Arab countries were lifted entirely. Moreover, restriction on the importation of a wide range of manufactured goods was reduced and

entitled the 'exceptional imports system'. Cross-border movement of capital was eased, and the opening of bank accounts in foreign currency for nationals and foreigners was also permitted (Perthes, 1995: 49-53). These reforms coincided with the Syrian army's role in quelling the rebellion of the nationalist movement in Lebanon and constraining the more radical elements of the Palestine Liberation Organisation (PLO). During the eighties, the private sector was allowed to retain 50 percent of its foreign exchange proceeds (later raised to 75 percent). These proceeds were then used to import necessary raw materials and industrial inputs needed for industrial and agricultural production. The number of private retailers grew from 72,000 in 1974 to 99,000 in 1981.¹⁸

The early liberal set of market-oriented reforms favoured the commercial bourgeoisie, as distinct from the industrial class. The easing of state regulation created a new commercial bourgeoisie intertwined with the regime or a military-merchant class. The exchange rate decree of April 22 1980 was a gesture to the merchants, by which they were allowed to get their foreign exchange at a lower market rate than the official rate. However, in addition to devolving the responsibility of handling foreign exchange to government departmental heads, this measure was one of the factors that escalated price inflation in the mid-eighties. Moreover, merchants limited the supply of raw materials, machinery, and assembly kits and sold them instead on the black market. When the government relaxed restrictions on imports, the merchants, to the detriment of the industrialists, smuggled more goods from Lebanon and competed with the industrial bourgeoisie (Lawson, 1984: 473). The regime assisted the wealthy merchants by introducing selective custom and tariff measures that ensured the continuous smuggling of goods into the Syrian market. Although this has pushed prices up, the profit margin of the merchants was secured (Mora and Wiktorowicz, 2003: 104; Longuenesse, 1996: 118 and Lawson, 1989: 24-25). A good example includes the banning of the import of tobacco products to protect the smuggling of tobacco (Mora and Wiktorowicz, 2003: 104). Here is a case where liberalisation undermined the interests of industrialists.

The mid eighties were characterised by phased devaluation of the Syrian currency. In 1985, the value of the Syrian Pound in Beirut (the neighbouring market) dropped from 10 (S£/\$) to 18 (S£/\$), and continued to slide thereafter (Sukkar, 1994: 27). In 1986, a new 'encouragement' rate for non-commercial transactions was introduced and set close to the black or free-market rate of 22 S£/\$ (Perthes 1994: 58). At the end of 1987, the pound was officially devalued from 3.95 S£/\$ to 11.2 S£/\$. In order

¹⁸ Figures based on Syrian Statistical Abstract, different issues, 1975 and 1983.

to curtail the contraction of the Syrian Pound, the government introduced a law in September 1986, known as Law No.24, which imposed severe penalties on illegal foreign exchange dealings and smuggling out of the country. However, it must be noted here that the exchange rate crisis was basically due to the smuggling operations: Syrian Pounds were exchanged for dollars in the Beirut exchange market and in the Syrian black market and then transferred outside the country. Military officers including, Asad's brother Rifaat, purchased the dollars at the official market rate then sold it in the Syrian black market at the market rate for lucrative gains (Robinson, 1998: 163). Merchants also benefited and played around the multiple exchange rates. For instance, many items that were bought at the official exchange rate of 42 S£/\$ were then sold at the free market rate of 50 S£/\$. The difference was pocketed by the merchants (Robinson, 1998: 163). Altogether, this led to the foreign exchange rate crisis in the mid-eighties. Inflation rates went up.

The foreign exchange plunge had a deteriorating impact on consumer prices. Whilst official figures recorded inflation at unprecedented levels of 60 percent in 1987, up from 36 percent in 1986, unofficial figures reported more than 100 percent in 1986 and 1987 (Sukkar, 1994: 28). This was later coupled with currency devaluation (only the official rate) towards the end of the eighties in order to alleviate budget deficits. The cumulative effect of low production levels, a trade deficit, budget deficit, and inflation precipitated a stagflation crisis from which Syria did not recover. The number of public sector industrial workers decreased from about 141,000 in 1985 to 139,000 in 1988 and the number of workers in the public construction sector decreased from about 155,000 to 138,000 in the same years (Perthes, 1992: 44). Whilst state employees, farmers, and industrial workers suffered from real income losses due to the huge rise in inflation, which redistributed income upward, merchants acquired more wealth (Najmah, 1986: 323-4). It is relevant to note that although the growth labour force from the sixties onwards was almost steady (KILM, various years). However, when job creation under liberalising reforms declined, the fecundity of the population was blamed for rising unemployment.

There is no official wage index, but available data on wages and prices showed that whilst public sector wages rose by about 300 percent, retail prices rose by approximately 600 percent from their 1980 level (Perthes, 1992: 43). The impact on the purchasing power of the working class was significant. Inflation, acting as indirect taxation, redistributed resources from the working class to the new merchant-military class. The inflationary momentum as can be seen from Figure one continued rising long after the mid eighties. Figure one also shows that the rate of indirect taxation

through inflation rose in tandem with the degree of liberalisation. Towards the final years of reform, prior to the uprising the slope of the index of the general price level curve is highest. Meanwhile, from the scanty data available on income distribution, Figure two reveals that income mal-distribution nearly doubled in the period ranging from the mid-eighties to the mid-nineties, implying that the reduction in real wages were significant. The share of wages out of national income declined from 40.5 percent in 2004 to 33 percent in 2009 (Marzouk, 2011). A gross estimation accounting for income mal-distribution of the share of the category compensation to employees from the Syrian national account data reveals that it is less than 30 percent of national income.¹⁹

Figure 1. General Price Level Index for 1960-2010, WDI, (base year = 2000)

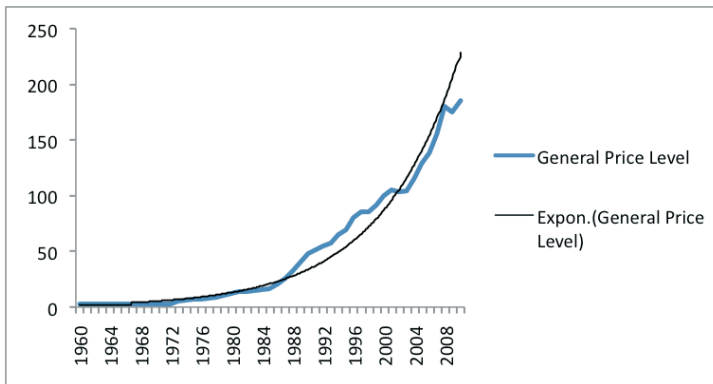
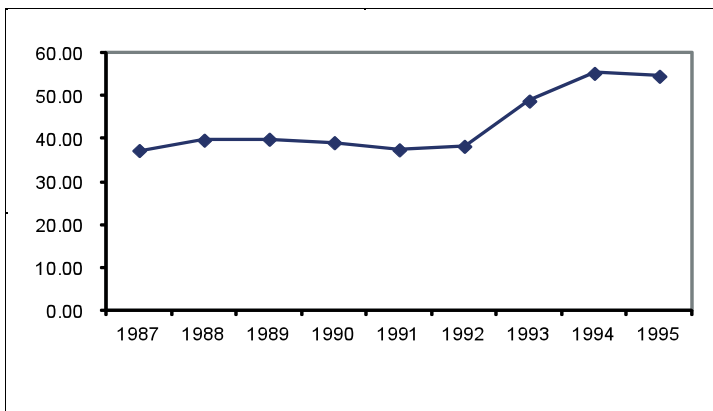


Figure 2. Income inequality index for some available years between 1987 and 1995.



Source: *Estimated Household Income Inequality Data Set (EHII)*, University of Texas Inequality Project.

¹⁹ Central Bureau of Statistics, Syria, Yearbook, 2011, <http://www.cbssyr.org/yearbook/2011/Data-Chapter15/TAB-47-15-2011.htm>

However, the largest amount of upward redistribution of income arose as a result of rising oil revenues. The nineties witnessed the exploitation of the new oil fields in the northeast and southeast of the country (Butter, 1990). The origin of oil production dates back to the mid-seventies when oil exploration and extraction were permitted to foreign companies on the basis of production and share. Costs of heavy oil production during the seventies were estimated at roughly half the industrial expenditure. During the eighties, Shell discovered a string of prolific fields and continued its exploration with other US-European consortium in different areas of Palmyra, Deir Ez-Zur and Euphrate basin in order to agree on new oil deals (MEED, 1996). Major light oil discoveries were undertaken by the US Pecten Company in 1984, and oil production started in late 1986 at a rate of 60,000 bpd, which gradually increased to 200,000 in 1989 and to 300,000 in 1991. Major companies, such as Shell, France's Elf Aquitaine and Tullow Oil of Ireland were active during the nineties (MEED, 1996). Foreign companies were given extra privileges. For instance, they were permitted to use market exchange rates instead of the official rate. Similar agreements were extended for the exploration of gas in the newly discovered fields in the course of the nineties (MEED, 1996).²⁰

Rising export earnings from oil, however, were not to register in government books. These went directly to the presidential office. It was estimated that 380,000 barrels were extracted daily during the nineties, and as a result, oil export revenues rose to \$1-2 billion in the mid-nineties (*Joint Arab Economic Report*, 2002).²¹ Between 1994 and 2000, Syria produced approximately 565,000 bpd. Production reached its peak in 1994 at 600,000 bpd, after which production tapered off. Recent production levels are estimated to stand at 440,000 bpd in 2006 (OPEC, 2007). Although figures related to oil are supposedly confidential, it is rather straightforward to estimate the amounts when average prices and quantities are known. What is not transparent, however, is the amount that went for personal gain vis-a-vis the portion that financed welfare.

VII. Accelerated reforms beginning in 2000

Syria's economy never really recovered from the 1985 shock. As post-Cold War funds and oil windfalls boosted the national accounts figures, in actuality however, the mis-allocation of resources was retarding the

²⁰ For an overview of Syria's oil sector, see EIA (2008), *Country Analysis Brief - Syria*.

²¹ Other sources reveal oil export revenues of \$2.4 billion in 1995 (EIU, 1996: 8 and MEED, 1996: 8), which represented roughly 60 percent of total export earnings (Kanovsky, 1997: 3), and about 50 percent of government revenues (Perthes 2004: 99), and about 12 percent of GDP (Perthes, 2004: 29). According to local experts, these figures did not include the oil exchange between Syria and Iraq.

social impact of rising revenues. Syria moved progressively towards a rent-based and commercial economic structure. It became more vulnerable to internal or external disturbance. More resources were diverted to low capital output ratio activity, e.g. real estate. The falling investment rate in plant and equipment and basic infrastructure undermined indigenous productive capacity. This process under the son's regime will acquire larger scope.

So far, a summary of the stylized facts reads: inflation has been rising since the early eighties, unions were co-opted, the share of wages was dropping and the economy moved from public-investment led industrialisation to rent capture and a commercial mode of economic activity. Just prior to the uprising, most commercial exchange was bereft of a national industrial origin. The Bashar regime decided to confront the very social problems that neoliberal reforms caused by enacting more intensive and comprehensive packages of liberal reforms, and this time around, the International Monetary Fund (IMF) is called upon for advice (Barout, 2011: 8).²² The regime lifted the caps on capital and trade account controls and introduced new regulations and laws which were meant to encourage private sector activities. Customs duties on imports for local manufacturing activities were drastically cut, and laws that had restricted foreign exchange operations or transactions for almost 17 years were also abolished. In 2003, Bashar issued Legislative Decree No.33 which abrogated both Decree No.24 of 1986 and Decree No.6 of 2000 that prohibited foreign exchange dealings. The new Decree states that all transactions and trade of foreign exchange and of precious metals should fall under the regulations set by the Ministry of Economy and Foreign Trade. It must be noted that both Decrees No.6 and No.24 were not exercised fully in the market in the last couple of years as Investment Law No.10 provided exemptions to investors from these restrictive foreign exchange laws (*The Syria Report*, 1 July 2003).

A significant reform of this period was the promulgation of the banking law in January 2001, which allowed the establishment of private banks for the first time after 40 years of a state-controlled banking system. Since 2001, six private banks have been established in Syria: Bank of Syria and Overseas (BSO), Bank BEMO, Bank Audi, the International Bank of Trade and Finance, Arab Bank, and Byblos Bank. Their combined deposits were estimated to be \$30-50 million at the time of privatisation and in 2007, they stood at \$3 billion (Moubayed, 2007). In January 2004, the first private bank opened its doors. There were few restrictions on foreign bank operations: 51 percent of all banks were to be owned by

²² Also refer to IMF's *Article IV Consultation Reports* for 2009a and 2010.

Syrian nationals or companies, and 25 percent of bank shares had to be controlled by Syrians. These privileges were usually granted to the new bourgeoisie, rather than to competitive market bidders.²³ In recent years, the banking sector was further liberalised. The restriction on private banking rules were relaxed. For instance, the 49-51 percent ceiling on private banks was amended and an increase in foreign shareholding was allowed. The Syrian Stock Exchange began operating in mid-2009 as part of the plan to galvanise the money market.

The initiation of private banking represented a crucial step for the military-merchant class to easily transfer wealth abroad. Previously, they relied on smuggling and on the Lebanese private banking sector. More importantly, prominent figures from the new bourgeoisie and the ruling elites were major shareholders in these banks. For instance, leading businessmen, such as Rami Makhluf, Nader Qalai, Issam Anboubia and Samir Hassan, were the founding shareholders of Byblos bank (*The Syria Report*, 17 January 2010). As to whether these private banks have expanded the availability of finance to private and public investors to facilitate the undertaking of new investment projects, the answer is no. The recent performance of these private banks proved that they have been involved in usury-like transactions as distinct from financing industrial and developmental projects (Matar, 2012). Loans were given out on the basis of collateral against a new investment project rather than on the financial performance and achievement of this project.

In 2003, the US colonised Iraq. Syrian trade with Iraq, contraband or otherwise, fell drastically. The negative consequences of the war on Iraq further dampened the performance of Syrian national industry. The collapse of Iraq cost Syria about \$2 billion, of which half were gains from the oil pipeline between Syria and Iraq (Spindle, 2005). Whilst inflows from trade fell, capital inflows from Iraq rose. As the violence in Iraq escalated, inflows from Iraq rose from \$457 million in 2004 to \$803 million in 2005 and to \$1.3 billion in 2006 (IMF, 2009). Moreover, remittances by the Syrian expatriates (from all around the world but mainly in the Gulf) are estimated to have reached \$820 million in 2007 and \$850 million in 2008 (*The Syria Report*, 14 December 2008). Debts, meanwhile, were relatively low. Syrian net debt to Russia was written off gradually. The Central Bank of Syria stated that Syria's external debt stood at 6.5 billion dollars in 2007, representing 20 percent of GDP and debt service amounted to a minimal 7 percent of total export revenues. Apart from spiralling inflation that eroded the purchasing power of working people, in many cases to the point of stunting in children, the real

²³ Discussion with professor Issam Al-Zaim.

growth rate was on average six percent for the past nine years prior to the uprising. But where development counts in the area of job creation, this was oil-driven and jobless growth. The principal activity buoying growth was the value added from the sale of imported goods on the local market. Imports as a percentage of GDP rose from about thirty percent of GDP in 1980 to nearly forty percent in late 2000 (averages calculated from WDI, various years). With the ban on the expansion of the public sector in place along with jobless growth, unemployment, principally in the shades of disguised or underemployment, soared (KILM, various years).²⁴ As a result of lifting price caps on essential commodities, the prices of basic commodities rose and so did income inequality at yet a higher rate.²⁵ Ironically, the reigning government attempted to place the blame for rising prices on Iraqi refugees. However, there was no shortage of supply in the essential items and, the causes for inflation, a redistribution tool already in use for nearly two decades (beginning 1985), were to be found in two interrelated subsidies for the military-merchant class. The first was the building of national reserves to support their dollar wealth holdings and the second the removal of price caps, which also capped higher profit rates, while sustaining the subsidy to inputs that businesses employ, e.g. energy and labour. This is one of many allocation mechanisms that plundered the basis of the reproduction of the social formation.

VIII. Allocating resources away from the working class

Military routs and ebbing power entailed ideological defeat and the rise of an Assad regime, which obliged the wishes of the conqueror in terms of pauperising its own working class. It gradually relinquished many forms of national security, including the sort of development that would have bettered the living conditions and empowered working people. The allocation of resources to wasteful ends or as indirect tribute to international financial capital voided sound development and presented itself as proof of structural collusion between the Assad-led class in Syria and US-led imperialism. It is the circuit of capital by which resources are veered away from the working class that stands as material proof of this comprador-collusion that grew progressively over time. The Assad regime became a

²⁴ Unemployment data as calculated by the Central Bureau of statistics is of very poor quality. When Syria intensified its cooperation with the World Bank in 2007 pursuant to heaviest dose of reforms, the unemployment rate in Syria was said to have declined from 12 to 8 percent, and the unreasonable cause that was given by the head of the bureau then was that seasonal employment in olive picking lowered the unemployment rate permanently. (Matar, L., 2012). *The Political Economy of Investment: A Historical Examination of Domestic Investment Behaviour in Syria*. Ph.D. Dissertation, SOAS, University of London.

²⁵ <http://www.irinnews.org/Report.aspx?ReportID=91999>

subordinate and desultory partner of US imperialism that manoeuvres between the bipolar ends of placating pan-Arab populism and heeding the hegemony of US-led capital. It also became a disposable scapegoat. The Assad regime represented the political form of a state bourgeois class, which turned its back to national industry and moved towards import-led commerce and, more importantly, snatched real value from the share of the working class. Its historical proclivity to world capital progressively exceeded its commitment to its own national working class. More decisively, however, the structural terms of defeat meant that the national capitalist class in Syria could no longer allocate resources to the sort of industrial development that were to bolster working class security and, by implication, national security. In much the same manner when a Syrian soldier would have to remove military insignia in order to enter the Quneitra region as per the 1973 armistice condition, the Assads regimes, by impoverishing the working population stripped Syria of its national security and sovereignty. The Assad regimes administer the implicit terms of surrender so as not to imperil the hegemony of US-led capital over a Near East region.

Classifying the regime or some conglomeration of internal social forces of Syria as the subject of history, either from a moral standpoint or by masquerading under the banner of scientific neutrality, serves an imperialist ideological bent. The social reforms carried out in the fifties and sixties allowed Syria to exhibit elements of a nationalistic formation, which effectively combined security and developmental goals in preparation for defence against Israel's superior military capabilities. Pursuant to two defeats in wars and in the atmosphere of the cold war, the Assad-father regime walked a tight rope of gradually de-socialising Syria without causing undue instability to the internal front. Although the regime's relationship to society was one of capitalist accumulation through the state, its organised dimension disciplined excesses that endangered national bonds. In the mid-eighties, Hafez Assad exiled his own brother over his intemperance as he shifted huge amounts of the national currency abroad precipitating the first serious economic crisis in Syria. The father's regime assessed Syria's security capabilities, of which Syria's level of development was part and parcel, in terms of the calculated risks they would pose to tilting the balance of forces in a way that would not arouse imperialist belligerence. The regime did not provoke a pre-emptive Israeli or American strike, as was the case in Iraq (also Syria's low oil reserves and position away from the Gulf serves as a mitigating factor). It partly drew rents from its role in the regional stability arrangement- Arab and Soviet aid. The father's and son's regimes may have resorted to asymmetric measures of confrontation, but these, all the same, did not cause significant downgrading of US imperial stature. In crucial issues such as the

relationship to the Lebanese and Palestinian resistance and closer ties with Iraq, it knew well where the imperialist threshold lies. One may note that these Assad regimes also contained, absorbed and kept records of revolutionaries from Kurdistan, Palestine, and other internationalist groups that would have implicated an otherwise tense regional environment.

These changes to the resource allocation framework under the diktat of neoliberalism corresponded with the Syrian military/merchant class own capitalist inclination; however, one may counterpoise that had a more restrained form of accumulation taken hold, the distribution of the social product would have progressed less inequitably. It is a moot point, however, to pose a counterfactual question when the forces that shape global development are as capitalistic as the Sino/Russian on one end and US-led strands of capitalism on the other. This was a time of socialist defeat and capitalist ideological victory. In an over-deterministic fashion, any moment of the totality of the social condition in Syria explains the uprising, but the social force that ushers in the condition for blind accumulation in Syria, when the regime combines absolute political and economic power, are the imperialistically set undercurrent of history upon which other moments tally. Whereas, prior to the nineties, World Bank advice was circumspect in relation to how market reforms affect the stability of Syria; after the nineties, it moved ever more closely to a full liberalisation policy, which, despite its gradualism, in its final stage, it came to resemble the shock therapy introduced in the Post-Soviet economies.

As the assets of the class in charge of development in Syria rose to be denominated in dollars and its space for wealth accumulation came to be determined by the dollar-based financial system, its structural partnership with international financial capital grew. At the final stages of this process of integration with world financial capital, the merchant-military class was sacrificed by US-led imperialism at the altar of the more lucrative accumulation by encroachment process, or the process by which war and dispossession reconfigure value relationships on a global scale in favour of capital.²⁶ Although the universal form of wealth holding in the dollar homogenises diverse corners of capital, the rent grab and the wars needed to subjugate peripheral formations necessitate a process of self-differentiation within capital that may disengage subordinate partners. As the Syrian regime moved away from etatism, the rate of transfer of resources from the working class to the national military-merchant class increased and, by implication, resources flew to the dollar denominated capital sphere. This process also represents an indirect form of war tribute, channelling resources from the Syrian working class to imperialist

²⁶ Avramidis S., Op.cit.

centres. Consequently, Syrian development faltered and so did national security. Openness, as evidenced by the uprising, would later represent one of the historical moments which would contribute to intensifying social contradictions leading to collapse. The regime represented a state bourgeoisie with capitalist roots that safeguarded capitalist relations during the absence of a viable national bourgeoisie in the immediate post-independence days. The regime decoupled the working class from the political process but it could not depoliticise the working class. In the absence of a national debate, the regime became susceptible to be misled down a road of self-destruction.

IX. Closing comment

When Bashar's class, the military-merchant class, duped itself into believing that the pittance earned by financial capital from conducting trade with Syria was all that imperialism sought, it succumbed to a deception plot that spelt its own demise. It foolishly upheld that imperial forces would be satisfied with the tribute drawn from the Syrian regime's adherence to neoliberal policy when, in actuality, imperialism draws far bigger rents from the rest of the world as a result of its hegemony over the Near East. The study of imperialism is principally a war theory; the core of which is that capital destroys value, undervalues existing peripheral assets and grabs resources in order to maintain its rates of profits. Unlike primitive accumulation which socialises peasants gradually over time—peasants lose their petty property and become part of the non-owning workforce, wars in the periphery socialise whole countries in a very short period of time. It is not only the one dispossessed peasant who is up for grab, the totality of the social formation becomes up for grab. Working populations lose their grip on their own resources, including their own labour resources, and the country's assets are devalued. Wars cheapen assets and create immense cheap material for capital, which the latter may or may not deploy in productive activity. The selling of commodities alone or the realisation side of capital accumulation is fraught with contradictions leading to periodic overproduction crisis, which, in turn, requires, a process of social dislocation to regenerate the social relationships of capital on firmer grounds. War in the theory of imperialism is endemic to capital.

To construct a modern Near East history without wars and dislocation amounts to a formal effort without a referent in reality or, a sort of theory of efficient history modelled after the phantasm of efficient markets. Imperialism thrives on war and militarism because these processes remould values and, just as importantly, shape the existing ideological frameworks to the demands of capital. Much like the charade that the

adversaries of the Syrian regime promote about the *doux-commerce* nature of financial capitalism and the possibility of a democratic transformation in Syria, the Syrian regime itself was extolling the virtues of free markets and the imminent transition of Syria into a new Near-Eastern economic tiger. However, situated in a region where most politics are *realpolitik*-like and war or the heightened threat of war represent principal tributaries of capital accumulation, the Syrian military-merchant class believed that with the services rendered to imperialism in, stabilisation, rendition and anti-terrorism, in addition to its neoliberal measures, would ensure its accession into the global financial club. Times and drone technology, however, were changing. The Syrian military-merchant class misconstrued the point that the main contradiction is not between Syria and imperialism, but between variants of imperialist forces vying for hegemony over the Near East.

When the crisis of capital deepened, as occurred since the 2008 financial crisis, the opportunity to tear asunder the Syrian social formation pursuant to the Arab revolts also ripened. The imperialist cohort wasted no time and sacrificed the structural ally- the Syrian military-merchant class. The bluff of playing off the pan-Arab card against their share of the national rent was no longer an option for the Syrian regime whose class centripetal pull to imperialism became evident as it parted ways with its old forms of national capitalism. The bazaar trade manoeuvring of the past would no longer suffice when a drawn-out process of destabilisation in Syria would reinforce capital's control and increase the share of the US-led financial elite rent grab vis-a-vis the other circles of capital. Wars that extend control via the devastation of security-vulnerable peripheral states also expand value beyond the customary value creation mechanisms- longer working hours or better technology. They expand the share of capital in the social product at the expense of the working classes because they ideologically and physically bolster the relative power of capital in connection to the weakening peripheral structure and sovereignty of the devastated state. For US-led imperialism, the Syrian uprising was an opportunity to restructure the Syrian polity into a loose social mass in which the central state exercises little or no sovereignty at worst or, to prolong the state of conflict, at best. From the onset of the conflict, the near consensus was that no mediation will arrest the Syrian revolution turning into a civil war. The forces waiting to nourish the social and sectarian divide were ominous.

The new mode of imperialist control in the Near East is not meant to articulate the social formation by the medium of the state, but one where a state is engineered to promote the dissolution of social formations along ethnic or sectarian divisions. It is a mode of withering the political repre-

sentation of peripheral working classes and, conversely, an inexpensive form of colonialism. The perception that the United States is weaker as a result of leading unsuccessful campaigns in Iraq and Afghanistan is fallacious because the financial elite in charge of the United States draws imperial rents in inverse proportion to the degree to which states in this oil-rich region relinquish sovereignty over the oil resource.

The stability of the dollar-based global financial order rests, in large part, on the leverage US capital exercises over the flow of oil from the Near East region (Avramidis 2006 and Patnaik 2009). Strategic oil control underwrites the dollar as the world reserve currency and allows for seignorage and uncertainty premiums to be pocketed by the US-led financial elite. The global financial system's expanding indebtedness exacts a heavy toll on working classes in the centre, but its more consequential impacts are about war-fomenting in security exposed formations. A cross border US-led class alliance practices war on the more vulnerable states to reshape the social configuration that is required to undervalue human and natural assets. That is how victory and/or defeat are to be assessed from a class perspective and not by the cakewalk of advanced armies into semi-starving nations. The semblance of a weakened US is misleading because the capitalist class deploying the state to serve its ends is stronger as a result of militarism. Capital is a whole to the extent the dollar integrates differing concrete capitalist classes or mediates concrete processes of wealth creation into one through the dollar. The fetish of national divisions flourishes in connection with imperialist divisions over resource grab, but beyond the mystique of the fetish, as the working class bears the burden of war, it is the working populations in poorer nation states that loose the most. More pertinently, a losing working class is not a subject of history.

In times of severe crisis and war, the state outdoes itself as the political medium by which capital reproduces itself. The scope of business for the military merchant class of Syria was within Syria. US-led financial capital engages the region as whole, including Syria, not for what it could draw from it in money-form gains, but rather from its debilitation. Value precedes the money-form. These are two different modes of accumulation for two incongruous social classes which meet when their wealth coincides in the dollar and depart by the degree to which the immiserisation the Syrian working class contributes to the hegemony of US Empire. The Syrian military-merchant class would perish if Syria perishes. It is at this point that the Syrian regime went too far against its own working classes and against its own interests. By doing so, it acted as surrogate US-led capital. The Syrian state was not the Syrian regime's medium of repression and exploitation, it was imperialism's.

However, Syria is no ordinary Third World country. It already extracted two unusual vetoes from China in the Security Council. By overly repressing and neo-liberalising, the regime had put its own existence at risk. In the uneasy symbiosis between US-led imperialism and the Assad regime, the Syrian military merchant class drew its strength from the very defeat of Syria. The overwhelming firepower of imperialism bolstered the defeatism that the Syrian ruling class needed to pass its reforms under the guise of pragmatism. Defeatism provided the ideological alibi to forfeit the thesis of combining development with security objectives. It is within this atmosphere that imperialism armed with a toolkit of neoliberal deception began to feed the regime's self-delusion of a free rein in pursuing its class interests. US-led imperialism harnessed the unwitting regime to undertake the task of auto-subsidence. As social ideology ebbs and labour as an internationalist power fragments, US-led capital remains the uncontested subject of history.

Sanctimonious cant derived from international law pervades the discourse on the Syrian crisis. Meanwhile, civil war rages moulding Syria into a shape possibly amenable to a future encroachment war on Iran. Until the moment of social explosion, imperialist interlocutors were advising Syrian policy makers on how best to pursue neoliberal reforms. These reforms extracted value from the national economy that would have otherwise enhanced the living standard of the working class. In Syria's state of war, the value extracted assumed the form of tribute or war booty funnelled to the US-denominated dollar circles by the conveyor belt of unregulated markets. In view of the weakness of internationalist ideology and the fact that some of the present players on the Syrian scene uphold obscurantist beliefs, sectarian strife is likely to abound. Whilst US-led imperialism and its labour aristocracy speak of human rights and democracy, the allies of US-led imperialism in the region channel weapons to fundamentalist groups.²⁷ The Western origin of the democracy/rights jargon alienates huge sections of the Arab working population that perceives these values with suspicion. As far back as 1976, ethicist James Sellers, in his enquiry on how it will be possible for the developing world to accept any of the Western values when it is being pillaged by it, he answers 'that America and the Western world must reinvent themselves as partners and not enemies of humanity and, only then can such healthy cornerstones of democratic experience, know-how, and voluntary association come to be accepted by the rest of humanity as gifts no longer suspect.'²⁸ The democracy/rights discourse as initiated by the West vitiates the very purpose for which it was conceived. US condemnation of the Salafi move-

²⁷ Rebel Arms Flow Is Said to Benefit Jihadists in Syria, <http://www.nytimes.com/2012/10/15/world/middleeast/jihadists-receiving-most-arms-sent-to-syrian-rebels.html?pagewanted=all>

²⁸ James Sellers 'Famine and interdependence', in *Lifeboat ethics*, George Lucas ed., Harper forum books, 1976.

ment, for instance, may generate more support for it amongst the dispossessed youth. The Western labour aristocracy's democracy/rights-cant deprives the Third World left from the genuine usage of this discourse. Western labour aristocracy has consistently been separate from the broader masses that today include the Syrian working population.²⁹ It would stand to reason that the language of resistance to outside aggression, as opposed to the second-hand sentimentality, represents a more appropriate angle for addressing the issue. Politically, the language of resistance is about building sovereignty, communal security and national defences. In Economic terms, it is about reinstating protectionism, multiple exchange/interest rates and capital controls. It is the delinking that ensures the recirculation of value within the national economy. For that, a cohesive and sovereign state is a rudimentary requirement. US-led imperialism stands against autonomous peripheral states more so than other variants of imperialism, such as the Russian or Chinese. At any rate, a weakened state in Syria supervised by US-imperialist drones strengthens the tentacles of capital not only in Syria but over a planet fast becoming extinguished by the excesses of capitalism.

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²⁹ Lenin V., *Left-Wing Communism: an Infantile Disorder*, Publisher: Progress Publishers, USSR, 1964 [1920].

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