

Syria's Economic Crisis Sparks Rare Protests in Regime Territory

by [Oula A. Alrifai \(/experts/oula-alrifai\)](#)

Jan 31, 2020

Also available in

[العربية \(/ar/policy-analysis/alazmt-alaqtsadyt-fy-swrya-tthyr-ahtjajat-nadrt-ly-arady-alnzam\)](#)

ABOUT THE AUTHORS



[Oula A. Alrifai \(/experts/oula-alrifai\)](#)

Oula A. Alrifai was a senior fellow in The Washington Institute's Geduld Program on Arab Politics.



Brief Analysis

Besides highlighting Assad's financial mismanagement, the recent unrest gives the international community a genuine opportunity to push for transition while bolstering the more prosperous local administration in the northeast.

Since mid-January, shop owners, government employees, students, and even children have been gathering in the streets of various Syrian communities to express their frustration with the Assad regime's economic policies and untruths. Although the protests remain small for now, the fact that they have persistently carried on in the middle of regime-controlled territory highlights Bashar al-Assad's potential vulnerability on these issues.

In Suwayda, a Druze-majority province in the south, residents have protested the sharp drop in the value of the Syrian pound/lira and the deteriorating economic situation in general. In the central-western town of Salamiya, protestors were seen chanting "we want to live." And in the Suwayda town of Shahba, demonstrators raised loaves of bread in the air while openly criticizing Bouthaina Shaaban, Assad's political and media advisor.

The latter protest was partly spurred by a recent interview on the pro-Assad television network al-Mayadeen, where Shaaban not only claimed that the country's current economy is "fifty times better than what it was in 2011," but also declared that "Syrians are self-sufficient in everything." In response, protestors sarcastically noted that her comments referred to her own household's economy, not Syria's. Elsewhere, former agriculture minister Nour al-Din Manna described Shaaban's remarks about the war-torn country as "hard to believe," and a closer look at the country's finances supports this disbelief.

CURRENCY WOES AND REGIME RESPONSE

Since 2017, Damascus has claimed that the official exchange rate is 514.6 Syrian pounds to 1 U.S. dollar. In recent

weeks, however, the *Financial Times* and other outlets noted that the rate had crashed well beyond that figure, at 1,000 SYP to 1 USD or worse. By January 28, the black market selling rate had risen as high as 1,035 SYP to 1 USD. All of these figures stand in dramatic contrast to the prewar exchange rate of 47 SYP to 1 USD.

The steep currency drops are now causing public unrest even among loyalists. Protestors in regime-controlled areas no longer seem afraid to criticize state corruption, denounce the pound's rapid collapse, call for price controls on commodities, accuse state media outlets of lying, and even name and shame regime officials while demonstrating in front of government buildings.

Activists have also launched a social media campaign under the slogan "Our lira is our dignity." Beginning in Homs and then spreading to Aleppo and other areas, the campaign encourages businesses nationwide to make a symbolic, limited-time offer—sell a good or service of their choice for 1 pound—in order to help low-income families. For instance, some grocery shops have temporarily applied this price to a kilogram of fruits and vegetables, while several bakeries have applied it to bread. Besides helping the poor, the goal is to challenge the regime's failed policies and show that citizens still have agency, with activists emphasizing on Twitter that "the people can accomplish what the government has failed to deliver."

To silence the growing criticism and crack down on the black market, the regime issued two new decrees justifying arbitrary arrests for committing "economic crimes." Legislative Decree No. 3 "forbids the use of anything other than the Syrian Pound as a payment means for any type of commercial transaction." Decree No. 4 "tightens the penalty on broadcasting or publishing fabricated facts or false allegations that cause national currency depreciation and instability." In other words, the regime is now threatening its own loyalists for fear of losing its grip on them. Individuals who violate these decrees face heavy punishment, including up to seven years in jail for using other currencies. The regime has also warned that it will crack down on alternative currency dealers and "manipulators," intensify local patrols to monitor companies, stores, and citizens, and arrest any violators it finds.

At the same time, the state-controlled Syrian Arab News Agency (SANA) is desperately trying to coopt the activist campaigns in order to contain local anger. Yet the protests have persisted amid dire economic indicators, including a sharp drop in government salaries from an average of \$500 per month before the war to as low as \$40 today. Regime territories are also witnessing higher crime rates, including frequent robberies, kidnappings for ransom, and killings. One activist in Suwayda predicted that the protests will not stop, noting that fears of imminent economic collapse are shared by people nationwide, not just in regime areas.

LEBANON CONTRIBUTING TO SYRIA'S PROBLEMS

According to the Syrian Center for Policy Research, the country's overall poverty rates had reached nearly 95 percent by the end of 2017. Similarly, the CIA World Factbook notes that Syria's economy declined by more than 70 percent from 2010 to 2017. Recent unrest indicates that the situation has grown sharply worse in recent months, partly due to conditions next door in Lebanon.

Last fall, Lebanese citizens launched a mass protest movement in response to their own financial crisis, and the spillover effects are being felt across the border. Syrians can no longer rely on the same number of remittances and business opportunities from Lebanon. For their part, the Assad regime and its constituents have lost a key financial lifeline: access to hard currency from Lebanese banks. In this sense, bailing out [the current Hezbollah-controlled government \(https://www.washingtoninstitute.org/policy-analysis/view/heres-how-the-u.s.-can-pressure-lebanons-new-government-to-tackle-corruptio\)](https://www.washingtoninstitute.org/policy-analysis/view/heres-how-the-u.s.-can-pressure-lebanons-new-government-to-tackle-corruptio) in Beirut would mean indirectly rescuing Bashar al-Assad, since easing the spillover from next door would presumably ease some of the domestic pressure on Damascus.

POLICY OPPORTUNITIES

As Syria's economic decline continues, Assad is losing the trust of many regime supporters, with resentment over

A his mishandling of financial matters causing visible fractures in his support base. This disenchantment presents an important opportunity for the United States and its regional allies to push Damascus even harder, both on negotiating a political transition and on reversing the dire economic and humanitarian situation on the ground.

In practice, this means sanctioning more pro-regime businesses and “friendly entities” that help Assad and his circle evade sanctions. Washington should also encourage its regional allies to maintain the regime’s diplomatic isolation. Talks and other efforts aimed at normalizing relations with Assad are not just premature, they are counterproductive, undermining the broader international goal of encouraging political change and improving humanitarian conditions in Syria.

U.S. officials should also keep in mind that the Autonomous Administration of North and East Syria (NES)—the territory still under the control of the Kurdish-led Syrian Democratic Forces (SDF)—is in much better economic shape than the regime-held zone. The NES would be in even better financial shape if Washington and regional partners such as Turkey and Iraq (especially the Kurdistan Regional Government) did more to **facilitate cross-border trade (<https://www.washingtoninstitute.org/policy-analysis/view/the-new-status-quo-in-northeast-syria-humanitarian-and-security-implication>)** and increase the flow of **humanitarian aid from outside NGOs and Western governments (<https://www.washingtoninstitute.org/policy-analysis/view/a-decisive-vote-for-humanitarian-support-in-syria>)**. By enlisting Europe and the Gulf Cooperation Council states on reconstruction projects in NES areas, the United States could help establish a model for alternative governance and economic success in Syria. Besides providing an antidote to Assad’s brutal and broken Baath system, a prosperous NES would also show that the regime’s decision to partner with Iran and Russia was a bad move economically.

Oula A. Alrifai is a fellow in The Washington Institute’s Geduld Program on Arab Politics. ❖

RECOMMENDED



BRIEF ANALYSIS

[Iran Takes Next Steps on Rocket Technology](#)

Feb 11, 2022

◆
Farzin Nadimi

[\(/policy-analysis/iran-takes-next-steps-rocket-technology\)](#)



BRIEF ANALYSIS

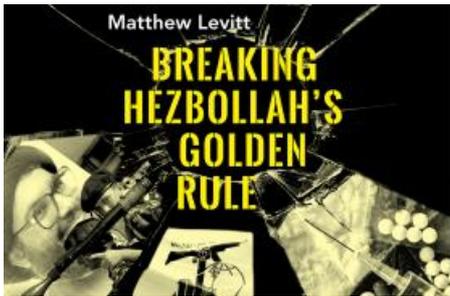
[Saudi Arabia Adjusts Its History, Diminishing the Role of Wahhabism](#)

Feb 11, 2022



Simon Henderson

[\(/policy-analysis/saudi-arabia-adjusts-its-history-diminishing-role-wahhabism\)](/policy-analysis/saudi-arabia-adjusts-its-history-diminishing-role-wahhabism)



ARTICLES & TESTIMONY

[Podcast: Breaking Hezbollah's Golden Rule](#)

Feb 9, 2022



Matthew Levitt

[\(/policy-analysis/podcast-breaking-hezbollahs-golden-rule\)](/policy-analysis/podcast-breaking-hezbollahs-golden-rule)

TOPICS

[Arab & Islamic Politics \(/policy-analysis/arab-islamic-politics\)](/policy-analysis/arab-islamic-politics)

[Democracy & Reform \(/policy-analysis/democracy-reform\)](/policy-analysis/democracy-reform)

[Energy & Economics \(/policy-analysis/energy-economics\)](/policy-analysis/energy-economics)

REGIONS & COUNTRIES

[Lebanon \(/policy-analysis/lebanon\)](/policy-analysis/lebanon)

[Syria \(/policy-analysis/syria\)](/policy-analysis/syria)