Policy Focus

BASHAR'S FIRST YEAR From Ophthalmology to a National Vision

Yossi Baidatz

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RESEARCH MEMORANDUM

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> Yossi Baidatz Israel July 2001

One year after Bashar al-Asad's ascendance to the presidency of Syria in June 2000, the country has neither collapsed into chaos nor become a liberal, free-market society. Bashar has not proven to be the radical innovator some had hoped for, but there is no doubt that his style of leadership differs from that of his father: changes are taking place in Syria. The consequences of these changes, and when Bashar will have to face them, remain unanswered questions. It is also unclear how long Bashar will be able to continue the current slow pace of reform as he faces a society awakening from a thirty-year slumber. Realizing that he must maintain a balance between his own identity and the various forces defining the country, Bashar has chosen to concentrate first on broadening his own legitimacy and consolidating his position, first within Syria and second in the wider Arab arena.

Along with the presidency, Bashar inherited a set of pressing and severe problems. Whereas the elder Asad liked to prioritize the most urgent issues first, Bashar has seemed to prefer formulating long-term strategies for dealing with Syria's economic and social woes. Setting aside the need for quick successes allows him to advance slowly and deal with rear-guard pressure from the stillpowerful older generation.

Bashar's handling of the challenges facing the Syrian economy is a useful window through which to view the way he juggles the demands of the political and military elites against his own understanding of Syria's need for change. As the country attempts to lower its high unemployment rate, Syria's need for a healthy private sector and for a greater acceptance of international business standards is growing. While taking care not to harm the interests of the Old Guard, Bashar has taken steps toward reform and has countenanced a relatively open debate on Syria's economic needs. So far, these advances have been too small to yield tangible results, but they do point in the right direction. The question is whether Bashar can continue to lead the country down the path of economic reform without incurring the wrath of his father's conservative generation.

The same careful dance between liberalization and regime stability has also become apparent in official reactions to the growing calls for Syrian withdrawal from Lebanon. Under Bashar, Lebanese demands for ending the Syrian military presence in that country contain a previously unheard-of bluntness. The young leader's response has been to allow the debate and permit some redeployment of Syrian troops—thereby lowering Syria's profile in Lebanon without acceding to calls for a full implementation of the Taif Agreement. On Hizballah's ongoing confrontation with Israel—another issue of Syrian–Lebanese tension—Bashar has chosen to continue walking a thin line, balancing the benefit he thinks he gains from Hizballah activity against the potential price of a comprehensive deterioration of the Syria–Lebanon–Israel triangle.

Bashar is still new at the job, and some of his attitudes may still be forming. Given Syria's pivotal role—for better or for worse—on major U.S. regional interests such as Iraq and the Arab– Israeli arena, a relevant American policy must take into account the competing forces that determine the scope, tempo, and substance of his own decisionmaking. But so far, the United States has been passive, raising no challenge to Syrian efforts at warming ties with Iraq, Iran, or Hizballah. Given the cost of delay in this combustible period, Washington cannot afford to sit back and simply let events take their course. In addition to presenting Damascus with the potential economic gains to be had from cooperation, an alternative approach that underscores the costs involved in permitting even a low-level confrontation with the United States could alter Bashar's calculus.

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The spring of 2000 brought strong winds that rocked the Middle East for the rest of the year. In March, the Syrian-Israeli peace track ran into a dead end at President Bill Clinton's summit with Hafiz al-Asad in Geneva. In May, the Israel Defense Forces (IDF) left southern Lebanon after a twenty-year stay. Asad, Syria's unshaken ruler for the previous thirty years, passed away in June. By the end of September, the Palestinian-Israeli track of the peace process had collapsed into a bloody struggle, claiming many lives and killing hope throughout the Middle East. At the end of the year, President Clinton, who had invested more in the peace process than any other American president, concluded his eight years in office facing the rupture of that process and, with it, of American policy in the Middle East.

In February 2001, the Israeli public had its say, voting by an overwhelming majority to replace Ehud Barak with Ariel Sharon as prime minister. Sharon hurried to erect a unity government, largely in response to the public's disappointment with the peace process and its frustration with the current situation. During this turbulent period, thirty-six-yearold Bashar al-Asad took hold of the reins in Syria and immediately faced enormous challenges in a fluctuating environment. As Syria, slowly awakening from a thirty-year mental deep freeze, became acquainted with its new ruler his character and his limits—the Lebanese protectorate simmered with surfacing tensions that threatened to exact a heavy toll from the young leader and ignite the entire region.

Bashar's presidency opened with a promising inauguration speech¹ filled with vigor, optimism, and self-confidence, portraying the past as a respectable outlet to the future.²

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This policy focus, coming as it does against the backdrop of a new era for Syria and Lebanon, will try, as far as possible, to avoid judgment. Instead, it will elucidate the tensions and fundamental problems facing Bashar while trying to conceptualize the framework within which he operates. During this stormy period as a new administration in the United States finds its way in the region and learns lessons from the mistakes and achievements of the past—the analysis presented here may assist in clarifying the threats and opportunities that lie in the path of those "navigating through turbulence" in the Middle East.⁷ It may also facilitate discourse concerning the crystallization of a relevant American policy toward Syria and Lebanon, as part of a comprehensive U.S. policy in the region.

Notes

- 1. July 17, 2000. For an official translation of the speech, see the Syrian Arab News Agency website (www.sana.org).
- 2. See also Bashar's interview with *al-Sharq al-Awsat*, February 8, 2001: "We are not coming to destroy what exists, but to develop it."
- 3. For example, in greeting Pope John Paul II during his May 2001 visit to Syria, Bashar called for the pontiff's support against Israel, accusing the Israelis of "trying to kill religions in the same way they betrayed Jesus Christ, in the same way they tried to kill the prophet Mohammed." Suzette Bloch, "Pope Calls for Real Peace in Mideast, Asad for Support against Israel," Agence France Presse, May 5, 2001.
- 4. These differing expectations were also stressed by Murhaf Jouejati in his presentation to the Woodrow Wilson International Center for Scholars, February 2, 2001 (hereinafter Jouejati).
- Susan Sevareid, "Displaying Common Touch, New Leader Eases Up on Freedoms, Tries to Fix Ailing Economy," Associated Press, December 30, 2000.
- 6. Ambassador David Satterfield, briefing at the Middle East Institute, December 21, 2000.
- See Navigating through Turbulence: America and the Middle East in a New Century, Report of the Presidential Study Group (Washington, DC: The Washington Institute for Near East Policy, 2001).

Within a year, however, he was offering fanatical, hate-filled speeches³ constructed of anachronistic Arab nationalist rhetoric and a pessimistic outlook that embraced the past as a *sanctuary from* the future. The oscillation between these two tendencies, more than anything else, probably reveals Bashar's lack of confidence—his search for a way to locate Syria within the conceptual-cultural spectrum in which he now finds himself.

The rise of the young leader against the background of changes in the region was accompanied by a wide range of expectations.⁴ Some saw him as "Mr. Bashar"—a clumsy young man detached from the Syrian-Lebanese reality—and therefore expected very little from him. Others (especially those outside the region) saw him as "Dr. Asad," a promising young leader with a Western education leaning toward modernization and technological progress, who would lead his country out of a dark Levantine past and into the enlightened lap of the West. These latter predictions did not give adequate consideration to the unique context that constrains Bashar and the Syrian people, and thereby fostered unreasonably high expectations that have led to disappointment.

It is dangerous, however, to draw far-reaching conclusions from this first year. In contrast to the "short-distance runners" that is, Western leaders caught between the hammer of their term's end and the anvil of criticism from the democratic institutions of their country—Bashar sees time differently, believing himself to be in a long-distance race. In spite of the fact that he rules a nondemocratic society, Bashar is very much aware of the sentiments of the general public, just as he is keyed in to the elites and their representatives at the various centers of power in Syria. He is more deeply involved in the daily life of Syrian citizens than his father was during the entire last decade of his rule, and he maintains a higher level of visibility than the elder Asad did.⁵ Even so, many in Syria and Lebanon continue to see Bashar as an enigma.⁶

Therefore, at the end of his first year, one can conclude only that Bashar has not wrought the fundamental change—neither giddy success nor abysmal failure—that some analysts predicted when he assumed the presidency.

In looking at Bashar's first year, one may conclude that—apart from a few small bumps in the road—the transfer of power was smooth, thanks mainly to Hafiz al-Asad's grooming, which left Bashar as practically the only choice for successor given Syrian political constraints.¹ The elder Asad worked on two levels, both preparing Bashar for the new political environment he would inherit and preparing the political environment for its new leader.

After the thorough "cleansing" conducted by the elder Asad before his death, no alternative leadership emerged to challenge his son. But by getting rid of any potential enemies or competitors, Asad also cleared the terrain of potential partners. This means that unlike his father, who was surrounded by intimate acquaintances and colleagues, Bashar's closest partner is himself. He is surrounded by the remnants of the Old Guard, who occasionally attempt to halt Bashar's initiatives in the name of his father's legacy, and thus far he seems to have no one to help him push the Syrian train forward. In other words, although there is no overshadowing figure above Bashar, he is still constrained on certain issues by particular individuals²; Bashar is holding the strings, but it is unclear whether he is the puppet or the puppeteer.

Under the veil of stability bequeathed to him by his father, Bashar also inherited several severe problems. The Syrian economy, neglected for many years, is still deteriorating; this may also affect social stability, which has long been maintained by a rigid political framework. In confronting these problems, Bashar's priorities already appear to diverge from those of his father's regime. Although the young leader has not yet begun to fully implement an overall strategy, that which is observable may serve as a declaration of intent.

As Bashar comes into conflict with the central tensions of the Syrian state, he appears to be trying to locate himself between stagnation, continuation, and reform—crystallizing his vision by conceptualizing the main dilemmas facing him. These dilemmas include domestic challenges (e.g., the pace and scope of social, economic, and political changes), maintenance of the Syrian hold on Lebanon, and the costs and benefits of encouraging continued Hizballah activity along the border with Israel (given both Lebanon's attempt to recuperate economically and the danger of a regional escalation).

Notes

- 1. The fact that Bashar was the "default option" was stated bluntly by Defense Minister Mustafa Tlass: "With the death of the late President we in the leadership were faced with two choices, either to hand the responsibility over to Mr. Abd al-Halim Khaddam, since he is Vice President of the Republic, or that I will be appointed.... We considered things rationally and found that all the members of the Old Guard are close to 70-years-old, and if we appoint one of them you will face a change of President of the Republic every two years, and this is not in the interest of stability. Therefore, we decided unanimously to appoint the young Dr. Bashar." Mustafa Tlass, interview, *al-Ahram*, July 15, 2000.
- 2. Prominent among them are Foreign Minister Farouq al-Shara, Defense Minister Tlass, and Vice President Khaddam (all Sunnis).

In spite of Bashar's intuitive understanding of the need for change, there is no evidence to suggest that either his regime or the Syrian elites have a set of clear strategic principles regarding Syria and its economy; nor, for that matter, did the previous regime. Until now, reforms have usually been proposed as solutions to immediate problems and not as part of any long-term planning. The novelty in the current situation is the opening of an internal debate concerning the need to adjust Syria's economy and society to global processes. This will necessitate the emergence of Syria from its economic bubble, permitting exposure to economic and cultural relations with other countries. Playing the competitive game requires acceptance of economic globalization and the tools necessary for an advanced economy, which today are barely in existence in Syria.

For a country like Syria, globalization means openness to international economic models—and viewing neighbors as economic rivals. With this in mind, one can better understand the negative connotations of the word "globalization" in Syria and other Arab countries. Their distrust of this process stems from both past experience and fear of the future. On the one hand, memories of Western colonialist policies have engendered a fear that globalization may only be another attempt to use Arab resources to Western advantage. On the other hand, opponents of a speedy entry into international markets are somewhat fearful that, without the protection afforded by a state-run system (e.g., subsidies and other safety measures), the Syrian economy will have a hard time competing.

The need for socioeconomic reform in Syria can be analyzed by defining several basic problems.¹

Increasing Unemployment

The constant growth in the Syrian population creates an increasing need for new jobs and adjustments in the infrastructure. The proportion of young people in the population is extremely high, placing extra pressure on educational institutions, while 200,000 new job seekers join the labor market every year.² Considering the additional fact that the public sector, which is responsible for employing more than one-quarter of the work force, has a limited capacity to create new jobs,³ it is easy to understand why growing unemployment, especially among the young, is a worrisome phenomenon in Syria with a high potential for instability.

Dependence on Oil and Agricultural Revenue

Syria is still highly dependent on oil-related revenues even as this precious resource dwindles. About 60-70 percent of Syria's exports and 40-50 percent of its revenue are oil dependent, but Syrian oil wells are beginning to run dry. In the coming decade, Syria may even find itself importing oil, as it did just fifteen years ago. Even if significant new oil reserves are found,⁴ their production would be offset by increasing local consumption. Notwithstanding the seriousness of this situation, Bashar's regime seems insensitive to the growing unreliability of oil as a primary economic resource. In this context, Syria's interest in the Iraqi-Syrian oil pipeline, which resumed operation in the last year, takes on an economic as well as political dimension. The resultant increase in domestic oil revenue, compounded by an expected rise in oil prices, may cause the Syrians to ignore the problematic nature of their high dependence on oil revenue and discourage them from investing resources in the search for diversified sources of income.

Second only to oil, the agricultural sector constitutes 29 percent of the Syrian economy.⁵ Given the current water crisis in the region, agriculture may prove to be as risky and unreliable as oil, especially given the prevalence of moisture-intensive crops such as cotton.⁶

Economic and Technological Stagnation

If no alternatives are developed for oil- and agriculture-based revenue, the resultant crisis in the balance of payments will likely lead Syria into deep economic stagnation. In addition, the Syrian infrastructure is, for the most part, out of date. Advanced communications systems were laid out in some areas during the 1990s, but other regions have been completely neglected and are not capable of supporting economic development. Assuming that economic growth does not meet the pace of demographic growth, there will be an even greater need for economic and technological modernization.

In the past, Syrian economic policy was influenced mainly by political considerations,⁷ which had the effect of distancing potential Western investors looking for a more friendly and comfortable investment environment. The current regime seems to have identified this problem and is indeed taking steps to remedy it. Although Syrian banking laws are still far below the Western standard, the regime has made an attempt to bring them in line with that standard, for example introducing secrecy laws and credit cards. Bashar and Prime Minister Mustafa Miro have also made a concentrated effort to allow the establishment of (partially) private banks and to change the outdated monetary exchange system. As Miro has said, private banking "will help carry the burden of the national economy."⁸

These changes have not yet had much impact, however, and without significant development in the near future, Syria will have a difficult time competing even with regional rivals. These problems are further exacerbated by the dearth of skilled civil servants and by Syria's reluctance to make use of foreign experts, even Arabs.⁹

Syria's special status inside Lebanon holds some potential; Syria can use Lebanon to foster better economic relations with the West, just as Lebanese investors in Syria already serve as a bridge westward. The Syrians do indeed value the Lebanese economy, but, for better or for worse, they may be underestimating its influence on their own economy: the intimate involvement of the two economies may create a snowball effect in Syria, should the economic crisis currently looming over Lebanon eventually descend.¹⁰

Decreasing Standard of Living

In spite of the difficulty in finding reliable, up-to-date statistics, a trend of steady growth in the scope of poverty is nevertheless observable in Syria. One indication of this phenomenon is the reduced expenditure on education witnessed in both the budget and the gross domestic product during the second half of the last decade. Recognizing that the expression of poverty in Syrian society is different from that in the West, this trend nevertheless testifies to the piling up of economic distress, creating the potential for social and political unrest.

It seems that both the current regime and the Syrian economic elites are aware of the need to rely more heavily on the private sector in order to increase growth and fight unemployment. This, in turn, necessitates economic liberalization and a new perspective on "privatization"—a term described by the late Hafiz al-Asad as a plot to take over the lands of hardworking small farmers.¹¹ Many of the political elites who currently enjoy economic privileges fear that far-reaching changes will cause them to lose their source of livelihood. They will therefore allow Bashar to undertake only the minimum steps necessary to resuscitate the economy, and only while preserving the current system.¹² Bashar must consequently maneuver between the elites and the need for long-overdue economic change, the two components upon which his regime hinges. For the foreseeable future, he will likely exhibit great caution in implementing such changes.

In the mid-1980s, Syria took its first steps toward economic reform, similar to the *infitah* that took place in Egypt during the mid-1970s (that is, the economic "opening" of Egypt to the West). The most significant of these steps was the Syrian investment law of 1991 (Law no. 10), supposedly the cornerstone for future Syrian economic reform. In reality, it was the last significant step taken toward liberalization in Syria until Hafiz al-Asad's death.

Notes

^{1.} See also Voelker Perthes, "The Political Economy of the Syrian Succession," *Survival* 43, no. 1 (Spring 2001), pp. 143–154.

^{2.} This is a conservative estimate that does not take into account a possible future increase in the percentage of working women.

- 3. Even Planning Minister Issam al-Za'im has said that the Syrian private sector "is still limited and dispersed." This sector, he added, "is still a family enterprise, which makes it very difficult to conduct negotiations.... The policy of joining both sectors, private and public, is still on," but it needs time to be effectively implemented. Sami Moubayed, "Syria's Economic Growth Rate Grinds to Sudden Halt," *Daily Star* (Beirut), May 9, 2001.
- 4. Two new sites are currently being explored in the area of Zenobia in eastern Syria; however, their production capacity is still unknown. See *Middle East Economic Digest*, January 12, 2001, p. 28.
- Daniela Gressani et al., "Syria's Economy: Prospects for Peace, Aid and Market Reform," PeaceWatch no. 245 (Washington, DC: The Washington Institute, January 31, 2000), online at www.washingtoninstitute.org/watch/ peacewatch/peacewatch 2000/245.htm
- 6. About 20 percent of Syria's population is said to be partially or totally dependent on cotton cultivation and related industries such as manufacturing and marketing. See "Syrian Bank Reforms Herald New Era," *Middle East Economic Digest*, December 15, 2000, p. 18.
- 7. This may be seen in the case Syria's growing rapprochement with Iraq, which has brought about the opening of the Syrian-Iraqi oil pipeline in open defiance of United Nations resolutions. Of course, this decision is extremely beneficial to Syria financially, but it also allows Bashar to set himself up as one of the opponents to the Western "siege" on Iraq. See also Chapter 5, subsection entitled "Exploring Syria's 'Strategic Depth': Iraq and Iran," p. 23.
- 8. Sami Moubayed, "Syria Gets Serious over Modernization Program," *Daily Star* (Beirut), May 30, 2001.
- 9. Jouejati.
- 10. With regard to the danger of Lebanese economic collapse, see "Hariri Toils in Face of an Economic Crisis," *Daily Star* (Beirut), May 21, 2001.
- 11. Zvi Bar'el, "The Emergency Laws Will Not Be Annulled," *Ha'aretz*, March 16, 2001.
- 12. Proof that lack of economic improvement may lead to dangerous tension can be seen in the unrest following the annulment of government subsidies on imported rice and sugar. The subsidies were ended on October 27, 2000, as part of an attempt to facilitate ties with the European Union. Following the unrest, the government's decision was cancelled and the subsidies were reinstituted. See *al-Ba'ath*, February 16, 2001. My thanks to Dr. Eyal Zisser for this point.

Balancing Influences on Economic Reform

In the early 1990s, Hafiz al-Asad focused most of his attention on the following topics: the Madrid peace talks begun in 1991, the grooming of Bashar as successor, and his own deteriorating health.¹ Because the decisionmaking apparatus in Syria demanded Asad's personal involvement in most areas, domestic sectors whose needs were considered less imperative, such as the economy, were pushed aside in favor of external priorities. Although the Syrian economy was not particularly healthy during this period, the situation did not reach the proportions of a crisis, thanks largely to foreign aid from the Gulf countries (in return for Syria's participation in the 1991 coalition against Iraq) and to growing domestic oil revenue. The elder Asad had more pressing issues on his mind, and his perception that the economy was at least "holding up" allowed him to postpone the need to initiate economic reform.

With Bashar's rise to power, the balance between external and internal priorities changed. The freeze in the peace process with Israel during his first year in power, along with the successful reinforcement of his position, allowed the young ruler to focus on what he defined in his inaugural speech as essential issues namely, economic and social reform in Syria. That Bashar chose to talk about these issues at his inauguration—a defining moment in his rule—should not be seen as an empty gesture; Bashar knows the price of raising false expectations. Rather, the speech was more an intuitive expression than an organized strategic plan.

Bashar clearly sees himself as a successor to his father's legacy. But he also sees himself as a representative of his own generation in Syria, a perception that fosters a deep commitment to change and renewal. He understands the economic needs that await

Syria—including the need for openness to foreign investment but he also knows the fear of exposure to a competitive system with different rules, requiring thorough change and preparation. This awareness is shared by Prime Minister Miro, who has stated that the regime's objectives include changing the banking system, creating a stock exchange, and amending the foreign trade law.²

There is currently no intensive external pressure on the regime regarding economic change. Syria does not perceive there to be a clear U.S. policy on the matter, but the country's continued presence on the U.S. State Department's list of state sponsors of terrorism—even though U.S. restrictions have been relaxed since the Gulf War—certainly does not encourage potential American investors. The European Union (EU) has taken a slightly different approach. It shows a certain willingness to encourage payment arrangements and aid, accompanied by a demand that Syria meet EU standards; overall, however, Syria remains essentially unrestrained.³

In contrast to these Western states, Syria's Lebanese "sister" is a pace car of sorts on the road to Syrian economic reform. A certain pattern has emerged in recent years: Lebanese investors enter the Syrian market first in order to test the waters. When the Lebanese experience is positive, wealthy Gulf states follow suit, only then followed by Western and non-Arab investors. This economic interest weighs in strongly among the reasons for Syria to hold on tightly to Lebanon. In spite of Syrian dominance over the country, private economic entities, such as Lebanese bankers, maintain a degree of independence that should not be underestimated. These entities often condition their involvement in the Syrian economy on certain changes and reforms.

In this way, the Lebanese business community takes the place of the Syrian private sector as lobbyists for economic reform in Syria. Of course, this is hardly altruism on the part of Lebanese investors, but rather an expression of their belief that Syria is a potentially profitable market. As the Lebanese market grows weaker, the drive to invest in the (relatively) pristine Syrian economy may increase, serving as a safety net for Lebanese investors.⁴

Notes

- 1. See Patrick Seale's address to the Congressional Research Service, Washington, DC, October 20, 2000.
- 2. Daily Star (Beirut), April 31, 2001.
- 3. For example, see Chapter 2, note 12.
- 4. For an example of this dynamic, see Louisa Follis, "Food Firms See Future in Syrian Olive Groves," *Daily Star* (Beirut), May 8, 2001.

The expectations of change created by Bashar's rise to power have also brought on internal pressures. On September 27, 2000, for example, an unprecedented alliance of ninety-nine Syrian intellectuals addressed Bashar in an open letter called the "99 communiqué" (see Appendix I), published in a major Lebanese newspaper. Calling for, *inter alia*, the annulment of the emergency laws (invoked in certain arenas by the ruling Ba'ath Party since 1963), the intellectuals were effectively challenging Syria to begin moving in a new direction.

But in spite of Bashar's declarations of support for reform and change—which he made particularly clear in his inaugural speech and mentioned in later interviews—the young leader does not see himself as a radical reformist, but rather stresses that his actions are fed by his father's vision of an independent, stable Syria, undivorced from its past. This almost contradictory-sounding outlook is actually Bashar's attempt to locate himself in the midst of the spectrum of ideas bandied about in the Syrian public debate—a spectrum that may be represented by an analytically constructed scale: at the conservative end are the "continuists," the least forward-looking group; at the other end are the "innovators," those in favor of radical change; in the middle are the "evolutionists," the more moderate reformist group led by Bashar himself.

The Continuists

This group supports the "continuity of corrections."¹ Their focus is on preserving the achievements of the past while recognizing that some mistakes have been made that should now be corrected. As Defense Minister Mustafa Tlass once explained, "There are mistakes in government policies, but Bashar is correcting them."²

Essentially, the continuists recognize Bashar's reformist orientation, but only when combined with a clear message from his father's generation that their own ideology should be preserved in the spirit of the elder Asad's legacy. This group defends mainly the interests of the public sector and the existing political structure-with the Ba'ath Party at its center-which enables the Alawite minority to continue ruling. The hard core of the continuist group is composed of the remains of the Old Guard³ and the regime, party, and military elites who will, in the short term, continue to enjoy the benefits of the current system. This group has a social base among the professional guilds, the public sector, and the media (entirely regime controlled), as well as among the "regime intellectuals"⁴ representing the classic nationalist-Arab-Ba'athist spirit of the late 1960s. Their understanding of the need for certain changes is interwoven with the perception that discretion is necessary if their source of income is to remain intact. In other words, they must accept some modifications if the system that supports them is to survive. That said, the possibility that the continuists will ever accept free competition or any other reform that may harm their direct interests, including their monopolies, is remote.

The Innovators

The very existence of this group is one of the clearest indications of change taking place in Syria because, more than any other, it expresses the widespread desire in Syrian society for transformation. The innovators emphasize the dire need for systemic change, beginning with the public sector via the educational system and the economic institutions. But setting their sights even higher, the innovators suggest that there can be no economic and social reform without political reform. According to members of this group, political reform, which they would base on the principles of civil society and rule of law, would lead to pluralism, transparency, and more responsiveness to the needs expressed by the Syrian people—in other words, the dismantling of the ruling Ba'ath political monopoly. The core of this group is composed of liberal intellectuals, among them the poet Adonis; representatives of the business community like Riyad Seif; and former political activists—some independent, some affiliated with the different communist and socialist parties (e.g., Anton Makdissi). Obviously, the group is not homogeneous; it represents a variety of ideologies from extreme liberalism to nationalism. In essence, the innovators rely on a temporary alliance of fringe elements, all in favor of political change (in spite of the fact that some oppose the economic changes recently instituted by Bashar).⁵

Together with publishing the 99 communiqué, the innovators began to hold political meetings labeled as "discussions of civil society"—a phenomenon long absent from Syria and described by some as the "Damascus Spring" (See Appendix I). In January 2001, emboldened by the lack of official response to these activities,⁶ 1,000 intellectuals and activists issued another communiqué containing similar demands to those made in the first. The "1,000 communiqué," together with the continued public occurrence of the political forums, seems to have been too much for the regime. A backlash ensued in the form of official criticisms by government ministers and a tightening of the rules curtailing the freedom of assembly.

Whether by Bashar's initiative or prompted by the Old Guard, the authorities also interrogated several activists, refused permits to others (publicly accusing them of being foreign agents), and stepped up the propaganda war by sending a contingent of highranking Ba'ath officials (including Tlass and Vice President Abd al-Halim Khaddam) to speak throughout the country and in the universities against the intellectuals. So many restrictions were placed on the political forums that they eventually moved to private houses and underwent a name change to *diwan* or *madafa*: (political) salons. Although the political activism of the innovators has slowed down measurably since the crackdown—some even see the current situation as the end of the "Damascus Spring"—the debate they initiated still continues, albeit in a lower key.

It would be a mistake, however, to assume that the political liberalism of the innovators implies a more lenient attitude toward the West or Israel. Accusations that members of this category are Western or Zionist spies has lent the innovators a real pragmatic incentive to belie that implication.⁷ Nor is the inherent ideological makeup of this group, from the Syrian nationalist end to the extreme left, likely to make them peace proponents.

The Evolutionists

Perhaps more than any other figure, Bashar represents the evolutionists' dilemma, and he also constitutes the core of this group, surrounded as he is by the technocrats he has appointed.⁸ The evolutionists try to position themselves between the continuists and the innovators, with the understanding that too much "continuity" will leave Syria deep in stagnation, while mere cosmetic change will have no significant impact. Among this group, there is a real fear that reform occurring too quickly will cause the current system to collapse on the heads of its leaders. The evolutionists also reject any wholesale importation of Western values or systems. As Bashar himself indicated in his inauguration speech,

[W]e cannot apply the democracy of others to ourselves. Western democracy, for example, is the outcome of a long history that resulted in customs and traditions which distinguish the current culture of Western societies. In order to apply what they have we have to live their history with all its social signification. As this is, obviously, impossible, we have to have our democratic experience which is special to us.⁹

Bashar expressed similar sentiments in his interview with *al-Sharq al-Awsat*:

Intellectual realism can only be attained by people with real experience. That is why we rely on our own past experiences and on experienced individuals (it doesn't really matter whether these experiences were successful or not) in our march of advancement. Only then can we avoid futile intellectual exercises and avoid the possibility of the process of advancement being turned into a fertile ground for opportunists and seekers of leadership.¹⁰

The evolutionists emphasize the need for reform, especially in technological areas, which is in keeping with Bashar's personal interest in computers and the internet. Although the evolutionists still view technology, to some extent, as a threat (in that it may lessen their power over the public), Bashar's attitude has brought them to understand that obstructing technological advancement may be counterproductive—since technology is a symbol of modernization and thus crucial to Syria's entrance into the international arena.

Tension between Continuity and Change

The tension built into Syria's current domestic scene is a significant challenge to Bashar. But he is also guided toward reform by the way this tension is conceptualized.

For instance, many difficulties and tensions appear even in the attempt to define "Syrian interests." There is no complete overlap (and sometimes there is a clear conflict) among the interests of Bashar, his family, the Alawite community, the security elites, the business elites, the Sunni majority, the different minorities, and other sociopolitical groupings in Syria.

During the thirty years of his rule, Hafiz al-Asad consolidated Syrian interests through his special leadership style, focusing on the stability that undergirded his regime's survival. With Asad's death and Bashar's rise to power, expectations of change arose among those who had suffered under the previous regime, next to the fears of those whose survival depended on the continued existence of this system. Although he continues to rely on the experience and expertise of the continuists in certain areas, Bashar—unlike his father—is seen by the Syrian public as one who can bring more openness by reducing the power of the monopolies and the Old Guard, who have studiously ignored the fact that the world around them has changed.¹¹

This background may help to explain some of Bashar's more extreme public statements¹² on pan-Arab issues and the struggle against Israel; his speeches essentially contain Ba'athist nationalist rhetoric that is meant to broadcast cultural continuity and a feeling of security. In addition, Bashar often makes these statements to facilitate the support—or at least nonbelligerency—of certain conservative elements as he carries out symbolic actions aimed at the liberal circles (such as the release of a few hundred political prisoners, the opening of Syria's first satirical newspaper, or winking at certain outspoken criticisms of the regime).

In this regard, the battle against corruption (begun in March 2000 under Hafiz al-Asad and taken up after his death by Bashar¹³) included several high-profile indictments of government officials and

raised high hopes for reform, but in the end fell victim to Bashar's need to placate the continuist elements. These elements, sensing perhaps that the system upon which they depended was under attack, finally signaled to Bashar that he was going too far.¹⁴

Bashar's actions communicate a message to those with high expectations for reform: they must remain patient and mindful that, although reform is desirable, it must be carried through at a significantly slower pace than they may prefer.¹⁵ This maneuvering between restraint and reform ensures that no significant changes in the Syrian political system will occur in the near future. Yet, a noticeable difference from the former era is still discernible.

It seems that Bashar has yet to crystallize his own views regarding the severity of Syria's economic and social problems, which explains why he has not yet set the pace for change. Although his situation is not a glowing success, if he should compare Syria's problems to those of other Arab countries in the region (e.g., Lebanon, Egypt, Jordan), he may very well conclude that Syria is still far removed from the crises experienced by other states. Such comparisons are common in the Syrian economic discussion and are accompanied by attempts to find appropriate models.

Syrian economic analysts are particularly fond of models that would seem to allow the regime to have its cake and eat it too, such as the "Chinese model," often presented as an example of far-reaching economic reform that takes place without significant political reform; closer examination, however, exposes essential differences in China's circumstances that make it an inappropriate model for Syria. Similarly, these analysts warn against following a path that would lead to the kinds of quick and destructive changes that occurred in Gorbachev's Soviet Union, Ceausescu's Romania, or in Algeria.¹⁶ These negative models, too, are inappropriate, as Syria does not experience the kind of deep and debilitating stagnation that characterized the Soviet Union and its satellite states.

Instead, Syria should perhaps adopt a model similar to Turkey, where economic competition coexists with parliamentary pluralism, all in the context of regulation and under the watchful eye of the security forces. In spite of Turkey's current economic crisis, such a system may benefit the Syrian business elites, who are inextricably linked to the security elites.

Although the forces of reform and conservatism in Syria are ideological opposites, there is no sense in which one can speak of equality of influence between the two; the continuists are in an undeniably powerful position. Over the last year, many hints of reform have been heard coming out of Syria, but how much change has already filtered down to the average Syrian citizen remains unclear. Although public-sector salaries have been raised by 25 percent,¹⁷ these salaries are still comparatively low. Similarly, Syrians now have an easier time importing cars and cellular phones and obtaining email access, but these commodities remain relatively expensive. Some new newspapers and a private school have opened, and some prisoners have been released.

But all of these developments combined do not constitute dramatic reform. Some describe the changes as merely cosmetic, while others view them as candles in the dark, lighting the way for more far-reaching reform within the framework of the regime's long-term timetable. Given his wish not to upset either the innovators or the continuists, Bashar's emerging motto seems to suggest "evolution, but not revolution."

Notes

- 1. Referring to the "Correction Movement" led by Hafiz al-Asad during his rise to power in 1970.
- 2. Mustafa Tlass, interview with Abu Dhabi satellite television, printed in *al-Quds al-Arabi*, April 12, 2001.
- 3. The "Old Guard" consists of Hafiz al-Asad's companions who now hold Bashar in check. The prime representatives of this group are Defense Minister Tlass, Foreign Minister al-Shara, and Vice President Khaddam.
- 4. Such as the active members of the conservative Arab Writers Association.
- 5. For example, the first edition (January 5, 2001) of the Syrian Communist Party newspaper, *Sawt al-Sha'ab*—the first nonstate paper published openly since 1963—was devoted to criticizing the government's landmark decision to authorize private banks.
- 6. Indeed, some reports claim that Bashar told security officials who were troubled by the events, "You have the right to know what these people are doing, but you can't stop them from doing it." *Middle East Economic Digest*, December 22, 2000, p. 5.

- 7. For example, on April 15, 2001—four days after Tlass accused the "1,000 communiqué" signatories of being CIA spies and working for Syria's enemies (as evidenced, apparently, by the absence of any mention of the Arab-Israeli conflict in the communiqué), the innovators' Committee for the Restoration of Civil Society called for pan-Syrian support of the Palestinians in a new declaration of principles.
- 8. Such as Planning Minister al-Za'im and Prime Minister Miro.
- 9. For an official translation of the speech, see the Syrian Arab News Agency website (www.sana.org).
- 10. Bashar, interview with al-Sharq al-Awsat, February 8, 2001.
- 11. "... whether these experiences were successful or not." Ibid.
- 12. Reference his remarks during the pope's May 5, 2001, visit and his speech at the Organization of Islamic Countries summit on November 12, 2000.
- 13. For Bashar's desire to rid Syria of corruption, see his inaugural address and his interview with *al-Sharq al-Awsat*, February 8, 2001.
- 14. For evidence of a slowdown in the campaign against corruption, see the questions posed to him by *al-Sharq al-Awsat*, February 8, 2001.
- 15. "I will work with all my energy [for development], but I cannot promise any development because it does not depend only on the President of the Republic but on all sectors of society." Interview with *al-Sharq al-Awsat*, February 8, 2001. Later in the interview, Bashar emphasized that "we will not get any outcome from setting a timetable." Nevertheless, Planning Minister al-Za'im himself clearly defined a timetable, stating that Syria needs a transitional phase of ten years. See Sami Moubayed, "Syria's Economic Growth Rate Grinds to Sudden Halt." See *Daily Star* (Beirut), May 9, 2001.
- 16. This comparison was raised by Vice President Khaddam at Damascus University during the February 2001 speaking tour by Ba'ath Party officials denouncing the intellectuals. He remarked to university staff, "What is the alternative—is it what has taken place in Algeria or Yugoslavia or Somalia?... We do not permit at any rate Syria to be converted to an Algeria or Yugoslavia." See www.arabicnews.com (February 19, 2001).
- 17. See Appendix II.

Bashar's first year was characterized by increased activity on the foreign relations front guided by the principles formulated by his father—especially regarding subjects of interest to the United States, such as Syrian-Iraqi relations, the peace process, the intifada, and Syrian support for Hizballah and other terrorist groups. The relative intensity of this activity may be attributed first and foremost to the fact that Bashar is a new leader and, as such, must establish contact with different states in order to reinforce his standing abroad. Bashar has also tried to portray himself as a pan-Arab leader, emphasizing Syria's desire to cooperate with the Arab states he visits. Finally, in the absence of a working peace process, the regime's foreign policy has been more strongly affected by domestic considerations of late.

When mapped out, Bashar's foreign policy priorities create a spiral path of sorts, beginning at the Arab core of Egypt and Saudi Arabia, securing Syria's "backyard" (i.e., Jordan and Turkey), circling downward to the so-called "strategic depths" of Iran and Iraq, passing through the Maghreb countries on the way to Spain (a gateway to Europe), and ending at the ambivalent contacts with both the Palestinians and the United States.¹ (The special relationship of Syria with Lebanon merits its own discussion; see Chapter 6.)

Partners and Neighbors

In the early days of his rule, Bashar turned to the core nations in Syria's Arab policy, Egypt and Saudi Arabia. Both of these countries helped support the legitimacy of the young leader despite differences of opinion between Bashar and President Hosni Mubarak of Egypt regarding the recent Palestinian intifada and the failing peace process.

The elder Asad's expulsion of Kurdish Workers Party (PKK) leader Abdullah Öcalan in October 1998 removed the main obstacle standing in the way of normalized relations with Turkey. Acknowledging an improved bilateral relationship, Vice President Khaddam traveled to Turkey in November 2000. This was the highest-ranking official Syrian visit in years, and it was viewed as an expression of changing Syrian attitudes toward Turkey.²

Bashar and Jordan's King Abdullah II have tried to sidestep the enmities that characterized relations between their fathers. Some obstacles are slowing down this rapprochement, such as Syria's demand that Jordan sever its relations with Israel, but Bashar has been quick to assure the monarch that Damascus has no hostile intentions. Syria also hopes to lower the incentive for Turkey and Jordan to cooperate with Israel on security issues³ and is encouraged by the fact that the alliances between these countries and Israel seem to be less threatening than they were in the past. Some unresolved issues remain, primarily concerning water,⁴ but in general, Syria's relations with its neighbors to the south (Jordan) and north (Turkey) have improved in recent years.

Exploring Syria's 'Strategic Depth': Iraq and Iran

Syria has made notable progress in its relations with Iraq during Bashar's first year. The economic facet of this relationship is a major one, especially in light of Syria's expectations that it will gain a substantial stake in the Iraqi market should the United Nations (UN) sanctions be lifted. Bashar also views his policy toward Iraq as a symbol of independent foreign policymaking and Arab leadership.

Although Syrian-Iraqi relations had already improved significantly during Hafiz al-Asad's reign, Bashar accelerated this trend by inviting Iraqi deputy prime minister Tariq Aziz to Damascus in September 2000; Aziz has since visited Syria no fewer than three times. A further exchange of high-level visits, increased economic ties,⁵ diplomatic upgrades (such as the opening of a Syrian interest section in Baghdad on May 19, 2001),⁶ and loosened restrictions on business and personal travel between the two sides also express the improvement in bilateral relations. Given the hesitant UN sanctions policy toward Iraq, the renewed operation of the oil pipeline between Kirkuk in Iraq and Banyas on the Mediterranean shore of Syria is especially noteworthy. The availability of oil at cut-rate prices constitutes a significant boon to Syria's economy, and it also provides Iraq with a convenient source of hard cash.

Although Syrian-Iragi relations are mutually beneficial economically, Syria's interests in the relationship are broader. Bashar tends to describe Iraq-quite enthusiastically-as "Syria's strategic depth," meaning that Iraq provides Syria with strategic room to maneuver. Via Iraq, Syria can tilt the regional balance for better (toward peace) or worse (toward disruption of UN sanctions). In addition, by joining forces with Iraq, Bashar believes he can be seen as both demonstrating his commitment to the pan-Arab idea and responding to the vox populi intent on supporting Iraq at least partly out of anti-Western sentiment. For his part, Saddam Husavn has declared many times that Syria may count on his military intervention in any armed conflict with Israel (as was the case in 1973). In mid-October 2000, in retaliation for Israeli threats to hit Syrian targets, Saddam deployed forces in western Iraq-allegedly for intervention on the Syrian-Israeli front should they be needed.7

Bashar considers Iran to comprise another part of Syria's strategic depth, and, like his father before him, he treats the country as a stable ally and factor in his foreign policy considerations. Iran's importance grew more steadily after the fall of the Soviet Union when Syria felt the need for a strong ally,⁸ and moreover, Syrian-Iranian relations lack the ebb and flow that characterize Syria's relations with Iraq. In fact, Bashar's first visit as president to a non-Arab nation was to Iran (in January 2001; see Appendix III). Over the last year, the two states have strengthened their economic ties and have also made plans for joint economic projects.⁹

Their bilateral cooperation has another dimension—namely, support for Hizballah. Syria needs Iran to continue supporting the organization, which serves Syrian strategic interests (e.g., the bleeding of Israel, toward the end of pushing for the return of the Golan Heights). Iran, in turn, needs Syria to continue allowing Hizballah to advance Iranian strategy in Lebanon, including its struggles against Israel and the peace process. During the regional deterioration of the past year, Iran even declared its potential military support for Syria, although whether this assistance would be direct or indirect is still unclear.

From Bashar's perspective, maintaining relations with Iraq and Iran—elsewhere labeled as pariah states—is Syria's expression of independence as a key Arab state unconstrained by Western pressures.

A New Palestinian Page?

The eruption of the Palestinian intifada on September 29, 2000, and the overriding support it has enjoyed among Arabs, has led Bashar and others to try to recreate—even if momentarily—the familiar atmosphere of pan-Arab unity that is largely based on vociferous opposition to Israel. But in spite of Bashar's extremist vitriol, his picture—unlike that of Saddam Husayn—is still not carried above mass demonstrations in the West Bank and Gaza. This may be due to his youth and inexperience as an Arab leader. But in his support for the Palestinian cause, Bashar is concerned perhaps primarily with the opinions of his own people, who eagerly follow the intifada through the satellite television stations that have proliferated in the Arab world in recent years. In this regard, extremist rhetoric on the part of Bashar serves mainly to strengthen his position among most Syrians.

But aside from the popularity factor (within and outside Syria), Bashar's decision to support the intifada has been influenced by the withdrawal of the IDF from Lebanon, which cost him an important tool in Syria's battle for the return of the Golan Heights. Indeed, Bashar's wish to exploit the Palestinian front for his own purposes may be partly due to his fear that the Syria-Israel track will remain abandoned for a lengthy period of time.

Aside from his support for the intifada, Bashar has announced that he would like to turn a new page in long-troubled Syrian-Palestinian relations.¹⁰ Toward this end, after the collapse of Oslo, he called for coordination of the Palestinian, Syrian, and Lebanese tracks, as took place in the context of the Madrid peace talks.¹¹ Despite official declarations and visits by Palestinian officials, however, significant progress in Syrian-Palestinian ties has been wanting. It seems that Palestinian Authority leader Yasir Arafat's wariness to commit himself to the linkage of the tracks is at the heart of the matter, and may be one of the reasons why his long-heralded visit to Damascus has already been postponed several times.¹²

The European Connection

While Syria's political ties with European states have remained on a low burner, economic ties have shown signs of progress. The most important development in 2001 thus far has been the resolution of Syria's debt to Germany through rescheduling agreements, thereby removing the main obstacle to greater EU involvement in Syria's economy. This involvement has taken the form of loans from the European Investment Bank (EIB) totaling more than \$100 million, and EU grants designed to facilitate modernization in the public sector. As an expression of willingness to increase its own level of involvement in Syria, the EIB has supported an alternate field of investment: usually, the EIB prefers to be involved in setting up economic infrastructure such as capital markets; but in Syria, the lack of a private sector poses difficulties, and the EIB has instead been providing support in nontraditional fields such as electricity, gas, water supply, and waste management.¹³ Apart from these direct-assistance programs, the volume of trade between Syria and the EU has increased significantly.¹⁴ In this context, Syria has made a series of attempts to join the EU Association Agreements.¹⁵ It also participated recently in a Euro-Med conference in Morocco attended by top European, North African, and Middle Eastern diplomats, where discussions centered on proposals for a free-trade zone in the area.¹⁶

Syria's business ties with Eastern European countries, developed during the communist era, have remained mostly intact,¹⁷ and Syria is currently attempting to cancel or pay off its debts to the former Soviet satellite countries. Such is also the case with Russia, but here the relationship is complicated by politics and military ties. In May 2001, Defense Minister Tlass conducted meetings in Moscow¹⁸ in what seemed to be an attempt to upgrade Syria's Soviet arsenal, specifically its air defense system.¹⁹ Yet, the Syrian motivation behind the ritual of bilateral talks and negotiations on this subject, which repeats itself every few years in an attempt by Damascus to improve its negotiating position, may be declaratory as much as military and economic. The very occurrence of discussions on new weapons purchases is a signal to the world that Syria has not given up on strengthening its army and that its military is still a force with which to be reckoned. The

benefits of Syrian-Russian relations, however, are two way: just as Syria needs Russia for its strong political influence and military arsenal, Russia needs Syria in order to be considered a serious player in the Middle East.

The Peace Process: Following in His Father's Footsteps

In his inauguration speech, Bashar repeated the theme that peace with Israel is Syria's strategic choice. Yet, he also consistently emphasizes that he cannot be expected to stray in the slightest degree from his father's policy, which demands a complete Israeli retreat to the June 4, 1967 boundaries as a precondition for that peace.²⁰ As far as Bashar is concerned, these boundaries are not flexible concepts, but concrete, uncompromising geographical lines.²¹ Outside Syria, some speculated that Bashar would bring the smile that his father lacked to any new dealings with the Israelis. But so far, there has been no sign of a smile crossing his lips where Israel is concerned—only words of hatred and anti-Judaism that even his father never expressed in public.²²

Over the last year, Syria's attitude toward the peace process has grown more complex because of the Palestinian component. It is difficult to imagine Bashar approaching negotiations with Israel as long as there is no significant cooling of the intifada, for which his support only grows over time. Yet in public statements, the young leader takes care not to close the door to the possibility of renewing the Syria-Israel track, assuming that his preconditions are accepted. This stems partly from his fear of being left behind as other parties in the Middle East advance toward Israel independently. Currently, his strategy seems to include sanctioning limited Hizballah activity in order to remind Israel of the linkage between the return of the Golan Heights and quiet along the Lebanese border. So far at least, the unrest has not succeeded in returning the issue of withdrawal to Israel's public agenda.

Clearly, current conditions do not portend significant progress in Syrian-Israeli peace negotiations. In fact, given the current regional situation and Bashar's stated policy, it appears that only a major calming of the intifada and a U.S.-brokered approach that guarantees Israeli acceptance of Syrian border demands have the potential to jumpstart this track.

Notes

- 1. See Appendix III.
- 2. Some saw this visit less as an example of Syrian initiative than as a response to Turkish president Ahmet Necdet Sezer's attendance at Hafiz al-Asad's funeral on the former's first visit abroad.
- 3. See Appendix II.
- 4. In the case of Turkey, the problems center around the Euphrates River. Jordan and Syria have no significant water quarrels, but water is used in political disputes. For example, the Wihdeh Dam on the Yarmouk River a joint Syrian-Jordanian project approved in 1987—has been delayed until now for political reasons. In February 2001, the two countries' water ministers renewed work on the project. See Al Bawaba: The Middle East Gateway (www.albawaba.com), February 11, 2001. Lately, Jordan has also asked Syria for more water. Ibid., May 30, 2001.
- 5. Trade between Syria and Iraq has grown over the past four years. In 2000, it reached \$400 million, mostly in the form of contracts granted to Syrian exporters under the UN "oil-for-food" program. Iraqi News Agency, May 23, 2001.
- 6. Farouk Choukri, "Syrian PM to Seal 20-Year Rift with Landmark Baghdad Visit," Agence France Presse, May 20, 2001. See also Appendix III.
- 7. "Israel Holds Syria Responsible for Fate of Kidnapped Soldiers," Agence France Presse, October 7, 2000.
- 8. Iran's importance to Syria was acknowledged in a Syrian editorial commenting on Bashar's first visit to that country: the "Iranian revolution has filled the gap which has been created by the Soviet Union's collapse and has proved its activity in defeating the Israeli strategy." *Al-Thawra*, January 25, 2001.
- 9. For instance, Iran's minister of housing and urban development, Ali Abdolalizadeh, said recently that implementation of past agreements has resulted in a quadrupling of Iran's industrial and engineering service exports to Syria. Iranian Republic News Agency, May 29, 2001.
- 10. In his speech at the March 2001 Amman Arab League summit, Bashar said: "We offer our hands to our Palestinian brothers and tell them we stand beside them in the service of the Palestinian cause... Let's forget the past.... We tell the Palestinians in this room and outside that we will place all the cards in our hands at their disposal, although there has been no coordination [between us] for 10 years." From "Arafat, Asad Hold Historic First Official Meeting," Agence France Presse, March 27, 2001.
- 11. "We invariably say that our goal is a just and comprehensive peace. 'Comprehensive' means all the occupied territories. Recovering the Golan and Lebanon does not amount to a comprehensive peace. Hence, there should be parallel movement on the Syrian/Lebanese and the Palestinian tracks." Bashar, interview with *al-Sharq al-Awsat*, February 8, 2001.

- 12. In May 2001, a high-ranking Palestinian official said that Arafat had "frozen" his visit to Syria, strongly denying that the Syrian side was responsible for the delay. *Al-Watan* (Qatar), May 8, 2001.
- 13. "EIB-Backed Power Projects to Move Ahead with New Loan," *Middle East Economic Digest*, February 16, 2001, p. 8.
- 14. In the first three quarters of 2000, Syria's imports from EU countries reached \$846 million, compared to \$708 million for the same period in 1999. Exports in 2000 were \$2.248 billion, compared to \$1.47 billion in 1999. "EU-Syria Trade Growing," SCB (Syrian Consulting Bureau) Review, March-April 2001 (www.scbdi.com). See also Syrian Central Bureau of Statistics, Summary of Foreign Trade, January-September 2000.
- 15. Syria signed the Barcelona Agreement in 1995—aimed at resuming trade between the two shores of the Mediterranean—but has not yet ratified it. The European Commission is pursuing negotiations with Syria, intending to conclude the Association Agreements in early 2002. "EU/Mediterranean: Report on Joint Strategy to Be Sent to Gotheburg," Europe Information Service, *European Report*, June 9, 2001.
- "Morocco Hosts Summits for Mediterranean Leaders," Associated Press, May 8, 2001.
- 17. For instance, the only foreign companies currently undertaking oil and gas exploration activity in Syria are Croatian and Hungarian. *Middle East Economic Digest*, January 12, 2000, p. 28.
- 18. "Syrian Defence Minister in Moscow for Talks on Mideast Crisis," Agence France Presse, May 23, 2001.
- 19. See "Russia to Meet Syrian Requirements in Defence Weapons," Kommersat, May 25, 2001, www.clw.org/newswire/nw052801.html#Russia
- 20. "Where Syria is concerned, its stands, rights, and principles are constant and have not changed.... What president Hafiz Asad asked for is what I am asking for. I didn't omit or add anything, Syrian rights have not changed." Bashar, interview with *al-Sharq al-Awsat*, February 8, 2001.
- 21. "We would love to restore our beloved Golan complete . . . because we want its people to go back to their homes, but we are not ready to give up an inch of our territory nor to achieve peace at the expense of our national sovereignty." Bashar, inaugural speech, July 17, 2000.
- 22. Although the elder Asad may have shared these views, he did not express them. Such proclamations, apart from their value as political capital, may also be related to the cultural and educational atmosphere in which Bashar matured. The family of his mother, Anissa Makhlouf, was affiliated with Anton Sa'ada's Syrian Socialist Nationalist Party, a movement affected, among other things, by the Central European fascistic ideologies of the 1930s. See Patrick Seale, *Asad: The Struggle for the Middle East* (London: I.B. Taurus, 1988), pp. 55–56. See also Fouad Ajami, *The Dream Palace of the Arab*, 1st ed. (New York: Pantheon Books, 1998), pp. 53, 56.

A mong Hafiz al-Asad's most important achievements was his 1990 military takeover of Lebanon and the firm grip that he thereafter maintained on that country. The relationship between Lebanon and Syria has a long and multifaceted history, and the extensive efforts invested by Asad in Lebanon during his rule yielded tangible benefits for Syria. By the end of 1998, as part of Bashar's program of apprenticeship and acclimatization to Syria's strategic environment, Asad had even put his son in charge of the "Lebanese portfolio," illustrating the importance placed on Lebanon by the regime.¹

But Israel's retreat from Lebanon in May 2000 caused a strategic transformation whose consequences are still reverberating in the region. The withdrawal lifted the spirits of the Lebanese and gave them a feeling that they could influence their own fate, and it also removed the primary pretext for a Syrian presence there: to protect Lebanon from Israel. In fact, Bashar's entrance into the Lebanese arena has been met with a chilly reception and open calls for Syrian withdrawal. Syria's rejection by the Lebanese has been compounded by cracks in the Lebanese consensus surrounding Hizballah, an organization supported by Damascus and—for the time being—serving Syrian interests.

Although it was only natural that the matter of Lebanese sovereignty would become a major topic in Lebanon's post-withdrawal discussion, Bashar nevertheless finds himself confronting a public debate whose scope has been without precedence since Syria took control of Lebanon. The issue challenges one of the top priorities of the regime, and it has two closely interwoven dimensions. One centers on the maintenance of Syrian control over Lebanon and the presence of the Syrian army, which is now (after the IDF withdrawal) the sole foreign army on

Lebanese soil. The other dimension revolves around an internal Lebanese debate known as "bread or resistance." This debate is essentially an expression of the tension between those favoring a continuation of the conflict with Israel, and those who support taking advantage of the Israeli withdrawal to enter into a new phase of internal stability, reconstruction, and economic development.

On September 3, 2000, while Syrians were still busy acclimating themselves to their new ruler, elections took place in Lebanon, the results of which led some Lebanese to speculate that Syria's grip over the country might be loosening. After a four-year hiatus, millionaire Rafiq Hariri was elected to the prime ministership for the second time; he was probably not Bashar's favored candidate.² In addition, some non-Syrian-sponsored candidates won the parliamentary elections (e.g., Greek Orthodox Albert Mukhaibar³), as some Syrian-backed candidates lost.⁴

The Syrian regime hurried to join the bandwagon of postelection well-wishers, but some also saw the results as a first sign of Bashar's weakness in the Lebanese arena. Indeed, Hariri's image as an independent businessman with widespread ties and support both in the Arab world (especially in Saudi Arabia) and in the West contribute to Syrian fears of his ascendancy. Another cause of apprehension is the perception that although Hariri the businessman clearly understands the extent of his dependence on Syria (as illustrated by his close ties with Ghazi Kan'an, Lebanon's unofficial Syrian governor and intelligence commander there), he might nevertheless bring a domestic agenda that does not necessarily fit into Syria's designs for the country.

Bread or Resistance?

Since Hariri's assumption of office, the simmering debate between the two major power centers in Lebanese politics has spilled into public view. On one side of this debate is Hariri, representing those who want Lebanon to focus on internal stability, economic reconstruction, and foreign investment. The fulfillment of this vision may even bring about the return of the many emigrants mostly from higher socioeconomic strata—who fled the horrors of the civil war and the instability in the southern part of the

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country. On the other side stands Hizballah leader Shaykh Hassan Nasrallah, who—with the support of Syria and Iran—champions maintaining Lebanon's role on the front line of the ongoing conflict with Israel. (Since the Israeli withdrawal, Hizballah has continued its resistance activity, kidnapping three IDF soldiers along the Mount Dov/Sheba'a Farms line and killing three others.) This debate has been described in a few Lebanese newspapers as the choice between "Hong Kong" (Hariri) and "Hanoi" (Nasrallah).⁵

As usual in Middle Eastern crises, this sensitive and flammable dispute carries both risks and opportunities for Lebanon and other players in the region.⁶ Hariri's delicate situation on the debate borders on the impossible, but the Lebanese political structure allows him to express his views through a variety of different mediums. Although he publicly supports Hizballah's struggle to liberate Sheba'a Farms, Hariri's newspaper, al-Mustagbal, attacked Hizballah in an unprecedented manner on April 15, 2001, complaining that the timing of the organization's April 14 operation against Israel contributed to regional instability (Hariri may have also been setting up Hizballah as a ready-made excuse in the event that the Lebanese economy collapses).7 This attack by al-Mustaqbal was yet another indication of a weakening Lebanese consensus regarding the actions of Hizballah, pitting those who support "the continuation of revolutionary resistance" on the one hand against those who support "stability and economic development." Another recent al-Mustaqbal editorial clearly reflected Hariri's point of view: "The contrast is between those who try to bring about an economic revival and a suitable political situation, and those who live off the economy and try at the same time to use the political authority to increase their economic 'stocks.'"8

Despite continued attempts to paper over their differences, a basic conceptual conflict between Hariri and Nasrallah persists. Hariri's political survival depends on improving Lebanon's economic situation, which in turn is dependent on regional stability and the maintenance of calm along the Israel-Lebanon border. In contrast, Hizballah's future and its *jihad*ic identity are inextricably linked to the continuation of operations in the Sheba'a Farms area and the promotion of regional instability. Ironically,

despite this clash of interests, both men consider themselves to be Lebanese patriots, and they depend on each other for survival. Hariri must avoid provoking Hizballah, which has the power to upset his economic plans, just as Hizballah works against its own interests in provoking the antipathy of the majority of Lebanese who support Hariri's efforts to kick-start the economy.

As of this writing, Hariri's chances of reconstituting the shaky, debt-ridden Lebanese economy appear slim, primarily because of his inability either to guarantee regional stability for potential investors or to force his authority on Hizballah and its Syrian patrons. Lebanon also lacks a central state structure, characterized as it is by sectarian loyalties that remain stronger than individual loyalty to the state. This situation is exacerbated by the paralyzing antipathy between Hariri and President Emile Lahoud. Moreover, Lebanon lacks the economic structure to support recovery; even if Hariri were to succeed in precipitating certain economic and social changes, they would be negligible when compared to the enormous debt and the crippling interest payments weighing down the country.⁹

Hariri's probable failure will deepen the socioeconomic crisis in Lebanon and may indirectly harm the Syrian market. All of this adds up to a high potential for instability in both countries during the next few years.

The Syrian Dilemma of Risk Management

The fragile situation inside Lebanon also aggravates Syria's internal tensions. On the one hand, a low level of instability on the Israel-Lebanon border serves Syrian national interests vis-à-vis the Golan Heights, reminding Israel that it has an unresolved problem on its frontiers. On the other hand, cross-border activity runs the risk of provoking Israeli retaliation aimed directly at Syria or Syrian targets in Lebanon, such as Israel's attacks on the Syrian radar stations in April and June 2001.

Moreover, any situation that obstructs Lebanon's economic rehabilitation will inevitably harm Syrian interests, since Lebanon is a mainstay of the Syrian economy—both as a source of direct income and as a bridge to the West. In this regard, Syria has an interest in bolstering Hariri's efforts to attract foreign investment in Lebanon, given that such investment can provide Syria with a financial windfall, bypassing its own archaic bureaucracy and sluggish economic reforms. By this logic, only with Syrian support of Hariri can Lebanon become Hong Kong to Syria's China. But the return of the Golan Heights will continue to remain much higher on the list of Syria's national priorities, even if the Lebanese economy is harmed in the short run. This may indicate that Syria still sees a low correlation between its own economy and that of the Lebanese.

During the past year, Syria has continued to support, in its words, "the struggle of the resistance for the liberation of the lands occupied by Israel," a struggle demonstrated by Hizballah's border provocations against the IDF. This support persists in the face of international pressure to calm the area, as such provocations have the potential to drag the entire region into a comprehensive war. By supporting Hizballah's claim on the Sheba'a Farms, the Syrians are furthering Hizballah's continued preoccupation with the armed struggle against Israel—a struggle that diverts Hizballah's energies southward. Were the organization's attentions turned toward the north, it might eventually move against Lebanese Christians and other groups in renewed sectarian conflict, or perhaps even against the occupying Syrians themselves. Hizballah remains the only force in Lebanon capable of posing a significant threat to the Syrian military.

The two Israeli attacks on Syrian outposts in Lebanon have effectively shuffled the deck used by the parties since the withdrawal. Through these actions, Israel has demonstrated that it holds Syria responsible for border attacks against the IDF, given Syria's influence over Lebanon and Hizballah. Together, these attacks constituted Bashar's first significant test to date, and many, both within and outside the region, anticipated his response. Until now, Bashar has elected to continue his father's policy and refrain from reacting directly to the attacks. Indeed, his potential responses are limited; he understands that Syria's military is inferior to Israel's and that an additional deterioration of the situation would not serve his interests.¹⁰

Hafiz al-Asad's image as a veteran warrior against Israel permitted him to abstain from a tactical response to individual incidents, since the struggle against Israel was perceived as a longterm, strategic one. Yet for his young, inexperienced son, nonresponse to Israeli attacks might be interpreted as a sign of weakness, particularly if Bashar were also to undertake steps to restrain Hizballah. (In fact, Bashar's inability to respond in a direct, tangible manner may have encouraged him to employ the kind of victorious rhetoric historically heard in certain parts of the region after a defeat.¹¹) Likewise, retaliatory action by Hizballah against Israel may be seen as proxy action, casting Bashar as the weak leader of a large Arab state hiding behind a small Shi'i force. Presumably in light of these considerations, Bashar chose to continue supporting Hizballah after the two Israeli attacks, demonstrating, as always, that he does not give in to pressure. In the meantime, however, he took care to ensure that action taken by the organization after the first Israeli attack would appear unrelated (occurring, as it did, a month later).

Syria's Presence in Lebanon

Immediately before Hafiz al-Asad's death, Syria's grip on Lebanon seemed stronger than ever. Apart from the tens of thousands of soldiers deployed mainly around Beirut and the Beqa'a Valley, Syria had complete control over all the Lebanese organs of state, from the political leaders to the army and security chiefs (led by Kan'an).

Since the Israeli withdrawal, however, the debate in Lebanon regarding Syria's presence has gained momentum, encompassing ever-widening circles of Lebanese society. The principal instigator of this debate is Jubran Tuweini, editor of the Lebanese daily *al-Nahar*. In March 23, 2000, before the rumble of the withdrawing Israeli tanks had quieted, Tuweini published an "open letter to Bashar al-Asad" in which he called on the thenheir designate to establish normal relations between Syria and Lebanon and to pull the Syrian army out of Lebanese territory. In the absence of an immediate response from either Asad's regime or that of his son, these sentiments expanded, beginning with Christians (especially the Maronite sect, led by Patriarch Nasrallah Boutros Sfeir), later spreading to include the Druze sect (led by Walid Jumbalat) and other groups. But other Lebanese voices have been raised in support of a continued Syrian presence, including Hizballah, the Shi'i Amal movement, and several members of government. President Lahoud, for one, argued that the matter is not a subject for public debate, but is rather for the Lebanese government to decide in consultation with the Syrian leadership; this is the official Syrian position as well.¹² In contrast, Prime Minister Hariri has suggested a reexamination of Syrian-Lebanese relations, underlining the extent to which demand for Syrian withdrawal has penetrated the public debate.

Syria has lowered its profile at Lebanese roadblocks and other high-visibility posts over the course of 2000–2001,¹³ even reducing the number of soldiers deployed in the area of Beirut and the Beqa'a Valley given Syria's confidence in its ultimate hold on Lebanon.¹⁴ These actions were conducted quietly, so as not to be directly associated with an intensifying public debate or perceived as a sign of weakness. Indeed, as soon as Syria's actions became widely known, the public calls in Lebanon for a decrease in the Syrian presence ceased.¹⁵ Continuing this policy, Syrian troops were pulled out of at least twelve major bases and several other positions in the Beirut area in mid-June 2001.¹⁶

By initiating such a muted, gradual redeployment, Bashar was perhaps simply holding true to his pattern of avoiding an image of susceptibility to outside pressure. Still, the regime has expressed concern about the growing voices of protest (not heard in Lebanon during the previous decade). The official Syrian response emphasizes that Syria's entrance into Lebanon and its recent redeployments have been cooperative actions agreed upon by the two governments. Officials on both sides are fond of mentioning that the Syrians were "invited guests" when, in 1976, they moved in to forestall a victory by an alliance of Muslims and Palestinians against Christians. They then stayed on to safeguard the 1989 Taif Accord, the shaky pact among Lebanon's factions that has kept the peace ever since. It was in the spirit of this accord that the Syrians described the June 2001 redeployment as "an initiative taken by the Syrian and Lebanese governments." not as a response to protesting voices in Lebanon.¹⁷

Until now, Syria has managed (both directly and through Lebanese supporters) to lend the debate regarding its presence in Lebanon a sectarian tone, presenting the proponents of withdrawal (especially Sfeir) as wishing to return the country to sectarian warfare. More significantly, Israeli attacks on Syrian outposts in Lebanon have led proponents, for the time being, to lower their profile so that they do not appear to be collaborating with Israel.¹⁸ But proof that the Israeli attacks guieted the voices of protest only temporarily can be seen in the Lebanese document that has come to be known as the "Qornet Shewan paper," published after Israel's first attack in mid-April. The paper was drafted at a meeting of nine prominent Christian members of the Lebanese parliament, former President Amin Gemavel, several prominent intellectuals, and delegates of various political parties; it urged the authorities to regain Lebanese sovereignty and reach a "historical settlement," primarily through a "redeployment of the Syrian forces, paving the way for a complete withdrawal from Lebanon according to a specific timetable" in line with the Taif Accord.¹⁹

Because the issue of Syria's presence in Lebanon is hardly raised outside the two countries, external pressure on Syria to withdraw is extremely limited. Outsiders are skeptical about the alternative to Syrian occupation—that is, they wonder whether the Lebanese are indeed capable of taking their fate into their own hands to govern a sovereign state that will not quickly succumb to another round of civil war. If the Lebanese should prove incapable, regional stability would deteriorate even further and likely lead to a bloody international intervention. Syria's occupation of Lebanon is also seen by some outsiders as a "payment" for Syrian cooperation on matters of greater importance to the West, such as joining the Gulf War coalition in the early 1990s, participating in the Israeli-Palestinian peace process later in the decade, and potentially acting as a restraining force on Hizballah activity (a potential that has yet to be realized).

Some in the region claim that, in contrast to his father, whose policies were easily discernible from his messages, Bashar sends out ambiguous signals that sometimes create confusion among the Lebanese and obscure the limits of the debate regarding the Syrian presence in their country. Nevertheless, Bashar has so far remained in control of this prize inheritance left to him by his father. His ability to stay on the path that has allowed Syria to divide, rule, and strengthen its position in Lebanon will depend on how he deals with the growing voices of opposition emanating from that country.

Notes

- 1. Interestingly, this move accomplished two purposes: it strengthened Bashar's position and weakened that of Vice President Khaddam, one of Bashar's possible competitors, who had been responsible for Lebanese affairs until then.
- See, for instance, "Lebanon Shaking Off Syria's Shadow," Chicago Tribune, September 8, 2000; John Kifner, "Lebanon Vote: A Lighter Syria Touch?" International Herald-Tribune, September 6, 2000; and Salim Yassine, "Lebanese Elections Present Damascus with New Regional Equation," Agence France Presse, September 4, 2000.
- 3. Mukhaibar has voiced strong opposition to the Syrian presence; during the November 6, 2000, confidence vote in the Lebanese parliament, he invited the Syrian army to leave Lebanon.
- 4. According to Lebanese sources, this abnormality was rectified after the elections—to some extent—by Ghazi Kan'an, Lebanon's unofficial Syrian governor and intelligence commander there.
- 5. Editorial, *al-Nahar*, February 18, 2001; see also Fadel Shalaq's editorial in *al-Mustaqbal*, May 25, 2001 (the anniversary of the Israeli withdrawal).
- 6. Hizballah's reaction has been to shift the public debate from the binary dilemma of "bread or resistance" toward a wider discussion that encompasses national ethos, pride, territory, and sovereignty. This tactic is also apparent in Bashar's attitude toward the Sheba'a Farms conflict: "Land is a matter of honor, not of meters." Bashar, interview with *al-Sharq al-Awsat*, February 8, 2001.
- 7. According to a briefing given by a senior Lebanese government advisor at The Washington Institute for Near East Policy in May 2001.
- 8. Fadel Shalaq, editorial, al-Mustaqbal, May 25, 2001.
- 9. "PM Says Economy's Wheels Are Turning," Daily Star (Beirut), May 25, 2001.
- 10. "[A] military retaliation to the attack on the Syria radar would mean fulfilling Ariel Sharon's wish to push the region into war." Bashar, interview with Spanish daily *El Pais*, translation taken from *al-Mustaqbal*, May 3, 2001. Foreign Minister al-Shara stated, "Israel is stronger than all the Arab states

combined." Farouq al-Shara, speech to the Arab Writers Association in Syria, January 27, 2000, printed in *al-Usbu al-Adabi*, February 12, 2000.

- 11. Witness his comments during the pope's visit, only three weeks after the Israeli attack. Suzette Bloch, "Pope Calls for Real Peace in Mideast, Asad for Support against Israel," Agence France Presse, May 5, 2001.
- 12. "Lebanese President Stresses the Importance of Cooperation with the Government and Its Head," *al-Sharq al-Awsat*, January 23, 2001.
- 13. In his interview to *al-Sharq al-Awsat*, February 8, 2001, Bashar mentioned April and October 2000 as key points of redeployment.
- 14. See "Nasib Lahoud Wants Lower Syrian Profile," *Daily Star* (Beirut), March 16, 2001.
- 15. Then again, some argue that the Syrian redeployment led to the calls for a more widespread withdrawal, as suggested by one the questions posed to Bashar in his *al-Sharq al-Awsat* interview, February 8, 2001.
- 16. Daily Star (Beirut), June 18, 2001.
- 17. According to the deputy secretary of the ruling Syrian Ba'ath Party, Abdallah al-Ahmar. Nagib Khazzaka, "Syrian Army Virtually Out of Beirut on Fourth Day of Redeployment," Agence France Presse, June 17, 2001.
- 18. This perception is one that Defense Minister Tlass did not hesitate to use. In an interview with the Lebanese daily *al-Diyar*, Tlass accused Sfeir of years earlier—asking Pope John Paul II to coax then-Israeli prime minister Menachem Begin into agreeing to defend Lebanese Christians in the event of a war. "Animosities Resurface over Syria's Presence in Lebanon," *Ha'aretz*, May 15, 2001.
- 19. "Leading Christians Call for Regaining Lebanon Sovereignty," Agence France Presse, May 30, 2001.

Chapter 7

Bashar's American Experience: Syria and the United States

B ashar began his rule bearing the disappointment—even betrayal—felt by his father toward the United States following the failure of the Geneva summit in March 2000.¹ Since then, Bashar's "American experience" has consisted of two brief meetings with two U.S. secretaries of state and a few phone conversations with two U.S. presidents. The first meeting took place with Secretary of State Madeleine Albright during the final days of the Clinton administration, when she presented a U.S. request for Syrian assistance with the release of the Israeli soldiers kidnapped by Hizballah.² During this meeting, Albright found herself listening to Bashar "the teacher," who lectured her on the importance of Hizballah and its contribution to the region.

The second meeting took place with Secretary of State Colin Powell in February while the new Bush administration was still finding its way in the Middle East. Damascus was added to the itinerary of Powell's trip only at the last minute, as his main objective in visiting the region was to discuss the sanctions policy against Iraq. After the meeting, Powell hurried to present his observations, chief among them his impression that Bashar had promised to entrust the Iraq-Syria oil pipeline to UN supervision.³ In retrospect, that impression seems to have been overly optimistic, whether due to a misunderstanding or to deception on Bashar's part. In either case, reports of the pipeline's activity continued to circulate, and the ties between Syria and Iraq tightened only a week after the meeting, with no noteworthy reaction from the Bush administration.⁴

These two meetings were perceived in Damascus as emblematic of America's treatment of Syria as a bit player—a tool for the

accomplishment of American regional interests. This feeling is tied to the memory of the 1991 Gulf War, when the United States clearly used Syria in a coalition against another Arab country. Syrian sensitivity to this perceived lack of respect is also reinforced by its perception that during the last round of the Syrian-Israeli peace talks, American mediators attempted to force the Syrians to accept the Israeli position on border issues in a patronizing "take it or leave it" manner.⁵ Obviously, such treatment runs counter to Bashar's goal of positioning himself in the public eye as an independent Arab leader of regional significance.

U.S. Policy: Can Syria Be Ignored?

Thus far, Bashar's policies appear to be almost entirely opposed to American interests in the region. He has consolidated Syrian cooperation with Iraq and Iran, hosted active terrorists,⁶ actively supported Hizballah, maintained Syrian hegemony in Lebanon, praised the continuation of the Palestinian intifada, and, on top of all this, added religious fuel to the regional conflagration with his anti-Jewish statements. But Bashar's policies should be interpreted within the framework of the geographical and temporal limits placed on him; in this regard, the message being sent by the young leader's actions may be directed toward his own people and his Arab neighbors more than Washington.

Bashar and other Syrian leaders define Syrian interests as, first and foremost, regime survival, which currently entails the continued consolidation of Bashar's position and legitimacy. Three additional interests also serve as the mainstays of Syrian policy considerations: maintaining the hold on Lebanon, achieving a return of the Golan Heights, and improving the domestic economic situation (the latter serving mainly to support regime stability).

Whether Washington stresses the "stick" of threats and pressure, or holds out the "carrot" of engagement (in the belief that such opportunities still remain), policymakers would do well to take into account the process by which Syria defines these policy interests.

Ambiguities in Lebanon

Syria's hold on Lebanon is a crucial priority of Bashar's regime and will therefore not be released lightly, despite the voices of opposition now being raised in Beirut. This makes U.S. pressure on Bashar to withdraw from Lebanon unlikely to be effective. Washington is itself conflicted about the Syrian presence in Lebanon: on one hand, the United States recognizes the sovereignty of the Lebanese government, which is clearly violated by Syrian hegemony; on the other hand, American interests demand stability in this volatile region, and the future of Lebanon without that country's stabilizing "sister" would be uncertain at best. Although American pressure is unlikely to convince the Syrians to leave Lebanon, it may be applied as a bargaining chip for other Syrian concessions. Unfortunately, the price would likely be paid in the currency of U.S.-Syrian relations (although some claim that this currency has undergone such devaluation that it no longer has any worth).

America's duality regarding the Syrian presence in Lebanon and the uncertain outcome of a high-pressure U.S. policy may make alternative views more favorable, for example, a constructively ambiguous position that defers this problem to the context of wider regional arrangements between Israel, Syria, and Lebanon.

Preparations for Defrosting the Golan Issue

As for the return of the Golan Heights, Bashar will likely continue in his father's uncompromising policy regarding the June 4, 1967, lines. This issue has become a symbol of national pride and is thus intimately connected to the way Bashar wishes to be seen by his own public: as a strong Arab leader who does not bow to strangers or yield Arab land.

One indication of the importance of the Golan Heights to the regime is Bashar's brinkmanship in Lebanon. This brinkmanship is showcased by his willingness to take risks in using Hizballah as a bloody reminder to Israel of the link between conflict on the Lebanese border and the return of the Golan Heights. Syrian-Israeli negotiations cannot take place in the context of the intifada, but once the flames die down, Bashar would likely rather return to the negotiating table (with his precondi-

tions having been met) than be abandoned—as his father felt after Oslo. Thus, any American effort to build a reputation of U.S. trustworthiness with Damascus may encourage Bashar and others to view the United States as a fair mediator when the time comes for negotiations. From such a position, Washington could guarantee respect for the Syrian view of the 1967 line as a symbol of national pride, and at the same time guarantee security measures for Israel and the region as a whole. The long-term impact of such a policy might yield greater Syrian flexibility in other matters, which in turn could enable additional agreements serving U.S. interests.

The Economic Gateway?

Although economic advancement occupies a central place in Bashar's priorities, he sees the Syrian economy primarily as a tool to ensure the stability and survival of his regime. Should economic improvement come into conflict with other priorities, Bashar will not hesitate to abandon it. Yet, unlike the Golan Heights and Lebanon, the Syrian economy is one issue particularly conducive to active U.S. involvement and influence.

Bashar recognizes the many problems in the Syrian economy but does not believe it is on the brink of crisis. This perception permits him to look for external aid within the framework of political considerations—that is, mainly among Arab countries and, to a lesser extent, Europe. Given the ebb in Syrian relations with the United States, Bashar does not currently consider America as a possible external resource.⁷ This does not necessarily mean that the young leader would refuse economic ties with Washington, however, especially if those ties came in the form of investment in the Syrian or Lebanese infrastructure. Although Syria remains on the State Department's list of state sponsors of terrorism, some areas may still be open to American investors, and those opportunities should not be discounted.⁸

Given that Syria's economy may provide the United States with a means of influencing the regime, two possible approaches emerge. One asserts that, regardless of Bashar's motivations and constraints, there is no room for talk of economic aid as long as the regime persists in policies that are antithetical to American interests and principles. In other words, "the U.S. should link any support for Asad's professed efforts to revive the Syrian economy to concrete steps toward the restoration of Lebanese sovereignty and toward the severing of Syrian links to terrorist groups, especially the Hizballah."⁹ Such an attitude places Washington in direct opposition to Syria's two higher priorities: its hold on Lebanon and the return of the Golan Heights. It is an approach that stems in part from the disappointment that followed Syrian rejection of past American attempts at engagement. Proponents argue that Bashar's regime should be viewed through the lens of "like father like son," and they see any further attempt to hold out the economic carrot as a waste of time.

The other possible U.S. approach holds that differences between the son's first year and his father's waning years are already discernible, in spite of some resemblance between the policies of the two. Proponents of this approach believe that Bashar's actions and policies thus far are rooted in his lack of confidence, as well as the domestic and regional limitations imposed on him at the outset of his rule. Of course, Washington would prefer to see Bashar pursue policies more in line with American values. But this approach allows such caution to be tempered by the belief that—although the outcome is not guaranteed—pursuing engagement in the meantime is "worth a try." Alternatively, the cost of delay in this combustible period may be high both for those who live in the region and for the United States. In spite of Syria's problematic status as a sponsor of terrorism, say proponents, U.S. officials can still encourage certain forms of investment.¹⁰

Engagement, they continue, should involve the Europeans, with whom the Syrians find it simpler and more natural to establish ties. Indeed, a coordinated U.S.-European policy may prove more effective for all parties to such an arrangement. A tightening of economic relations between Syria and the United States in line with this approach could, among other things, strengthen mutual trust and counteract some of Syria's motivations for forging economic ties with less desirable states like Iraq.

The Dynamic of Threats and Opportunities

Overall, Bashar has projected a sense of self-satisfaction at the end of his first year. His position in the Arab arena is stable; Gulf states are investing in Syria through various projects; the country remains unique in its ability to maintain good relations with both Iraq and Iran; and Syria's relations with its immediate neighbors, Jordan and Turkey, are improving. Outside the Middle East, the EU is strengthening its economic ties to Syria, and Russia is intent on becoming a significant player in the region once again via the Syrian economy. Although Bashar has not exerted any effort to improve Syrian ties with the United States, he feels wooed by the superpower and was recently even praised by President George W. Bush.¹¹ In addition, Syria's bid to join the UN Security Council has so far proceeded without objection or stipulation.¹² These realities likely give Bashar confidence that he is in control of his external environment, which allows him to concentrate on domestic concerns, including Lebanon. The latter constitutes the sphere of his only pressing test to date, but it is also the one in which he is most likely to get his fingers burned.

So far, the Bush administration has pursued neither of the two approaches listed in the previous section, nor has it decided on a policy of studied indifference. This lack of a defined policy causes Bashar to see "Uncle Sam" as a feeble sort of uncle, content to stay away and smile from afar. Such a perception is unlikely to encourage him to comply with U.S. interests. The situation may even be convenient for him, since he is not eager for highprofile U.S. involvement in Syria or the surrounding region, while taking for granted that America will serve as a pacificator in the case of a regional flare-up.

Perhaps Washington should present the price of rejection next to the potential economic gains of cooperation. For example, should Syria continue to provoke Israel, the United States may remind the regime in Damascus that America can encourage an Israeli retaliatory attack as well as prevent one. Washington may also choose to brandish threats such as the termination of the Iraq-Syria pipeline—through a variety of means—if Syrian promises concerning the placement of pipeline oil purchases under UN auspices are not fulfilled.

Any debate concerning the formulation of a clear American policy toward Syria should include an awareness of the cultural context in which Syria defines its national interests. Indeed, policymakers must acknowledge Syria's wish to be treated as a central player in the region rather than as just an instrument for influencing other players, even if this factor is ultimately discounted in favor of other U.S. policy considerations.

Many factors necessitate the consolidation of a coherent U.S. Middle East policy, and Syria may be viewed as pivotal to the two issues defined by the Bush administration as central to the region: the continuing problem of Iraq and the failure of the Israeli-Palestinian peace process. One year is too short a period for a definitive judgment of Bashar; he is still new at the job, and some of his attitudes may still be forming. But an active policy on the part of the United States now may affect the direction Bashar takes in the future. Similarly, the price of delay in formulating such a policy may be the fulfillment of impending threats of war and the loss of valuable opportunities.

Notes

- 1. Seale, Asad: The Struggle for the Middle East, note 23.
- 2. Barry Schweid, "Albright Meets with Asad on Hizballah," Associated Press, October 8, 2000.
- "U.S. Says Syria Agrees to Comply on Iraqi Oil Trade," Deutsche Presse-Agentur, February 28, 2001.
- 4. In fact, both the Syrian oil minister and Bashar have since spoken of opening another pipeline with Iraq. "Minister Says Syria Plans Building New Iraq Oil Pipeline," Deutsche Presse-Agentur, April 26, 2001. Said Bashar, in an interview with *al-Majd*: "... the other thing which Powell ignored was that I told him that we and our brothers in Iraq are building another oil pipeline, larger than the existing one which fell short of satisfying our desires and needs. Powell had nothing to say then but to accept what we want." *Al-Majd*, March 13, 2001.
- 5. "We told them: even if we starve, we will not give up this demand. [We said this] because they wagered on Syria's weakness, and were wrong. Syria is strong.... Syria will never sign any dictated agreement with terms that are unacceptable to it or violate its sovereignty." Farouq al-Shara, speech to the Arab Writers Association in Syria, January 27, 2000, printed in *al-Usbu' al-Adabi*, February 12, 2000. See also Seale, *Asad: The Struggle for the Middle East*, note 23.
- 6. Such as Ahmad Jibril of the Popular Front for the Liberation of Palestine-General Command, whose latest escapade was a May 7, 2001, attempt to smuggle a boat loaded with weapons into Gaza.
- 7. "There is a ban on transfer of U.S. technology to Syria. But there are other sources of technology on which we rely for our technological developments." Bashar, interview with *al-Sharq al-Awsat*, February 8, 2001.

- 50 Yossi Baidatz
- 8. Alfred Prados, "Syria: U.S. Relations and Bilateral Issues," Congressional Research Service, *Issue Brief* no. 92075, updated February 25, 1999.
- 9. Navigating through Turbulence, p. 27.
- 10. For instance, David Satterfield, former U.S. ambassador to Lebanon, serves as an example of the influence an American official can wield with regard to encouraging U.S. investment in a problematic country. See *Daily Star* (Beirut), May 22, 2001.
- 11. Bush told Hariri that "Syrian President Bashar al-Asad is a man whom we can work with, in light of the steps he has taken since he assumed power." Voice of Lebanon, April 25, 2001, translation provided by BBC Worldwide Monitoring.
- 12. As of this writing, Syria represents the Asian block on the council, and elections have been slated for summer 2001. Given that Syria's reelection as the Asian representative seems almost certain, the United States should by now have taken the opportunity to package its nonopposition to the Syrian bid as a gesture of goodwill.

Appendix I: Sociopolitical Highlights of Bashar's First Year

2000

June

27: Parliament. The parliament unanimously elects Bashar as president.

JULY

1: Internet. The Syrian government reduces the monthly fee for internet accounts by 50 percent. In addition, it begins offering email-only subscriptions for a reduced charge and announces plans to expand the number of internet subscriptions to 200,000 by the end of 2001.¹

10: Referendum. Bashar is officially elected to the presidency.

15: Street banners. Bashar orders the removal of all street banners praising him and lamenting his father's death.²

17: Inaugural speech. Bashar delivers his inaugural speech before parliament, calling on the Syrian people to "present new ideas" and "renew old ideas," expressing his support for "transparency" within Syrian political culture, and speaking of the need for administrative reform.

17: Prison. Syrian authorities release three Jordanian citizens who had been detained in Syria for several years.³

22: Internet. Bashar issues a decree calling for the establishment of internet-technology departments at the four Syrian universities.⁴

26: Calls for reform. Riyad al-Turk, secretary of the Syrian Communist Party, calls for reform in an *al-Quds al-Arabi* article entitled "Syria Cannot Remain a Kingdom of Silence."

27: Prison. Syrian authorities release thirty Muslim Brotherhood members.⁵

27: Press. New directors are appointed at the official Syrian news agency (Syrian Arab News Association, or SANA) and at two of the three official newspapers (*al-Thawra* and *Tishrin*).⁶

AUGUST

• **Speech.** Bashar restores Aref Dalilah—former dean of economics at Damascus University and economic reform activist—to his teaching post.⁷

• **Calls for reform.** Riyad Seif, businessman and member of parliament, argues before parliament that the emergency laws imposed by the ruling Ba'ath Party in 1963 should be lifted because conditions inside the country are stable and war with Israel is not imminent.⁸

• **Ba'ath Party changes.** By the end of the month, twelve new members enter the twenty-one-member regional leadership of the Ba'ath Party.

5: Political pluralism. Bashar holds a meeting with the leaders of the Progressive National Front (NPF)⁹ and decides to postpone both the introduction of a new political parties law and the entrance of new parties into the NPF.¹⁰

September

• **Calls for reform.** Journalist Hamdan Hossein publishes a call for reform suggesting that the Ba'ath Party's ruling coalition become more diverse in membership and policies.¹¹

4: **Ba'ath Party changes.** Ba'ath Party leadership is purged as part of a comprehensive plan to renew party command at the local level throughout the country. According to an official Syrian source, all but one of the party command members in Aleppo are replaced.¹²

4: **Calls for reform.** The Syrian Communist Party, led by Yousuf al-Faisal, demands that the regime lift the state of emergency and cancel the "exceptional laws." The party also calls for "the pillars of civil society" to be strengthened.¹³

9: Backlash. *Al-Muharrir* publishes an attack on the civil society movement, quoting a senior Syrian official who suggested that the leaders of the movement were determined to "legitimize" subversion of the Syrian regime. The article accuses the reformers of trying to mimic the experience of Poland, where activists

organized under the banner of civil society to wrest power from the communist regime.¹⁴

27: The "99 Communiqué." Ninety-nine Syrian intellectuals publish a call in *al-Hayat* for political reform, an end to martial law, the release of all political prisoners, and the "unleashing of public freedoms." The signatories claim that economic, administrative, and judicial reforms cannot "lead to peace and security if not fully accompanied by . . . desired political reform." None of the signatories has a history of anti-regime activity, however, and the statement neither challenges the transfer of power to Bashar nor calls explicitly for the democratization of Syrian political institutions.

Late September: Fight against corruption. Newspapers begin a campaign against government employees who misuse state-owned vehicles.¹⁵

OCTOBER

• **Foreign relations.** The Ba'ath Party's National Command proposes the appointment of twenty-one new ambassadors.¹⁶

1: Calls for reform. Aref Dalilah publishes an editorial in *al-Thawra* stating that one-party rule is "no longer effective" and must change if the economy is to prosper.

5: **Ba'ath Party changes.** Bashar issues decrees transferring three governors from their provinces and appointing seven new governors.

NOVEMBER

• **Fight against corruption.** Aref Dalilah rebukes the Syrian government for corruption and fiscal mismanagement and calls on citizens to take to the streets. Two days later, *al-Thawra* devotes two pages to his criticism of economic mismanagement.¹⁷

7: Calls for reform. In parliament, Riyad Seif criticizes regime corruption and the "power monopoly" of party and president. When the parliament speaker refuses to print Seif's tirade in the minutes, Seif faxes it to news agencies in Beirut (on November 13). Seif continues to hold a weekly gathering at his home called Friends of Civil Society.

15: Prisons. Bashar issues a decree releasing 600 Syrian and Lebanese political prisoners, about twenty of whom had received life sentences. Unlike previous prisoners released by the regime, they are *not* asked to sign a pledge disavowing further anti-regime political activity.¹⁸

19: Prisons. Bashar orders that the al-Mazzeh prison be transformed into a hospital. Hafiz al-Asad had ordered the closing of the prison, and its inmates were moved to other locations a few weeks before his death.¹⁹

21: Prisons. Parliament endorses Bashar's Law no. 17 for the year 2000, granting a general pardon for crimes committed before November 16, 2000 (apart from drug trafficking or armed smuggling). The general amnesty also reduces by one-third the prison sentences of those convicted of economic crimes.²⁰

30: Press. Bashar grants publishing rights to the six NPF parties. In addition to the publication of newspapers, the parties are permitted to establish branch offices and openly recruit new members.²¹

DECEMBER

4: **Ba'ath Party changes.** The Ba'ath national leadership annuls the system of appointing party members and declares that elections will be held on January 20, 2001. The leadership also announces the introduction of a "no confidence" vote against mid-level party members.

6: **Prisons.** Lebanese president Emile Lahoud announces that all Lebanese held in Syria will soon be released to Beirut authorities. The last such release took place in 1998, when Syria set 121 Lebanese detainees free.

11: **Prisons.** Syria releases fifty-four political prisoners (consisting of forty-six Lebanese and eight Palestinians residing in Lebanon). The prisoners had been convicted of such crimes as spying for Israel, killing Syrian soldiers in Lebanon, and sabotage; among them were fourteen who had been arrested but not yet tried. According to the Lebanese general prosecutor, Adnan

Addoum, between eighty and eighty-five Lebanese common criminals remain in Syrian prisons.

15: **Prisons.** *Al-Mustaqbal*, the newspaper owned by Lebanese prime minister Rafiq Hariri, reports that Syria will soon announce the closure of Tadmur prison, one of the most infamous detention centers in Syria. In recent months, prisoners at Tadmur had gradually been transferred to the Saidnayya prison near Damascus, which has more modern facilities.

16: Calls for reform. Among his other requests for political reform, human rights activist Aktham Naesa calls for the suspension of martial law (or for its implementation only in matters related to Israel or the closure of Tadmur prison). Naesa, who was released from prison in 1998, reveals that only one member of his group remains in prison.²²

17: Calls for reform. The Committee for the Defense of Human Rights in Syria, led by Naesa, publicly calls for amnesty for all political detainees, fair and open trials for those accused of crimes against state security, and guarantees for the safety of all returning expatriates. The group, founded in 1991, had until this point operated underground.

20: Calls for reform. Former member of parliament Nasreddin Bahra writes in *al-Hayat* that the new political-party publications will not only show the parties responsible for them in their true light, but also assist in fighting widespread corruption.²³

22: Calls for reform. Businessman Omran Adhan says political liberalization must come before economic reform: "What is the point of having a parliament when 65 percent of the seats are reserved for Ba'athists?"²⁴

23: Foreign relations. Syria appoints its first ambassador to Jordan since 1993, when the Syrian ambassador was recalled in protest against the warming relations between Israel and Jordan.

31: Calls for reform. Syrian author Hanna Aboud calls for more freedom: "We have everything in our hands, but we have no tongue. We want a tongue."²⁵ Aboud says that at a recent gathering at the Damascus home of Nawal Yaziji (formerly active in the Syrian Communist Party), Damascus University professor Youssef Salameh called for altering the constitution to end the Ba'ath Party's monopoly on power.

2001

JANUARY

5: Press. Sawt al-Sha'ab is published by the Syrian Communist Party, Bakdash wing (a section of the NPF). This is the first nonstate paper distributed openly since 1963; 16,000 copies of the first edition are printed. It criticizes the decision to authorize private banks on the grounds that this action will lead to an influx of foreign currency and thus weaken Syrian finances.

7: The "1,000 Communiqué." A second declaration, this time signed by 1,000 intellectuals, calls for more comprehensive political reforms than did the first "99" petition. The communiqué demands elections under the supervision of an independent judiciary and criticizes the attempt to reenergize the NPF. The signatories' main demands also include an end to the state of emergency and martial law (in force since the Ba'ath Party seized power in 1963), the release of all political prisoners, the repatriation of political exiles, the enactment of legislation providing for a free and diverse press, and an end to discrimination against women.

8: **Reform.** The Syrian government determines eight principles of political and economic reform.²⁶

15: Press. Prominent satirical cartoonist Ali Farzat and several associates apply for a license to publish the country's first privately owned newspaper since 1963.²⁷

15: Reform groups. Syrian novelist Nabil Suleiman hosts a forum at his home in which the participants call for political reform. He is interrogated by security services after the meeting.²⁸

19: Reform groups. Muhammad Sawwan announces the formation of the Coalition for Democracy and Unity (CDU), composed mainly of leftists and Arab nationalist figures. Sawwan was formerly a member of the Arab Socialist Union, one of the coalition partners of the NPF. Other prominent members of the CDU include a retired general, former members of parliament, and a former cabinet minister.²⁹

25: Backlash. Nabil Suleiman's car is vandalized.

25: Reform groups. Riyad Seif announces his plan to create a political party called the Movement for Social Peace. Seif also

calls for free and open elections and for the drafting of a new constitution.

29: Backlash. Syrian information minister Adnan Omran lashes out in a fierce diatribe against the opposition. Speaking before a group of Arab and foreign journalists in Damascus, he declares that civil society is an "American term" recently given "additional meanings" by "groups that seek to become (political) parties." Omran adds, however, that the emergency law of 1963 is "frozen."³⁰

30: Backlash. Nabil Suleiman is attacked by two unidentified assailants in the coastal city of Latakia, a stronghold of the Alawites. He is hospitalized with cuts on his head, face, and chest.³¹

FEBRUARY

15: Press. *Al-Wahdawi*, the second nonofficial newspaper to appear in Syria, is published by the Nasserite Union Socialist Party.³²

15–18: Backlash. Riyad Seif is informed that Justice Minister Nabil al-Khattib wants him questioned for "violating the constitution." The parliamentary chairman authorizes the summons without lifting Seif's parliamentary immunity. Seif later says that his interrogation was "a routine procedure," involving "polite" questioning in the presence of his lawyer.

16: Backlash. *Al-Hayat* reports that, in an effort to counter the intellectuals, the Ba'ath Party sent seventeen Regional Command Council members to "all the governorates and four universities to explain the political situation." The campaign is said to be led by Vice President Abd al-Halim Khaddam.³³

17: Backlash. The government imposes an application period according to which names of participants and debate topics must be provided to the authorities fifteen days in advance of political forums.³⁴

17: Backlash. Vice President Khaddam says the activists' forums have crossed "red lines, which are society's security and stability." He also condemns the growing calls for greater freedoms and democratic elections.³⁵

18: Backlash. Syrian state television accuses liberal activists of "forgetting the national and pan-Arab role performed by Syria."³⁶

20: Backlash. Syrian state television broadcasts condemn "individuals and groups [who] have recently put forward issues that aim to harm Syria's reputation, role, and status."³⁷

20: Backlash. The Ba'ath Party circulates an internal party memorandum accusing pro-reformists of serving foreign "enemies of the homeland" and of setting out to "weaken the state and dwarf its role." The memorandum was written by Ba'ath Party deputy secretary-general Abdallah al-Ahmar.³⁸

21: Reform groups. Riyad Seif defies the official curbs on political gatherings by inviting people to his house and defining the gathering as a *madafa* (salon).

21: Backlash. Michel Kilo quits the recently formed Committee for Reviving Civil Society in protest against what he terms an intensive media campaign by officials against the organization.

26: Press. The first edition of satirical newspaper *al-Domari* is published, and most of the 50,000 copies are snapped up immediately.³⁹

27: Intellectual property. Bashar issues Law no. 12, stipulating the protection of authorship rights from all forms of plagiarism and distortion.

MARCH

Backlash. Al-Ba'ath claims that some self-centered individu-1: als are trying to exploit the climate of change introduced by Bashar. The newspaper adds that the state should reform its public institutions, which have become "bloated, flabby, stagnant, and feeble." 14-15: Backlash. Activist Habib al-Salah is notified by the authorities that his request to hold a lecture at his club in the coastal city of Tartus has been denied, despite the fact that he had presented his formal request to Governor Aram Saliba two weeks in advance in accordance with the new law. Salah is asked to swear in writing that he will not participate in any activity connected to the club. 15: Political pluralism. Vice President Khaddam holds talks with lawyer Hassan Abd al-Azeem, secretary-general of the Socialist Arab Democratic Union Party, which leads the assembly of five opposition parties. This was the first meeting between the Ba'ath and the Socialist Union since the latter first entered the NPF in 1973.40

16: Calls for reform. Raja al-Nasir, member of the politburo of the Socialist Democratic Arab Union Party in Damascus, publishes an article in *al-Nahar* claiming that public consciousness regarding political reform is increasing. He claims that reform cannot be seriously accomplished through the Ba'ath Party and the National Front alone, since there is also a need to deal with the opposition and the civil society forces.⁴¹

18: Backlash. The leadership of the ruling Ba'ath Party claims that many Syrian intellectuals have foreign ties and are working toward anarchy. Their announcement contains strong criticism of proposals aimed at "destroying and weakening the state" and accuses reformists of fomenting civil strife and of forgetting the "Zionist danger, Syria's Pan-Arab role, and the Arab-Israeli conflict."⁴²

April

12: Backlash. On the Abu Dhabi satellite channel, Defense Minister Mustafa Tlass claims to hold proof that the signatories of the "1,000 communiqué" are agents of the CIA and are working for the enemies of Syria (apparently because they did not mention the Arab-Israeli conflict in the communiqué).⁴³

13: **Reform groups.** Vice President Khaddam meets with Muhammad Fayeq, head of the Arab Organization of Human Rights.⁴⁴

14: **Reform groups.** Khaddam meets with Hassan Abd al-Azeem, secretary-general of the Socialist Arab Democratic Union Party, and hears his concerns about the Ba'ath Party's monopoly on power.⁴⁵

30: Human rights. Nizar Nayouf, a jailed Syrian journalist and human rights activist, begins a hunger strike after the authorities reverse a decision to release him (he was sentenced to ten years imprisonment in 1992 for disseminating "false" information). Nayouf was a founding member of the Committee for the Defense of Democratic Freedom and Human Rights in Syria.⁴⁶

30: Calls for reform. In a statement marking May Day, the Syrian Communist Party says that the slow pace of economic reform runs against the "modernization and development" that Bashar had called for. The party claims that quickening the pace

of reform is necessary in view of the "many difficulties and shortcomings, such as social corruption, bribery, complacency, negligence, waste, and bureaucracy."⁴⁷

May

6: Human rights. Nizar Nayouf is released from prison, brought to his house in Lattakia, and placed under house arrest.⁴⁸

7: Reform groups. Riyad Seif announces that the Ministry of Social Affairs and Labor has approved the establishment of a forum for cultural dialogue.⁴⁹

13: Press. The first edition of *al-Nour*, the third new nongovernmental newspaper, is published by the Syrian Communist Party, Faisal wing.⁵⁰

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Appendix II: Economic Highlights of Bashar's First Year

2000

June

20: Ba'ath Party General Congress. Creating a better business climate for the private sector is a central element in the economic recommendations of the congress, although it is made clear that privatization will not yet appear on the regime's agenda. The congress also calls for new laws to help the private sector and free it from bureaucratic obstacles, as well as tax reforms to stimulate production and exports.¹

22: Privatization backlash. A *Syria Times* editorial cautions against the call for accelerating privatization.

26: Banking reform. Syria allows foreign banks to operate in one of the five free-trade zones (Damascus, Adra, Aleppo, Lattaqieh, and Tartus). Only firms established in these zones will be allowed to use them.²

27: Parliament. Parliament unanimously approves Bashar's ascension to the presidency.

JULY

3: Unemployment. Syrian prime minister Mustafa Miro announces an emergency plan to set aside 80 billion Syrian pounds (SYP, around \$1.7 billion) to tackle the unemployment problem in Syria.³

7: Imports. Miro lifts the thirty-year ban on private automobile imports.⁴

10: Referendum. Bashar is officially elected to the presidency in a national referendum.

17: Inaugural speech. Bashar talks about planned economic reform in his inaugural speech.

AUGUST

3: Calls for reform. "It cannot be denied that there is an urgent need for reform and development in all sectors," accord-

ing to the official newspaper *al-Ba'ath*. The paper also mentions the need to modernize some laws, especially those on tax, rents, and the press.

5: **Tax reform.** The government sets up a committee to create a proportional income tax system, more equitable to people with low and average salaries.

8: Banking. Syria authorizes three Lebanese banks to operate in free-trade zones to finance companies established there.⁵

16: Unemployment. Syria allocates SYP 50 billion (\$1 billion) to fight unemployment.⁶

26: Salary increases. A presidential decree increases the salaries of civil servants by 25 percent and retirees' pensions by 20 percent. The last salary and pension increases took place in 1994, although purchasing power had been dropping by about 12 percent per annum.⁷

October

13: Credit cards. The state-owned Post Office Saving Fund invites bids for the introduction of a credit card system.⁸

19: International projects. The EU approves a EUR 23-million (\$19.3 million) grant supporting efforts to modernize the public sector. About EUR 21 million (\$17.6 million) of the grant is allocated to the Planning Ministry for the modernization of any governmental agency throughout the country, to include technical assistance, training, and computer equipment. The remaining amount of about EUR 2 million (\$1.7 million) is designated to fund water projects in Hammah and Basirah.⁹

30: Budget presentation. Bashar presents the state budget bill to parliament. This marks the first time in ten years that the budget has been presented before the start of the new fiscal year.¹⁰

November

8: Foreign debt. Syria settles its pressing debt with Germany, signing an agreement to reschedule \$572 million. This agreement puts to rest German reservations about the activities of the European Investment Bank (EIB) in Syria.¹¹

DECEMBER

2: Private banking. In a meeting chaired by Bashar, the Regional Command of the Ba'ath Party approves the unrestricted establishment of private banks "in the form of private or mixed shareholding companies." The private banks will not replace the five state-run banks but will complement them. The minimal credit base for the new private banks will be \$30 million. Ba'ath leadership also announces support for the creation of a stock exchange and the promulgation of laws on banking secrecy.¹²

4: State budget. For the first time in three decades, the parliament approves a budget before the start of the fiscal year. The new budget calls for a 17 percent increase and allocates \$811 million (out of a total of \$2.7 billion) to repay outstanding foreign debt. According to the finance minister, the new budget will provide about 66,000 jobs in the administrative and economic sectors.¹³

15: Gas, international projects. Syria, Lebanon, and Egypt sign an agreement to build a gas pipeline from al-Arish to the Lebanese port of Tripoli via Syria. Syrian energy minister Muhammad Mahir Jamal, Lebanese energy minister Muhammad Abd al-Hamid Baydoun, and Egyptian energy minister Samih Fahmi praise the agreement as a model of cooperation among Arab states.¹⁴

23: Tourism. Three new tourism projects, including an estimated \$60 million Kuwaiti-backed scheme, are approved by the Higher Tourism Council.¹⁵

25: Credit cards. A Syrian bank announces plans to introduce the country's first credit cards.¹⁶

2001

JANUARY

16: Resources. A Syrian government official announces the discovery of new diamond reserves, more promising than those found in central Syria in 1983.¹⁷

18: Communications. The Syrian Telecommunications Establishment announces the awarding of two contracts to set up and

operate two GSM (global system for mobile communications) networks. According to the plan, 90 percent of the country will be covered within the first year of the contract.¹⁸

20: Currency reforms. Syria announces plans to introduce a free-market exchange rate for certain foreign-currency transactions. Analysts consider the move an important step toward a unified market rate. ¹⁹

31: Prime Minister Miro and Iraqi vice president Taha Yassin Ramadan sign an agreement to set up a free trade zone between the two countries.²⁰

FEBRUARY

5: Electricity. Seventeen companies submit bids for a contract to build six 230/66kV conventional substations, according to the Public Establishment for Electricity Generation and Transmission. The project is financed by the EIB, which agreed to lend EUR 115 million (\$107 million) for the upgrading of the local electricity distribution system. This is the second EIB loan to support a modernization of the Syrian electricity network; the first loan (December 2000) totaled \$70 million.²¹

6: Education. The Regional Command of the Ba'ath Party permits the establishment of private universities.²²

21: International projects. Syria and Saudi Arabia sign a deal to set up a free-trade zone.²³

21: International projects. The Syrian Investment Office announces that Bahraini businessmen are negotiating investment proposals worth up to \$2 billion with local authorities.²⁴

MARCH

1: **Unemployment.** The Syrian cabinet endorses the establishment of an institution to solve the unemployment problem, focusing on the countryside and remote areas.

9: Gas. The contract to build a gas pipeline from Homs to Banias is awarded to the local Military Housing Establishment (Milihouse); the client is Syrian Petroleum Company. The 230-km pipeline will have a 24-inch diameter and will supply gas from central Syrian fields to the Banias power station.²⁵

10: International projects. Bashar issues Law no. 14 stipulating the ratification of an executive protocol to establish a free-trade zone between Syria and Iraq.²⁶

14: International projects. Bashar, Mubarak, and King Abdullah inaugurate an electronic grid hooking Syria up to the existing Egypt-Jordan grid. This move is in preparation for an enlarged grid that will include Turkey, Lebanon, and Iraq, as well as some African and European countries.²⁷

15: International projects. The Kuwaiti Fund for Arab Economic Development approves a loan of \$65.3 million to Syria designated for the expansion of the al-Nasiriyya power plant near Damascus. The loan will assist with costs of gas turbines, boilers, and steam turbines, which should boost the plant's output from 300 megawatts to 600 megawatts. Work on the station is scheduled for completion by 2004.²⁸

23: Tourism. Nine international and local companies purchase tender documents for the construction of the Damascus Four Seasons hotel. Construction is expected to begin in May.²⁹

29: Banking reform. The cabinet approves a new banking law, allowing for the establishment of private banks and introducing banking secrecy. Two types of banks are permitted: (1) those owned entirely by private and foreign investors, with a majority of 51 percent made available to Syrian investors; and (2) those jointly owned by private investors and the Syrian government (the latter will hold 25 percent of the capital).³⁰

31: International projects and debts. Syria signs a consolidation agreement with the German Loans Bank at a sum of DM 500 million. Some DM 70 million of the total sum will be used for projects on protection and preservation of the environment, poverty fighting, and education. The agreement is prepared in the context of the agreement to consolidate Syrian debts to Germany, which was signed in Damascus in November 2000.³¹

April

1: International agreements. The Syrian-Iraqi free-trade agreement signed two months previously takes effect.

15: Communications. The price of cellular phones drops from SYP 60,000 to SYP 20,000.³²

16: Private banking. Bashar issues Law no. 28 permitting the establishment of private banks in which Syria's banking system, the Syrian Insurance Group, and other savings institutions hold 25 percent of the capital (the Syrian parliament had earlier approved the law). The president also issues Law no. 29 forcing all Syrian banks to maintain account secrecy. ³³

30: Private banking. Prime Minister Miro tells a conference that the Syrian government believes private banking will "help carry the burden of the national economy" and reduce its dependence on the state.³⁴

MAY

8: Growth. Syrian minister of planning Issam al-Za'im announces that "the economic growth rate in Syria has reached zero." Za'im says that an economic growth rate of 3 percent can be achieved, but "would need economic conditions that are fundamentally different from those present today."³⁵

9: Tax reform. Bashar issues three decrees, the first stipulating the exemption of the first SYP 1,000 of an employee's monthly salary from taxes. The two other decrees stipulate a new coordinated tariff whereby the customs tariffs on some commodities will exceed no more than 1 percent.³⁶

9: International projects. Iran and Syria sign a memorandum of understanding on bilateral cooperation in the areas of water resources management, technical and engineering services, and water project implementation.³⁷

9: International projects. Iran and Syria sign a memorandum of understanding on irrigation cooperation.³⁸

11: Gas, international projects. Lebanon and Syria sign an agreement to construct a \$15-million pipeline to transport natural gas between the two countries in a move designed to help cut Lebanon's energy bill. Lebanon hopes to eventually import 6 million cubic meters of gas per day from Syria through the pipeline.³⁹

11: International projects. Syria and Turkey sign a transport agreement laying out cooperation guidelines in road construction, transport facilities, tariff reduction, and civil aviation.⁴⁰

23: International agreements. Iraq and Syria sign a series of cooperation agreements in Baghdad. The agreements provide

for enhancing bilateral cooperation in the fields of trade, industry, and transport.⁴¹

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Appendix III: Selected High-Level Foreign Contacts

This table is organized according to the following format: Date, Country of Contact: officials present at meeting.

Note: * indicates Bashar's own visits abroad

September 2000

20, Bahrain: Mustafa Miro (Syrian prime minister) meets with Khalifa bin Salman Al Khalifa (Bahraini prime minister) in Manama.

26–28, Turkey: Muhammad Harba (Syrian interior minister) meets with Sadettin Tantan (Turkish interior minister) in Turkey; signs a security cooperation protocol.

27, Iraq: Bashar and Farouq al-Shara (Syrian foreign minister) meet with Tariq Aziz (Iraqi deputy prime minister) in Damascus.

October 2000

*1-2, Egypt: Bashar takes first overseas trip; meets with Hosni Mubarak (Egyptian president) in Cairo.

7, Libya: Bashar meets with Col. Muammar Qadhafi in Damascus. 8, Iraq: Muhammad Mufdhi Sevo (Syrian cabinet minister) heads delegation bringing ten tons of medical and humanitarian aid to Iraq.

9, Jordan: Bashar meets with Abdul Ilah Khatib (Jordanian foreign minister) in Damascus; Khatib delivers a message from King Abdullah.

7–11, Russia: Bashar meets with Igor Ivanov (Russian foreign minister) in Damascus.

11, Iran: Bashar meets with Kamal Kharrazi (Iranian foreign minister) in Damascus; discusses the Palestinian intifada.

12, Europe: Bashar and Farouq al-Shara meet in Damascus with Robin Cook (British foreign secretary) and Miguel Moratinos (European Union envoy).

14, Bahrain: Bashar and Abd al-Halim Khaddam (Syrian vice president) meet with Shaykh Hamad bin Issa Al Khalifa (Bahraini emir) and Sheikh Muhammad bin Mubarak Al Khalifa (Bahraini foreign minister) in Damascus.

***17, Saudi Arabia**: Bashar meets with King Fahd and Crown Prince Abdullah in Riyadh.

***18, United States**: Bashar meets with Madeleine Albright (U.S. secretary of state) in Riyadh.

*18, Jordan: Bashar meets with King Abdullah in Jordan.

***20–22, Arab League**: Bashar and Farouq al-Shara attend the Arab League summit in Cairo.

30, Germany: Bashar and Farouq al-Shara meet with Gerhard Schroeder (German chancellor) in Damascus.

November 2000

1, Iran: Bashar meets with Muhammad Sadr (Iranian vice president for foreign affairs) in Damascus.

2, Turkey: Abd al-Halim Khaddam visits Turkey; agrees to sign a declaration of principles to further improve bilateral ties.

21–23, Iran: Mustafa Miro heads a major ministerial and commercial delegation to Iran.

25, Iraq: Farouq al-Shara meets with Tariq Aziz (Iraqi foreign minister) in Damascus; afterward, Syrian authorities cancel twenty-year-old measures prohibiting the travel of Syrian nationals to Iraq.

January 2001

*24–25, Iran: Bashar meets with Muhammad Khatami (Iranian president) and Supreme Leader Ali Khameini in Iran.

29–31, Iraq: Mustafa Miro meets with Taha Yasin Ramadan (Iraqi vice president) in Damascus; signs executive protocol to establish a free-trade zone between Syria and Iraq.

30, Iraq: Taha Atrash (Syrian irrigation minister) and Nihad Mushantat (Syrian construction minister) meet in Baghdad with their Iraqi counterparts; sign agreement on usage of Euphrates and Tigris rivers.

February 2001

10–11, Jordan: Taha Atrash (Syrian water minister) meets with Hatim Halawani (Jordanian minister of water and irrigation) in Damascus; discusses steps to speed construction of Wihdeh Dam on the Yarmouk River.

21, Saudi Arabia: Farouq al-Shara meets with Saud Al Faisal (Saudi foreign minister) in Damascus; signs Syrian-Saudi free trade agreement during a meeting of the Syrian-Saudi Joint Supreme Committee, which other Syrian and Saudi ministers attend.

*25, Libya: Bashar and Farouq al-Shara meet with Muammar Qadhafi in Tripoli.

26, United States: Bashar meets with Colin Powell (U.S. secretary of state) in Damascus.

March 2001

4, Europe: Bashar meets with Miguel Moratinos (EU envoy) in Damascus.

14, Egypt, Jordan: Bashar meets with Hosni Mubarak (Egyptian president) and King Abdallah (of Jordan) in Damascus; the two leaders prepare for Arab League summit and inaugurate their countries' joint electricity grids.

15, Iraq: Bashar and Farouq al-Shara meet with Muhammad Said al-Sahaf (Iraqi foreign minister) in Damascus.

19–21, Iran: Bashar and Farouq al-Shara meet with Kamal Kharrazi (Iranian foreign minister) in Damascus.

***26–27, Arab Summit**: Bashar participates in Arab Summit in Amman.

31, Europe: Farouq al-Shara meets with Miguel Moratinos (EU envoy) in Damascus.

31, Algeria: Bashar meets with Ahmad Bin Billa (former Algerian president) in Damascus.

April 2001

***8–9, Morocco**: Bashar and Farouq al-Shara visit Fez and Rabat, meeting with King Muhammad VI.

*11–12, Tunisia: Bashar and Farouq al-Shara meet with Zein al-Abiddin Ben Ali (Tunisian president) in Tunisia. 16–17, Russia: Farouq al-Shara meets with Vladimir Putin (Russian president) and Igor Ivanov in Moscow.

26, Belgium: Bashar and Farouq al-Shara meet with Louis Michel (Belgian foreign minister) in Damascus.

25–27, Iran: Muhammad Zuhair Mashariqa (Syrian vice president) meets with Iranian president Muhammad Khatami in Iran.

26, Spain: Bashar meets with Josep Pique (Spanish foreign minister) in Damascus; Pique also holds meetings and a press conference with Farouq al-Shara and Mustafa Miro.

28–29, France: Bashar and Farouq al-Shara meet with Hubert Vedrine (French foreign minister) in Damascus.

May 2001

1, Egypt: Bashar and Farouq al-Shara meet with Amr Moussa (Egyptian foreign minister) in Damascus; Egyptian ambassador to Syria also attends.

*17, Egypt: Bashar meets with Hosni Mubarak (Egyptian president) in Cairo; the trip, originally planned for two days, is cut short when Bashar unexpectedly returns to Damascus.

21–23, Iraq: Muhammad Imadi (Syrian minister for economy and external trade) meets with Taha Yassin Ramadan (Iraqi vice president) and Hekmat Ibrahim al-Azzawi (Iraqi foreign minister) in Baghdad; also heads a delegation to conduct talks on Syrian–Iraqi cooperation ventures.

24–25, Russia: Mustafa Tlass (Syrian defense minister) meets with Sergey Ivanov (Russian defense minister) and Ilya Klebanov (Syrian deputy prime minister) in Moscow; talks focus on military-technical cooperation.

27–29, Iran: Syrian ministers and trade officials meet with their Iranian counterparts in Damascus; review trade ties during a joint Syrian-Iranian committee meeting and sign a memorandum of understanding covering mainly the fields of banking, commerce, electricity, industries, transportation, oil, and gas.

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