

# The history of syria's economy essay sample

[Economics](#)



**ASSIGN  
BUSTER**

## Introduction

Syria was previously known as Syrian Arab economy and its capital city Damascus. It is located on the eastern part of the Mediterranean Sea with turkey to the north, Iraq to the east, Jordan to the south and Israel and Lebanon to the west. It has total land area of approximately 185, 180 km <sup>2</sup>. There are 14 provinces in Syria, Halab, Dimashq, Dara, Rif, Dimasq, Dayr az Zawr, Hamah, Al hasalah, Hims, Idlib, Al ladhiqiyah, Al qunaytirah, Ar raqqah, As surayda, and Tartus. (Hitti P, 2004).

## History.

Syria attained its independence in 1946. Its economy has undergone many structural changes since then. During the 1970s Syria experienced a dramatic rise in terms of economic performance due to increased oil production. The growth was further encouraged by increased prices in oil and agricultural products as well as due to the state's limited economic liberalization policy. The growth was further precipitated by the fact that Syria got assistance from the Arab world in terms of finances

Syria has territorial disputes on the Golan Heights with Israel, which occupied it during the Arab Israeli war. Lebanon is also involved in the dispute. The legality of Hatay province is also a bone of contention in Syria, as it doesn't recognize Italy's possession. Syria has continued conflicts with Turkey and Iraq over the diversion of water from R. Euphrates.

River Euphrates is the most important river in Syria in terms of length and importance it provides over 80% of Syria's water resources. Khabur and

Balikh are its tributaries. Another important river is Barada River, which forms Al Ghutah oasis, and it rises in the Anti-lebanon Mountains and runs in to the desert. The oasis was a significant factor behind the prosperity of Damascus in the ancient time. (Library of congress, 2005).

Syria's climate has a great contrast between the sea and the desert. The west side has semi-arid climatic condition, as the south and the east are arid desert regions. Syria is endowed with natural resources like petroleum, natural gas, phosphate, chlorine, iron and manganese ores, asphalt, rock salt, marble and gypsum. It exploits its hydropower resources to generate energy. This process is however distorted by the continued diversion of water by Turkey.

A large percentage of Syria's land can be classified as arable and part of it is cultivated with permanent crops. To improve its productivity in agriculture Syria has invested heavily in land irrigation.

Syria's major environmental issues are deforestation, overgrazing, soil erosion, desertification water pollution from raw sewage and waste from petroleum industries dumping as well as shortages or inadequate supplies. Increased population growth as well as advanced industrial activities and water pollution precipitated the water shortages. These factors have adverse effects to Syria's economic development. Another environmental issue in Syria are the dust storms and sand storms. (Library of congress, 2005).

More than half of the Syrian population resides in the urban areas and Syria is one of the most densely populated countries in the Middle East. There are however regional disparities as some places are more populated for instance <https://assignbuster.com/the-history-of-syrias-economy-essay-sample/>

along the coast in the west, in the south, around Damascus and in the Euphrates river valley. (Winckler O, 1999). Syria had an influx after the US-Iraq invasion as many Iraqi's fled there. It has a sex ratio of 1.06 males per female. Its birth rate is 28.9 per 1000 and a total fertility rate of 3.6 children per women. Death rate is at approximately 5 deaths per 1000. The estimated life expectancy of Syria in 2004 was 69.7 years and the infant mortality rate is about 30.6 per 1000 according to the US government. Approximately 90% of Syrians are Arabs, 9% are Kurds and 1% is comprised of Armenians Circassians and Turkomans.

The official language in Syria is Arabic and it's also the mother tongue of over 90% of the population. However English and French are well understood by the educated elite especially in major urban centres. Other languages include Kurdish, Armenian, Aramaic and Circassian. The religion of most Syrians is Sunni Muslims who form approximately 74% of the population consists minority religious groups like Alawis. Minority religious groups include the Alawis, Christians, pagans and Druze.

The education system in Syria offers a good basis for the country. Education is considered a foundation for the country's economic development. The literacy rates are higher for males than for females. Male's record a 60% as female's record 50% and this rate is slightly higher than Egypt's. The Syrian government provides or rather funds most of education although a legislation was passed to allow the establishment of private schools and colleges. The government has been forced to increase its expenditure on education as the population keeps rising. There are poor facilities in most learning institutions but modern learning is encouraged as the government

<https://assignbuster.com/the-history-of-syrias-economy-essay-sample/>

works devotedly to ensure computer literacy is enhanced in schools. (Library of congress, 2005).

The country's healthcare is negatively affected by inadequate finances to meet the demand without undermining the quality. It has a decentralized form of health system to offer primary health care at the village, district and provincial level. There are however regional disparities regarding the accessibility of the health care especially in rural versus the urban areas. Environment pollution related illness remains a major problem in Syria but the HIV prevalence is relatively low.

Syrian government has socialist approach and it provides most of the social services. The Ministry of Social affairs and Labour controls the labour unions, regulates pay and sets the minimum wages as well as operating orphanages, institutions for the disabled and the rural community development centres. Housing and other commodities are highly subsidized in Syria. Political organization.

Syria republic is an authoritarian, military-dominated regime where opposition to the president is not condoned. They practice succession of previous president's son. The citizens can vote for the president and the Member of Parliament but not change the government. The president is confirmed rather than voted by referenda. The parliament does not initiate laws but can at times it assesses and can modify laws that have been proposed by the executive. The president together with other senior officials make most important decisions regarding the political, economic, and security issues but they have a very minimal degree of public accountability.

<https://assignbuster.com/the-history-of-syrias-economy-essay-sample/>

They are not accountable to members of the public. (Shai Feldman and Yiftah Shapir, 2004).

Syria has continued to maintain its position on the state of emergency since 1963 against Israel. The Arab Socialist Resurrection, baath party is the ruling political party as opposition is opposed. The party advocates for socialism or state ownership and control of resources as well as revolutionary role of ensuring that the goals of the socialist revolution are carried out throughout the Arab world. Class is an important aspect in Syria. The army as well as other internal security sectors ensure that the regime is stable, loyal and effective and the Alawi sect dominates it. After the death of Hafiz al Assad in 2000, his son Bashar was nominated and confirmed as the president. He faces opposition from the elder generation but his policies seem to be having positive impact on the country. The Syrian constitution stipulates that the president must be a Muslim and Islamic doctrines and jurisprudence are observed. Government is categorised into the executive, legislative and judicial branches.

The constitution also clearly indicates that the country struggles to be part of the complete Arab unity. The president must be proposed by the baath party and nominated by the legislature. The minimum age for a presidential candidate was reduced from 40-34 in 2000 enabling Bashar eligible for nomination. The president can only be removed from power in case of high treason. He is the head of state and the chief executive officer of the government and the commander in chief of the armed forces. He has the power to appoint two of the vice presidents, deputy prime ministers, cabinet ministers and military officers. The cabinet's role is to serve as the executive

<https://assignbuster.com/the-history-of-syrias-economy-essay-sample/>

and administrative arm of the president and the state. The president can dissolve the legislature. He can also has the right to declare war, a state of emergency, declare amnesty and approve 5-year economic plans. There are 250-seats in the unicameral people council and members are elected by direct popular vote on the basis of single -member electoral districts for four terms. Baath party takes half the seat in the people's council. Although the council seat in regular sessions annually it can hold special sessions. The council nominates a presidential candidate, enacts laws and discusses government policies as well as approving general budgets and development plans as well as ratifying treaties. (Perthes V, 1997).

The legislature however tackles independent authority as the executive over sees or rather overlooks its procedures. The assembly can criticize government policies and modify laws although it cannot initiate legislation. Courts in Syria are divided into 3 levels. The courts of first instance that is magistrate courts, summary courts and peace courts, courts of appeal found in each province and court of cassation in Damascus or the highest court of appeal. The president heads the high judicial council and composed of senior civil judges cases related to national security are head by the supreme state security courts.

### Syria's economic performance and possible solutions.

It initially had a well-developed agricultural and industrial base but it later developed a socialistic approach to her economic orientation as well as development strategy. It shifted its focus from the traditional agrarian economy to advance in the industrial commercial and the service sector.

Changes in the oil prices ' oil crises' disrupted the prosperous trend. Syria's economy unlike other Arab countries is diversified and it does not over depend on oil. (Hinnebusch R, 2001).

Factors that affect Syria's economies are both internal as well as external. Her economic development does not keep pace with the population growth. Historical related issued issues also affect Syria's economic growth where it is preoccupied with Israel, which is its major threat instead of developing the country. More finances are channelled to defence as well as security spending instead of being channelled to develop or enhance economic growth and development. Syria's public sector is not only over staffed but also very inefficient creating much wastage in terms of the country's resources. This has in addition to soaking up of the government resources but also minimizing its foreign exchange.

To solve the problem of inefficient staff, the government has started establishing reforms where privatization of previously state run sectors are opened to the private sector participation and foreign investment. Incentives can also work to encourage the private sector to help the country register an upward move in economic growth. Laws that favour private-sector investment can be incorporated. Private entrepreneurs or companies can be allowed to venture in the production of various commodities or services to increase their participation. Permitting private competition in areas prone to government control for instance on textile and pharmaceuticals would also be a positive move in enhancing economic growth. (Karam Z, 2005).



Government intervention in critical areas for instance on security air transport, water distribution and oil production and pricing of critical of important goods should continue being observed. Effective reform from the old inefficient form of operation to a more effective and efficient way of operating the various sectors in Syria's economy is hindered by the fact that most of the staff lacks the appropriate skills to change jobs. (Ma'oz M et al 1999).

Although agriculture had the greatest significant role in the country's GDP, the service, manufacturing and mining sector have recently recorded a higher contribution to the GDP. Agriculture is however very important in the economic development because it ensures food security. Agriculture is also very important as a source of employment, export earnings and works to regulate the migration traffic from rural areas into the urban areas. One of the factors that work for the success of this sector is the fact that most of the land is privately owned and people have differing interest. It is easier to implement changes in the land when there is private land ownership. The government however plays an important role in the pricing, subsidies and marketing controls. Wheat is a widely grown crop in Syria. However cotton is the most important cash crop. It was largest single exporter before the development of the oil sector. Cotton production however faces challenges due to the water shortage as well as the use of old and inefficient irrigation techniques. Another challenge affecting the cotton production in Syria is the poor facilities that see the grain output under utilized.

The minerals that are most exploited Syria are phosphates. The major challenge in this mining sector is the reduced demand and falling prices  
<https://assignbuster.com/the-history-of-syrias-economy-essay-sample/>

especially in the 1990's. Industries also contribute to the country's GDP. They include mining, manufacturing, construction and petroleum and they account for approximately 29% of the GDP. This sector is very important, as it is a source of employment to Syrians. Major industrial products include petroleum, textiles, processed foods, beverages, tobacco and phosphates. Until the 1990's Syria's manufacturing sector was dominated by the state but after the economic reforms private participation was allowed. However the major challenges that this private investor's face is insufficient funds for investment, presence of cumbersome customs, exchange regulations as well as poor marketing.

Syria produces fuel oil as well as natural gas. It hopes to increase its production in terms of electricity supply. This is however faced by various difficulties especially due to lack of capital investment. Oil production for commercial purposes began in Syria in the late 1960's but was first exported in the 80's. Oil is however a major pillar of Syria's economy. This sector is also not without challenges as it experiences a decline in output and production. Tourism is also an important economic activity in Syria as it helps economic the country earn foreign exchange and consequently a driver of economic growth in Syria.

Unemployment in Syria is an issue that needs to be addressed. Syria has good trade relations with other Arab countries and it enjoys free trade agreements leaving it at a safe position in terms of economic growth. There are however hindrances to the success of this trade for instance the strict enforcement of the Arab league boycott of Israel. Its withdrawal from World Trade Organization (WTO) in 1951 as a protest to Israel membership worked <https://assignbuster.com/the-history-of-syrias-economy-essay-sample/>

to reduce its efficiency in trade. To better improve in terms of trade performance Syria should consider a commitment to entering WTO and the EU.

There is also need to make Syria conducive for foreign investment if it is to maintain increased economic growth. The forces of demand and supply should operate the economy. Lack of access to international money and capital markets for investors ought to be solved to facilitate foreign investment.

The Syria government is very keen in developing the transport and telecommunication systems in the country. There have been several improvements in the telecommunication system for instance the establishment of digital upgrades and fibre -optic technology. Main roads and roads connecting or linking neighbouring countries have been well improved to facilitate easy mobility. Rail transport is also well developed although it has been hampered by a narrow gauge. There has also been a reduction in customers as most opt for road transport. Syria also plans to improve and modernize its ports through a dredging project. Successful completion of this project will enable more and larger ships to anchor at such parts and this will be a plus to trade. The existing ports are inefficient because they are run by the state. There is inadequate funding, facilities, corruption and cumbersome customs processing which distort effectiveness. For better performance in this sector privatisation should be encouraged and efficiency in government enhanced. (www. ou. edu).

### Summary

<https://assignbuster.com/the-history-of-syrias-economy-essay-sample/>

Syria's economy had deteriorate before Bashar took over there was a high rates of population growth a negative economic growth and skyrocketing unemployment as well s a negative balance of trade and dwindling oil reserves. (Leverett F, 2005). All these called for immediate reforms. Although the passing of economic legislation is successful in some instances its implementation still remains an issue. Major obstacles to economic liberalization are mainly political. Free market reforms do not anger well with Syria, which is a socialist state economic liberalization will call for political liberalization.

There must be political will geared towards improving or reforming the current situation if economic growth is to be experienced in Syria. The private sector should be vibrant to create demand for political participation to the entire business community. There should also be increased government accountability so that it is kept on its toes especially in matters of economic growth and development.

#### References:

Joshua Landis. 2004. The United States and Reform in Syria March 2004.

Retrieved on 24<sup>th</sup> March 2008 from [http://www.ou.edu/ssa/US\\_Syrian\\_Reform.htm](http://www.ou.edu/ssa/US_Syrian_Reform.htm)

Zeina Karam. 2005. Economic reform urged in Syria President calls on party leaders to fight corruption. Associated Press. June 7, 2005.

Moshe Ma'oz, Joseph Ginat and Onn Winckler. 1999. Modern Syria: From Ottoman Rule to Pivotal Role in the Middle East. Sussex Academic Press.

<https://assignbuster.com/the-history-of-syrias-economy-essay-sample/>

Flynt Leverett. 2005. Inheriting Syria: Bashar's Trial by Fire. Brookings Institution Press.

Phillip Hitti. 2004. History of Syria, Including Lebanon and Palestine. Gorgias Press LLC.

Onn Winckler. 1999. Demographic Developments and Population Policies in Baathist Syria. Sussex Academic Press

Library of congress. 2005. Federal research division. Country profile -Syria.

Shai Feldman and Yiftah Shapir. 2004. The Middle East Strategic Balance, 2003-2004

Sussex Academic Press.

Volker Perthes. 1997. The Political Economy of Syria Under Asad. I. B. Tauris publishers.

Raymond Hinnebusch. 2001. Syria: Revolution from Above. Routledge Publishers