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Conflict Economies in Syria: Roots, Dynamics, and Pathways for Change

Development Policy Forum

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About the Development Policy Forum

In Syria, the armed conflict aggravated existing grievances and created major new challenges that require creative policies and initiatives. Rebuilding Syria requires a participatory vision that captures the future the people desire by achieving prosperity and justice for all, and by ensuring optimal investment to reach sustainable, inclusive, and human-centered development.

The Development Policy Forum initiative of the Syrian Center for Policy Research seeks to promote a critical analysis of the challenges posed by the conflict in Syria and to explore policy alternatives to address them while analyzing the impact of ongoing policies enforced by the government of Syria and other actors at the institutional and socioeconomic level.

This discussion paper is the first of a series of discussion papers focusing on the conflict economy in Syria. These include the role of public institutions, civil society, the private sector, and external actors including regional and international governments and humanitarian institutions.

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1. Introduction

The conflict in Syria, now completed its ninth year, has been catastrophic for the Syrian people, and is widely recognized as one of the most devastating and intractable conflicts in decades due to its complexity. The conflict has also radically transformed Syria's economy. In this research paper, we use a political economy approach to focus on Syria's "conflict economies" and to map out the policies and processes that have driven and sustain them, and the actors behind those policies. We also locate Syria's "conflict economies" in a militarized, polarized, and unequal regional and international landscape where subjugating powers sustain political, economic, and military policies both sustain and drive conflict and inequality. Finally, we begin to trace possible pathways and alternatives in order to exit Syria's conflict economies and address the deep human development needs in an equitable and sustainable manner.

Our notion of the conflict economy has three dimensions. First, it refers to the transformations and distortions of the Syrian economy because of the conflict, and traces these back to conscious actions, policy choices, or discrete interventions of different actors. However, rather than focus on a narrow set of actors or supply chains, we broaden the analysis to capture the entire range of interconnections that exist on a regional and international level. Second, it examines how states and non-state actors have politicized and instrumentalized economic policies to pursue the armed conflict. Third, it refers to how policies with economic, political, and social implications can continue the logic of the conflict even in the absence of armed conflict. In other words, policies that entrench and further injustice and oppression are a continuation of the armed conflict by other means.

This discussion paper is the first in a series that emanated from the Development Policy Forum, a new initiative of the Syrian Center for Policy Research. Through this initiative, the center seeks to promote a critical analysis of the challenges posed by the conflict in Syria and to explore policy alternatives to address them while analyzing the impact of ongoing policies enforced by the government of Syria and other actors at the institutional and socioeconomic level. This will be the first of a series of discussion papers that will expand on some of the themes and actors discussed in this paper in more detail. These include the role of public institutions, civil society, the private sector, and external actors including regional and international governments and humanitarian institutions.

Our goal in this discussion paper is to provide a general framework rather than a comprehensive or exclusive analysis of the entirety of the conflict. The policies, actors, and outcomes given in the different tables are examples to illustrate the range of actors, factors, and webs of relationships that play a role in creating Syria's conflict economies.

In the interest of incorporating as wide and participatory an approach as possible to understanding conflict economies that includes and reflects a variety of viewpoints from Syrian experts of various perspectives, this discussion paper was based on the following methodology. The Syrian Center for Policy Research organized a two-day workshop on "conflict economies in Syria," which brought together scholars, practitioners, and activists from within Syria and regional countries to discuss conflict economies and pathways to exiting them.

The paper also relied on previously published and unpublished Syrian Center for Policy Research reports, two background concept notes specifically commissioned for the conflict economies workshop, the discussions and outputs of the workshop itself, as well as additional research on the secondary literature on conflict economies broadly and in Syria. While benefitting from the insights of these different sources and interlocutors, it is important to emphasize that this discussion paper reflects the perspectives of the SCPR itself and not necessarily those of any of the workshop participants.

2. Lead up to the Conflict

The last twenty years before the Syrian conflict, particularly after the collapse of the Soviet Union, witnessed a severely deteriorating regional landscape marked by wars, external military interventions, devastating sanctions, and military occupation. This coincided with increased assertiveness and rivalry between regional powers.

On the economic front, the United States, Europe, and Western multinational institutions increasingly pushed neoliberal economic policies that, without meaningful political liberalization and civil liberties or judicial accountability, led to an alliance between wealth and power domestically (Hanieh, 2013). Growth rates increased along with foreign direct investment, but so did poverty and inequality. Despite several countries attempting to maintain some semblance of their welfare states, the net result was increased corruption, polarization, and increasing cleavages and inequalities between social groups, urban and rural, and different economic classes (Dahi, 2011). Domestically, Syria entered into a fiscal crisis in the 1980s due to a series of internal and external factors, and in the aftermath of the collapse of the Soviet Union in the 1990s and 2000s, it increased its integration into the regional and global economy through partial economic liberalization which also saw a steady decline in the role of the state through decreased internal support and liberalization of foreign trade. In the 2000s, this most prominently affected the agricultural sector (SCPR, 2019).

However, the alliance between wealth and power found elsewhere in the region reached new heights, and there was a marked decay of public institutions and their ability to meet the needs and aspirations of the Syrian people. Though Syria became less claustrophobic than in the dark days of the 1980s, economic liberalization occurred while there was

extreme centralization of power, lack of civil liberties, and impunity on the part of the security services.

At the turn of the millennium, the government promised political, economic, and social reforms which were reflected in the “Damascus Spring,” an expanded role of the private sector, and wider societal economic, social, and political participation. It also signaled its desire to develop the work of the governmental bureaucracy, separate the Ba’th party from the state, and focus on issues of sustainable growth and justice in public policies, knowledge development, and infrastructure. However, the authoritarian nature of the government revealed that this was a false promise, as the Damascus Spring window closed and “reform” shifted to implementation of a neoliberal economic reform program that focused on adopting market policies governed by the economic and political elite. Political oppression coincided with economic liberalization and a reduction of the role of the state in order to expand opportunities for the economic elite.

The factors that led to the current conflict are rooted in an “institutional suffocation,” which marginalized large segments of society and deprived them of effectively contributing to political, economic, and social development. The state of “institutional suffocation” in Syria is reflected in the loss of political and economic institutional ability to change over time and meet the aspirations, interests, and expectations of the new society. The IT revolution, regional changes, and tremendous cross-border transfer of knowledge and expertise into Syrian society elevated society’s development expectations. The absence of representative institutions, independent political parties, and suppression of civil society dented these aspirations.

2.1 | The International and Regional Landscape

As a small-to-medium-sized developing country within the Global South, Syria was not immune to changes at the global level. The break-up of the Soviet Union implied the end of military, political, and economic support from Syria's ally. The United States then attempted to assert its "new world order" in the Middle East, which it demonstrated militarily in the first Iraq war and subsequent sanctions. Politically, the United States pressured regional countries to submit to its foreign policy demands and tolerated little space for neutrality. One of the most infamous demonstrations of this punitive mindset came in the aftermath of the Yemeni "no" vote on United Nations Security Council Resolution 678 of 1990,

"In the region, multinational institutions were not only pushing neoliberal policy prescriptions with mixed outcomes, but also suffered from lack of independence from the political agenda of the United States and the European Union."

which authorized military action against Iraq. The United States cut all of its seventy million dollars in aid to one of the poorest countries in the region, and Yemen faced significant difficulties with the International Monetary Fund (IMF) and World Bank for the next several years (Vreeland, 2014). In the region, multinational institutions were not only pushing neoliberal policy prescriptions with mixed outcomes, but also suffered from lack of independence from the political agendas of the United States and the European Union. Syria was outside the US orbit even while it maintained good relations with US regional allies such as the Gulf countries and, increasingly in the 2000s, with Turkey. Rather, Syria declared itself part of an "axis of resistance" with Iran and Hizballah, in opposition to US hegemony and in support of Arab causes such as resistance to Israel. Though Syria cooperated with the United States on certain issues such as "extraordinary rendition" in the aftermath of the 11 September 2001 attacks, it maintained an independent foreign and domestic policy which projected its power beyond its borders.

Neoliberal policies aggressively advocated by the United States and European Union led to increased regional fragility and inequality (Hanieh, 2013). The outcomes of wars, neoliberal policies, increasing alliances between holders of wealth and power, and ever greater corruption and cronyism were not unpredictable. Slow growth rates, increasing unemployment and

decrease of labor force participation rates, lack of democratic institutions, and increasing income inequality and poverty have poked more holes in the social fabric of the countries in the region. Diminishing real wages, expansion of the informal economy, and social conflicts have increased the existing income gap among different income groups and different regions. This worsening economic performance radicalized the divide between urban and rural, social groups. These politicized fault-lines were, in turn, accompanied by increasing authoritarian governance in the region (Dahi, et al. 2008).

In the 2000s, other powerful forces were at play at the regional level. Chief among them was a new "cold war" in the Middle East between Iran and Saudi Arabia. The administration of George Bush had significantly increased the pressure on Iran as well as managing to overthrow Iran's two biggest enemies to the east and west in a matter of three years, through the US invasion and toppling of the ruling governments in Afghanistan and Iraq. When this occurred, Iran cultivated financial, security, military, and para-military ties on a regional basis. Saudi Arabia and other Gulf States used the toppling of Saddam Hussein's regime and the increasing power of Iran to fuel the regional tensions. Both regional powers used identity politics discourse to fuel the new "cold war".

The second half of the first decade of the new millennium, therefore, witnessed Syria attempting to reposition itself. Its alliance with Iran and Hizballah were long-standing; however, by this time, Syria was beginning to be thought of as the weak link. Having been driven out of Lebanon in 2005 following the assassination of then Prime Minister Rafik Hariri, and facing serious economic crises due to diminishing oil resources, the Syrian leadership sought new allies. It, therefore, developed strong relations with Turkey under the AKP and personally with President Erdogan as well as with Qatar. At the same time, over the first decade of the millennium there was increasing convergence between several regional states, primarily Saudi Arabia and the United Arab Emirates, identifying Iran as the biggest regional threat to their national security.

Finally, the last few years leading up to the March 2011 uprising coincided with a reinvigorated Russia that was attempting to reassert its power on a global level.

2.2 | Syria's Political Economy: Unbalanced Development, Elite Capture, and Institutional Decay

Understanding Syria's conflict economies as well as pathways to exit from them requires an understanding of the history and current reality of Syrian institutions, political economy, and state-society relationships (and those of non-state actors) within which these conflict economies are taking place¹. In the decades prior to the conflict, Syria had been witnessing a long-term but steady transformation. The official approach to economic governance since the 1970s was considered one of "ta'addudiya" or economic pluralism. What this meant in practice was that the state assumed the commanding heights of the economy, controlling energy production, trade, investment, credit, industry, and service provision while leaving significant space for the private sector in terms of an important and relatively dynamic agricultural sector which benefitted from progressive land reforms, subsidies, and investments; small scale manufacturing and artisanal production; tourism; construction; merchant capitalism; and later in cell phone services, advertising, and media production. Despite the relative diversity of the Syrian economy, rents generated from crude oil production and export as well as aid and grants from the Arab Gulf countries (later Iran) as well as the Soviet Union sustained growth. In addition, the geopolitical, highly militarized and securitized landscape of the Middle East with its foreign interventions as well as the legacy of Israeli-Arab wars and the ongoing Israeli occupation decisively shaped Syrian economic development and political economy.

This model of economic development generated average annual GDP growth rates of 5.6 percent from the period 1963-2010, which, taking into account an average 3 percent population growth rates, yields a decent 2.6 percent per capita growth rate of GDP (SCPR, 2016). Initially, significant increases in human development including health and life expectancy, levels of literacy and education, as well as overall living standards for most Syrians accompanied these growth rates. The enormous public sector was directly or indirectly responsible for these increases and, along with the army and security apparatus, became a pathway of upward mobility for social and economic classes of Syrians. However, external pressures and internal intense conflict between Syria's elites meant consolidation and retention of power, political loyalty, and control were prioritized over accountability, meritocracy,

dissent, and rational planning. As a result, control of public assets for private gain, i.e., corruption, has also been central to Syria's economic model. There was a marked rise in a group of new rich who took advantage of rentierism, government special licenses, and overall cronyism. Patronage networks became a regular feature of Syria's political economy in state enterprises, land management, and development in a manner that attempted to "spread the wealth" around to benefit, or perhaps implicate, large sectors of Syria's population (Hallaj, 2015). Eventually the alliance between holders of wealth and power grew, and they became linked through traditional and nontraditional networks (Haddad, 2012). The heavy international pressure brought down on Syria, coupled with an eventual increase in sanctions, also created the possibilities for middlemen, go-betweens, smugglers, and others who "know how to get things done" whether in supplying arms or even ordinary goods.

The 1980s witnessed drastic changes in development policies as a result of the first Gulf War, the cessation of Gulf aid, the Israeli invasion of Lebanon, the events of Hama in 1982, and the Western economic siege, accompanied by waves of drought which led to a deterioration in agricultural production and food security. These factors led to a sharp decline in the performance of institutions, increased corruption, a worsening budget deficit, and accelerated rates of foreign migration. The country had a large deficit in food, including flour, especially after a drought in the late 1980s (SCPR, 2019).

The 1980s also witnessed a large shift in "favor of market oriented policies, the gradual decline of the state's role in the economy with milestones being the Ministry of Economy Decree No. 35 of 1986, which allowed the establishment of public-private partnerships as well as Law No. 10 of 1991, a major indicator of a shift towards outward orientation, which allowed the private sector to invest in all sectors except extractive industries. The government stopped issuing five-year plans from 1985 to 2000, signaling a shift towards market policy consolidation." (SCPR, 2019)

In the new millennium, neoliberal policies were expanded through a gradual liberalization of energy prices, an expansion of the role of the private

sector, a decline in public investment, a gradual withdrawal of many forms of support such as public health services, and an expansion of trade openness (SCPR, 2019).

The new economic structure was manifested in a rise in prices and the cost of living, the absence of social protection, especially for farmers and workers in the informal sector, and a decline in job creation in productive sectors, especially agriculture. Poverty increased and real estate became a leading sector. The country experienced two waves of sharp real-estate speculation in the first half of the 1990s and then in the new millennium, opening the door to a “war” on agricultural land. This greatly affected the structure of the economy and contributed to promoting rural-to-city and out-of-country migration. Inequality within economic classes and between regions markedly increased particularly during the 2000s. The economic record of the 2000s was mixed with some positive developments in reducing overall debt, and reasonable per capita GDP growth. However, though it became clear that the previous

enhancement and investment in human capital, technology, and knowledge, implementation focused on economic liberalization (SCPR, 2019). Elite capture was increasingly evident in the 2000s through smaller well-connected and profitable business circles that excluded even traditional merchant elites and made large profits in real estate, construction, the service sector, including mobile communications, and other non-productive investments (Haddad, 2012).

Despite a large and ubiquitous public sector, informality and unstructured economic activities were central features of the Syrian economy particularly in the private sector. For example, a study based on labor surveys reveals that overall 62.4 percent of all labor in Syria was informal, and this percentage reached 86 percent of those employed in the private sector.

This highlight both the reality of uncertain employment in Syria as well as the importance of the public sector for those connected to it; something that would become even more important as the conflict raged on (SCPR, 2016).

“Alongside elite capture and blatant increases in corruption, a major feature of the 2000s was institutional suffocation of society. As a major study conducted by the Syrian Center for Policy Research argued, Syria’s institutional capacity was unable to meet or respect the increased expectations, needs, and rights of the Syrian population.”

static economic model had exhausted itself, the road taken to transform the economy blended conventional reform measures that accompanied increasing and more blatant elite capture.

Economic reform policies adopted a neoliberal approach to price liberalization and free movement of capital, but they were not accompanied by institutional reform, accountability, law enforcement, or control of corruption. Although the ninth five-year plan (2001-2005) and the tenth (2006-2010) included a shift toward a social market economy, including a focus on productivity

Alongside elite capture and blatant increases in corruption (Hallaj, 2015), a major feature of the 2000s was institutional suffocation of society. As a major study conducted by the Syrian Center for Policy Research argued, Syria’s institutional capacity was unable to meet or respect the increased expectations, needs, and rights of the Syrian population. The uprising then

civil war were rooted in institutional bottlenecks which marginalized large segments of society and prevented them from effectively contributing to political, social, and economic development.

This can be summarized in three “zones of exclusion” exclusion from benefitting from economic growth rates through declining share of wages and job opportunities, social exclusion due to deteriorating and lagging human development indicators and rising inequalities, and institutional and political exclusion through authoritarian governance (SCPR, 2013).

3. Literature review

Societal frustration with decades of authoritarian governance, unaccountable state institutions, the impunity and brutality of the security sector, and the marginalization and corruption of Syria's neoliberal policies all drove the Syrian uprising. However, domestic and international oppressive powers soon transformed the uprising into a war of annihilation. The onset of militarization was key in this transformation. Regional and international rivalries, the instrumentalization and mobilization of identity, and the financing and arming of extremism were met with domestic brutality which employed collective punishment, siege warfare, and crimes on a mass scale to punish or expel the population.

Two main frameworks for understanding civil conflict have been the "greed or grievance" framework of Paul Collier and the "new wars" approach of Mary Kaldor (Dahi, 2019). Paul Collier's classic statement of the "greed or grievance" framework argues that the desire for wealth accumulation is the real driver of conflict, and that grievances or ideologies are a façade. The best way to understand different sides in a civil war is as organized crime organizations rather than freedom fighters. As a result, policies designed for conflict transformation should pay attention to the economic aspects of war economies through carrots and sticks by targeting risk factors and incorporating combatants, paying special attention to growth and poverty alleviation through international aid and other measures, i.e., making profit out of further war unfeasible or less desirable (Collier, 2007). Addressing actual grievances may be desirable for its own end, but will not result in the desirable transformation. Collier's framework, however, tends to implicitly assume a defensive role for the government and grants it a more legitimate role as responsible for public security and order, whereas it assumes the rebel behavior is illegitimate and must be curtailed (Marchal, et al. 2002).

Denying the role of grievances, by Collier, then removes citizens' rights from the equation of solving civil wars, including their right to resist and rebel against an oppressive government, or at the

very least it misdiagnoses the underlying interests of different factions (Humphreys, 2003).

Mary Kaldor argues that the end of the Cold War, globalization and the erosion of the developmentalist states, and the rise of new and globalized information technologies and communications systems have resulted in "new wars." Drawing a sharp distinction between "old wars" which were based on ideology, Kaldor argues that the new ones are based on identity, be it ethnic, tribal, or sectarian. Unlike "old wars," most of the violence in "new wars" targets civilians rather than combatants, and these wars demonstrate a "privatization" of violence through paramilitary groups and other militias, and most importantly globalized networks of financing. Geopolitics, ideology, and other rationality is absent. The goal is not to win over converts, but to clear entire areas of ones' enemies through population transfer, ethnic cleansing, systemic murder, and rendering areas uninhabitable. Whomever remains must maintain allegiance to a "label" rather than an "idea," and there is a demand for "homogeneity of population based on identity." (Kaldor, 2013). Given this reality, "financing" these wars in a globalized world can be through remittances, direct assistance from a global diaspora, assistance from other governments, or appropriation of humanitarian assistance. In short "the fragmentation and informalization of war is paralleled by the informalization of the war economy." (Kaldor, 2013).

A large number of scholars have critiqued both Kaldor and Collier's arguments. The most well-known criticism is by Stathis Kalyvas who argues that there is an incomplete and inadequate understanding of both current and previous wars. Greed/grievance and old/new are false binaries since all wars throughout history contained examples of all that Collier and Kaldor describe as unique to civil or new wars. Kalyvas argues that conflicts are far too complicated and overlapping to be reduced to false binaries. What has changed, he claims, is not the nature of conflict but the conceptual categories and ideological paradigms used to explain it (Kalyvas, 2001).

Frances Stewart has critiqued previous explanations for their lack of focus on different types of inequalities within society. For Stewart, group mobilization is a fact of all conflicts, and this group mobilization may, in fact, occur along ethnic, tribal, or other identity lines. However, these identities are not fixed, or, alternatively, a degree of similarity among a large number of people is not sufficient for group mobilization. Violence entrepreneurs, government (or other actors') policies, colonial legacy, and discrimination also push certain group identifications that might not otherwise happen. The key is to examine both the relative and absolute levels of political and economic power that are essential in solidifying certain group mobilizations. Stewart studies categories such as political participation, economic assets, employment and incomes, and social access and situation to examine the different dimensions of horizontal inequalities (Stewart, 2016).

Furthermore, the dynamics of civil wars may lead to their transformation away from initial root causes, and all sides of the conflict may slide toward criminality

“It is not identities per se, whether ethnic, racial or religious, or even the perception of discrimination and lack of avenues for redress on that basis, that cause people to use violence and commit atrocities against people of other identities, but the reverse. Once violence begins, people are forced to take sides which have been defined by others.”

(Keen, 2000). This, coupled with the rise of a new conflict elite, links new and old networks with clear illicit behavior such as illicit drug dealing, human trafficking, arms smuggling, or seizing humanitarian aid (Grunewald, 1996). Susan Woodward has even argued that peacebuilders should not focus on “root causes” during post-conflict intervention because the different warring sides will never agree on what the “root causes” are, and, anyway, after the introduction of extreme violence, conflicts radically transform the country away from what it was prior to the onset of conflict (Woodward, 2007).

For Woodward it is crucial to distinguish the causes of violence in civil wars from the causes of civil wars. This insight by Kalyvas and Woodward is crucial, as these two ideas are conflated in most civil conflicts and in the case of the Syrian conflict as well, something we will return to later. As Woodward argues, the causes of violence can be local rather than national, and stopping violence requires understanding the local and regional particularities and dynamics. Focusing on

the causes of violence and its consequences also helps clarify issues of causality. When violence starts, people must pick sides. As a result, ethnic conflict can be caused by violence rather than being a causal factor (Woodward, 2007).

Based on Woodward the distinction between macro and micro foundations of conflict is important to capture the dynamics of civil-war violence. Using the micro foundations approach reveals that “it is not identities per se, whether ethnic, racial, or religious, or even the perception of discrimination and lack of avenues for redress on that basis, that cause people to use violence and commit atrocities against people of other identities, but rather the reverse. Once violence begins, people are forced to take sides which have been defined by others. Just as those broad cultural labels hide actual wartime distinctions more closely related to roles on the ground (for example, soldier, enemy, war widow, war profiteer), so post-war identities and distinctions should be free to develop in response to new roles and the requirements of peace.” (Woodward, 2007).

More recent work on conflict economies has emphasized the economics of “everyday life.” Ann Laudati, for example, has challenged the idea that the quest for resources (gold, oil, coltan, diamonds, etc.) plays an important role as a driver of conflict. Instead, she emphasizes a broader understanding of conflict economies in two main ways: first, conflict economies are much more wide ranging in scope in civil wars than

most people think. Second, there is a much wider range of actors and interests involved in activities besides official combatants. Her account describes six “everyday” activities: roadblock taxes, taxes on civilians, rent-seeking in trade, theft, looting and pillaging, and control of labor. Laudati also argues that civilians, including women noncombatants, are far more implicated in the reproduction of conflict economies than the stereotypical gender binaries of women during wartime imply (Laudati, 2013).

Moving from conceptualizing conflict economies to examining them in more detail, the work of Jonathan Goodhand is useful for empirical description. In the context of civil wars, a “war economy” is used to include “all economic activities carried out in wartime.” Jonathan Goodhand breaks this down into three further categories: combat economy, shadow economy, and coping economy. Combat economy describes the mobilization of economic resources for the pursuit and sustaining of war either to develop the capacity of one’s side or to destroy the capacities of the enemy. Shadow economy

refers to activities outside the state-regulated framework. These activities can be thought of as “informal” economies but specifically ones whose space is created and sustained by conflict itself. Finally, coping economies refer to populations that are coping or surviving at a subsistence level (Pugh, et al. 2004).

Given these three distinctions, it is clear that war economies involve multiple networks that include military, political, economic, and social networks. These networks interact in complex ways that do not always push in the same direction and are not static, but instead are changing over time. Most importantly, Goodhand and others discuss the concept of regional conflict complex to emphasize that, while these conflict economies have both a local and transnational nature, there is usually a rough and porous but identifiable regional “boundary” in which the networks of material exchange are most intense.

While the ideas of regional conflict complexes resonate in the Syrian case and present a framework that does not minimize the role of states and political oppression, a closer examination of national policies is still generally neglected. Boyce and O’Donnell (2007) is one of the instances where national macroeconomic policies are examined (Boyce et al. 2007). Though they examine national economic policies in a post-conflict setting, the findings are applicable to during-conflict policies. The main argument is that there are no or very few “neutral economic policies.” Policies on both the revenue mobilization and expenditure side often create winners and losers during the conflict. While it is essential to enhance the state’s revenue mobilization and expenditure capacities, studying the distributional impact of these policies is crucial, particularly as they might be directly exacerbating regional and other inequalities. regional and other inequalities.

4. Toward a Comprehensive Framework: Linking the Local with the International

4.1 | Preface

How can we understand Syria’s conflict economies under a common framework? In this section we sketch out a basic framework while emphasizing that we are not aiming for an exhaustive and complete analysis of all conflict dynamics.

Our notion of conflict economies contains three dimensions. First, it refers to the transformations and distortions of the Syrian economy because of the conflict, and traces these back to conscious actions, policy choices, or discrete interventions by different actors. However, rather than focus on a narrow set of actors or supply chains, we broaden the analysis to capture the entire range of interconnections and actors on a regional and international level. Second, it examines how states and non-state actors have

politicized and instrumentalized economic policies to pursue the armed conflict. Third, it refers to how policies with economic, political, and social implications can continue the logic of the conflict even in the absence of armed conflict. In other words, policies that entrench and further injustice and oppression are a continuation of the armed conflict by other means.

In this approach, frameworks such as “greed or grievance” are not central or even relevant. It is not simply that these binaries are too narrow, but rather that more variables need adding to the equation. To be sure, Syria’s conflict has brought about the chains and networks of wealth accumulation that are typically the focus of “war economies” research.

Table 1: The Foundations of productive and conflict economies

Productive Economy Foundations	Conflict Economy Foundations
Material capital	Conflict-centered activities, destruction, pillage etc.
Human capital	Killing, recruitment for violence, displacement, malnutrition etc.
Social capital	Identity politics
Inclusive and just institutions	Tyranny and subordination

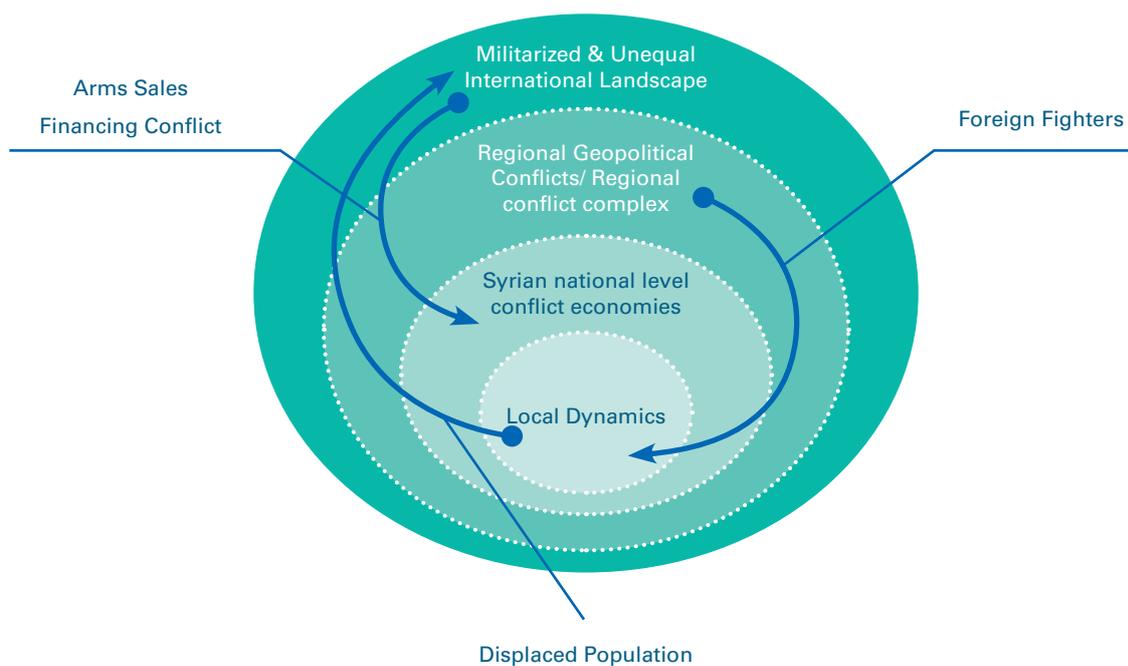
The inadequacy of the greed/grievance approaches stems from the lens itself: their limited scope and spatial and temporal scale as well as their neglect of the role of regional and international state policies over time in analyzing of the origins of violent conflict. More critical research on conflict has emphasized the “international and regional dimensions of both the origins of violent conflict as well as the political economies of violence that emerge from them” including the “destabilizing impact of globalizing capitalism and the Washington Consensus” neoliberal economic policies (Tuner, 2017).

As one of the most heavily militarized and securitized regions in the world, “organized violence and

“A war economy can align with the start and end of formal political violence, but in most cases understanding war economies should not be isolated from socio-political antecedents not necessarily defined by violence.” Pete Moore

state preparation for conflict are constitutive of national and regional economies.” Violence does not suddenly emerge in a vacuum. Rather, “a war economy can align with the start and end of formal political violence, but in most cases understanding war economies should not be isolated from socio-political antecedents not necessarily defined by violence.” (Moore, 2017).

Figure 1 : The Analytical Framework of Conflict Economies



There is a general focus on “rebel” behavior, and a tendency to view the state relatively favorably rather than examining in detail state- or national-level policies (social and economic in addition to military and political ones) and their impact on the conflict economy. The tendency in the “greed or grievance” frameworks to focus on non-state actors, militias, diffuse networks, civilianization of violence,

diaspora populations, and primordial identities dilutes agency and causality and most importantly minimizes the conscious actions of states and the role of political oppression and political struggle. In the Syrian conflict, the conscious actions of state, both the Syrian state itself as well as regional and international states, have been the main drivers of the disastrous transformations of the conflict.

Table 2: International/Regional Policies in 1990s and 2000s: Indirect/Emergent Outcomes

Actors	Policies/Actions	Policies/Actions
USA, EU, international financial institutions (World Bank, IMF)	Neoliberal policies	Inequalities, regional fragility, deprivation
USA, EU, Russia	International arms trade	Exacerbating militarization, regional rivalries.
USA and allies	Invasion of Iraq, heavy sanctions/ siege against Iran, global “war on terror”	Destruction of state, widespread deprivation, radicalizing and polarizing regional climate, incentives/signaling to exacerbate regional rivalries; counterinsurgency, extra judicial assassination normalized
Saudi Arabia, Iran, Turkey	Instrumentalization of identities, identity politics as foreign policy	Increased polarization, culture of hatred, lack of tolerance, zero-sum game
Regional countries	Neoliberal policies, crony capitalism	Vast corruption, alliance of wealth and power, accumulation by dispossession, inequality
Israel	Occupation, military aggressions, racism policies	Destruction, polarization, militarization, and severe suffering of people, especially in Palestine.

We conceptualize the role of the different actors at different levels of analysis (the international/regional, national, and local) and distinguish between direct and what we can term “emergent” causality. By “emergent” causality, we mean policies and actions that create conditions of possibilities for

“Throughout the 1990s and 2000s, military and economic policies threatened the physical and economic security of the people in the region, destroyed the state infrastructure of one of the major countries, exacerbated militarization and an arms race in the region, increased regional inequalities, and created a new “cold war” between Saudi Arabia and Iran which saw the instrumentalization of identity as a foreign policy tool.”

certain outcomes versus others and that indirectly contribute to the exacerbation of regional conflicts such as the Syrian one. The shadow of these policies weighs heavily on the Syrian conflict, yet they are mostly omitted from discussions about the conflict itself. As Table 2 demonstrates, throughout the 1990s and 2000s, military and economic policies threatened the physical and economic security of the people in the region, destroyed the state infrastructure of one of the major countries, exacerbated militarization and an arms race in the region, increased regional inequalities, and created a new “cold war” between Saudi Arabia and Iran which saw the instrumentalization of identity as a foreign policy tool.

While the social movement that started March 2011 in Syria expressed society’s aspiration for

pluralism, equity, civil rights and liberties, social and political change, and an inclusive and accountable system of governance, the transformation into an armed conflict, due to the actions of the Syrian state and external powers, changed the expectations into a catastrophe for Syrians. The hegemony of the security apparatus, alliance of wealth and power prior to 2011, and institutional incapacity to provide the minimum of political inclusion, freedom of expression, protest, or dissent played an important role in the evolution of the state-society dynamic after 2011 as there was no history of bottom-up reforms and a lack of societal trust. This, coupled with neoliberal reforms that increased precarity and inequality between regions, as well as the reality of a large informal economy in Syria, made it increasingly difficult for society and institutions to resist the transformations to a fully-fledged

conflict economy and increasing criminality. As the Syrian Center for Policy Research stated in 2014 “armed conflict is squandering humanity through violence, fear, and destruction that has influenced a multi-dimensional socioeconomic harm across all aspects of people’s lives, livelihoods, and habitat from which few Syrian households have escaped unscathed.” (SCPR, 2014). The war in Syria is complex, for instance, in 2013, the Carter Center chronicled approximately “4390-unit formations representing between 68639 and 85150 fighters” (Carter, 2013) organized in concentric expanding size into companies, battalions, brigades, and councils. Pro-government paramilitary groups also became widespread and fragmented until recent efforts in the last few years to organize them back into the regular Syrian army.

Table 3: Actors in the Syrian Conflict at Different Levels (incomplete list)

	Actors
Regional/International	United States, Russia, Turkey, Iran, Saudi Arabia, Qatar, Jordan, Lebanon, UK, UAE, UN, EU
National	Syrian government and public institutions, Iran, Turkey, USA, Opposition, DAA, ISIS
Local	Syrian government, Turkey, Iran, Opposition, DAA, government-allied paramilitary groups, non-government-allied armed groups, NGOs, civil society, private sector

The crucial point is that conflict economies in Syria were driven by an interconnected matrix of actors, and assemblage factors that drove conflict through direct and indirect policy actions and also responded to the impact of those actions through policies that sought to mitigate their impact on these actors’ own interests. The evolving strategies of the different states, coupled with

their multiplicity and lack of desire or willingness to seriously come to a political settlement, created and sustained the ongoing cycle of violence. This occurred while a war of narratives was taking place, with each party maintaining a verbal commitment to a “political solution to the conflict” all the while blaming the other parties for being the true drivers of the conflict.

4.2 | International/Regional Level Conflict Economies

Figure 2: Interconnections of Different Levels of Conflict Economies



It was state actors that played key role in driving the conflict. Some of these were implementing continuations of policies preceding the conflict and some were adopting policies as part of an evolving strategy resulting from the dynamics of the conflict itself. The Syrian state was a central actor in driving the conflict and waging war on populations—armed and civilian alike—it saw as representing a threat to its rule. An initial period early in 2011 combined public declarations of an intent for change with some political and institutional reforms. However, with the onset of militarization, the violence heightened to unprecedented levels. The state’s allies, Iran and Russia as well as Hizballah, enabled the government to wage the war, while themselves engaging in direct military actions. For these external actors, in some cases their causes overlapped with that of the Syrian government, and in other cases they had self-interested and geopolitical reasons for pursuing the conflict. Though ostensibly limiting themselves to the support of the central government, they developed their own policies that inevitably intervened in national and local policies. Iran and Hizballah’s involvement exacerbated the geopolitical nature of the conflict.

Regional countries such as Turkey, Saudi Arabia, and Qatar fueled the conflict through flooding the country with weapons, money, and armed fighters and through media and identity-based agitation. This was key and just as decisive in diverting the core of the struggle in Syria from a social movement to an internal war and a war by proxy. Without this intervention, the armed conflict could not have been sustained. The costs of the Syrian conflict

were primarily borne by Syrians. It was involvement by external states, not lack of involvement, that prolonged the Syrian conflict. The involvement of multiple actors prolonged the war as they had little incentive to negotiate or end it because they paid little political cost domestically or internationally (Phillips, 2016). External intervention into the conflict also took other forms. Neighboring countries such as Turkey politicized the refugee issue and used it as blackmail, leading to the infamous EU-Turkey deal of 2016.² The political economy of humanitarian actions also quickly got caught up in the cycle of conflict, with networks of aid and assistance to different parties. The selective withholding and granting of aid based on loyalty exacerbated the war or pursued it by other means rather than attempting to “do no harm.” The United States directly and indirectly armed anti-government forces, and, along with the United Kingdom and other EU countries, placed economic sanctions on Syria that would grow more stringent in recent years.

International/regional, national, and local-level policies all played a role in creating and sustaining the conflict economy in Syria. Syria became a “fire pit.” However, outcomes on the ground also spread beyond Syria’s borders, so containing the conflict and managing the fallout from the war (refugees, extremist groups, etc.) became essential. This included humanitarian funding and policies to manage and eventually limit populations fleeing the devastation from the conflict. The evolving dynamics of the war became part of a cycle that spread nationally and internationally.

Table 4: Conflict Economy Actors and Outcomes at the International/Regional Level (incomplete/non-exclusive list)

Actors	Policies/Actions	Conflict Economy Outcomes
USA, Saudi Arabia, Qatar, Turkey and allies; Russia, Iran, Hizballah	Arming and funding of opposition; facilitating foreign fighters	Syria a site for regional and international war; death, displacement, and destruction of entire cities; massive economic and social losses; violation of Syrian sovereignty and destruction of Syrian state infrastructure, institutions, and social fabric; increasing Syrian dependency on external countries and assistance
Syrian government	Relying on international alliances to carry out war	Increasing debt and dependency; violation of sovereignty and mortgaging of future sovereignty
USA and EU	Economic sanctions	Exacerbating economic deprivation; exacerbation of smuggling and warlordism; fragmentation of state and violation of sovereignty through funding reconstruction in parts of the country while punishing other parts of the country; humanitarian aid with rejection of refugees (US); refugee management policies (EU-Turkey deal)
Russia, USA, Iran, Turkey	Armed intervention; presence on the ground	Attacks on civilians; destruction of entire cities and towns; violation of sovereignty
Saudi Arabia, Qatar, UAE, Iran, Hizballah	Intervention based on identity logic; instrumentalization of identity differences	Increase in societal polarization and hatred
Syrian diaspora	Increased financial support (positive); reifying and duplicating the logic and narratives of the war (negative)	Allowing Syrian society to cope with huge losses of income (positive); partisan support and agitation (negative)
Neighboring refugee host countries: Turkey, Lebanon, Jordan	Lack of formal recognition of refugee status and rights; outsourcing to international organizations; lack of holistic policies; lack of clear and consistent narrative about refugees/blaming for country's ills	Inadequate support; lack of voice and representation; poor human development indicators; rise of xenophobia and attacks on refugees
International humanitarian actors (institutions, NGOs, donors)	Inconsistent policies; politicization of aid; inadequate advocacy for refugee rights-based approaches	Loss of voice and representation of aid recipient populations; no refugee rights; eventually facilitating scapegoating and xenophobia

4.3 | Outcomes at the National Level

After some attempts at reform and partial engagement with the social movement in Syria, the Syrian state escalated its actions throughout the conflict in major ways which have been historically unprecedented since Syrian independence. It engaged in a war against populations it saw as hostile or undesirable. This resulted in mass death and torture as well as mass expulsion and displacement of the population, both indirectly through destroying the infrastructure of cities and towns and directly through fear and violence. Through scorched-earth tactics and expulsion, it sought to suffocate its opposition into submission while reducing the economic and political burden of governance and displacing it into neighboring countries and the international humanitarian community. Siege warfare employed mass collective punishment to suffocate populations into submission or starvation. By bombing the health, education, and economic infrastructure of cities and towns, the government sought to prevent any rival or successful economic and political governance from emerging that may be used as a base to challenge central power.

As discussed in the previous sections, regional countries fueled this process through facilitating the entry of financing, weapons, and fighters on a large scale. Eventually, international and regional countries allowed an approach to split the country, particularly in the north so as to gain a major base that would be used to challenge the authority of the central power. The rise of ISIS allowed the United States direct entry through alliance with regional forces of the Democratic Union Party (PYD) which continues until this day. Turkish entry into the north has also allowed a de facto rule. In other areas, the Syrian government and its allies regained much the territory lost in the south, south east, and central areas in the country.

Humanitarian actors, including international institutions and NGOs, as well as local ones entered the country in a major and unprecedented way. However, often their actions, while allowing relief to desperate populations, also became embedded in the logic of the conflict.

Table 5: Conflict Economy Actors and Outcomes at the National Level (incomplete/non-exclusive list)

Actors	Policies/Actions	Conflict Economy Outcomes
Syrian Government	<ul style="list-style-type: none"> • Military actions • High military spending and relatively high incentives for soldiers/combatants compared to loss of job opportunities • Destruction of infrastructure • Forced displacement • Slashing of investment spending • Lowering of commitments/expenditures through inflation • Reliance on warlords and war profiteers to pursue the war and secure economic needs • Entrenchment of patron-client relations and monopolistic practices • Exchange rate devaluation • Liberalization of input prices • Rewarding loyalty, punishing dissent • Zero-sum policies and rhetoric 	<ul style="list-style-type: none"> • Destruction of human and social capital • Private capital flight • Decline of national production • Fragmentation of national market • Loss of real wages, increase in poverty • Entrenchment of crony capitalism • Lack of job opportunities • Incentives to join military/combant economy rather than civilian/normal economy • Increase in informalization • Impunity of security services, warlords, and war profiteers • Encouragement of theft • No rule of law • Destruction of social capital and rise of “dark” social capital³
International coalition	<ul style="list-style-type: none"> • Regime change through direct or indirect military, political, and economic means • Fighting ISIS • Sanctions/selective humanitarianism 	<ul style="list-style-type: none"> • Death and displacement • Destruction of Syrian state institutions and infrastructure • Fragmentation and de facto partition • Weakening national military
Armed non state actors	<ul style="list-style-type: none"> • Accepted funding and arming by regional powers • Extremist ideologies and practices • Hegemony over local councils 	<ul style="list-style-type: none"> • Destruction of state institutions rather than transformation • Prioritization of attacks against central government over accountability to local population • Undermining education and health care • Extreme gender inequalities • Prevention of accountability and prioritization of needs

The impact of military policies in terms of death and displacement and the destruction of physical capital are well documented.⁴ However, while military policies played an obvious role, other national-level policies also exacerbated the conflict. Some of these were conflict related. The most glaring of these is the full mobilization by the state of Syria's investment resources for the war effort. This is reflected clearly in the public budget and the slashing of development

“Humanitarian actors, including international institutions and NGOs, as well as local ones entered the country in a major and unprecedented way. However, often their actions, while allowing relief to desperate populations, also became embedded in the logic of the conflict.”

and investment spending to less than ten percent of its 2010 level. Less obvious may be the provision of services, such as electricity access, to some areas at the expense of others. This punishes certain sectors of the population while providing incentives for loyalty, which sustains the conflict through the continuation of zero-sum, punitive, and divisive logics. This action by the state then carries through and legitimizes the behavior of other groups and paramilitary organizations.

GDP loss during the conflict as estimated by SCPRI is projected to reach 421 billion US dollars compared to the counterfactual scenario by the end of 2019. The loss includes the increase in military expenditures, which constitute part of actual GDP, for different parties as a result of reallocation of resources from productive to destructive activities. The increase in government military expenditure is projected at 24 billion US dollars, while the military expenditures of the armed groups are projected at 13.8 billion US dollars during the conflict. In addition to the GDP loss, there is the capital stock damage loss which is estimated at 65 billion US dollars by the end of 2019. Furthermore, the informal use of oil and gas resources is considered as a loss to the country's wealth as it became part of the violence machine (SCPRI, 2020).

Overall, the conflict in Syria generated total estimated economic losses of 530 billion US dollars. GDP loss accounts for 79 percent of the total loss, damage to the capital stock accounted for 12 percent, while reallocation to increased military expenditure accounted for 7 percent of the total economic losses. Destruction and reallocation of resources to destructive activities were key aspects of the conflict dynamics and thus the conflict economy.

4.4 | Outcomes at the Local Level

At the local level, foreign funding, armament, and humanitarian financing created a climate which allowed the rise of the armed groups, local militias, paramilitary organizations, and other non-state who became the de facto authorities on the ground. Several of the most extreme groups targeted civilians residing in their areas of power based on their different identities and imposed a certain way of life as well as different educational and judicial systems. However, the main common denominator between all these groups was that they demanded obedience.

Predatory networks of criminality have engaged in human trafficking for the purposes of forced prostitution, enslavement, sale of babies or children, or sale of human organs. Smuggling of refugees has included acts of illegal smuggling through land, air, and sea routes; physical, sexual, and other harm; and exploitation of refugees or their relatives during the smuggling process. Kidnapping, one of the most widespread crimes, occurred in over eighty-five percent of areas for the purposes of extortion or ransom, exchange of other kidnapped people, or revenge. It was often also accompanied by torture, murder, and desecration of human corpses. Narcotics-related crimes increased dramatically in the Syrian conflict in terms of trafficking and production as Syria became a bigger producer and consumer of drugs such as “captagon” a fenethylamine drug. Arms trafficking on a wide scale began early on in the conflict and increased to include not just small arms smuggled in from neighboring countries but also massive flows of arms internationally as the conflict continued. Finally, archeological crimes included not only theft and smuggling of artifacts, but also destruction and pillaging as well as using historic sites as military headquarters.

Syrian civil society was deeply fragmented. While there was the possibility at the start of the March 2011 social movement for a national-level representation of civil society, this was blocked by the emergence of the war and the transformation of the conflict. However, civil society was active in multiple ways on the local and international level through direct humanitarianism, documentation of violations, and advocacy.

Informality increased, and the actions of the different combatants created new drivers of conflict that did not exist before. Extreme deprivation or poverty were not animating factors in the initial protests. Abject poverty in Syria was less than one percent in 2011, and there was no serious problem of food insecurity (SCPR, 2019). However, by 2015, abject poverty had risen to thirty-five percent of the population, and access to daily food became a factor in the conflict in all three types of war activities including a) the combat economy or the acquisition or seizure of food aid or food harvests to supply one’s side with food or income, as well as the armed destruction of food production capacity in the other’s territory or, more recently, setting fire to harvests, b) the shadow economies or smuggling routes to supply food within and outside Syria navigating checkpoints and borders, as well as c) the coping economies which saw the transformation in some areas from crop to subsistence food production as well as food production rise in urban gardens (Katana, 2018).

“Extreme deprivation or poverty were not animating factors in the initial protests. Abject poverty in Syria was less than one percent in 2011, and there was no serious problem of food insecurity. However, by 2015, abject poverty had risen to thirty-five percent of the population, and access to daily food became a factor in the conflict.”

Some areas such as the Democratic Autonomous Administration (DAA) areas attempted to institute comprehensive economic, social, and political policies. These policies were more inclusive than in other areas, particularly regarding women, and attempted to focus on social justice issues in line with the ideology of the ruling powers. They also attempted a multi-ethnic model of governance despite the PYD being the major power in those areas. However, even these could not escape the logic of the conflict, and some of the inclusivity did not compensate for the ethnic nature of rule or policies. More importantly, alliance with the international coalition facilitated the de facto partition of the country. Despite the fact that, originally, the Syrian army withdrawal was negotiated, some government institutions and practices continued to function.

Table 6: Conflict Economy Actors and Outcomes at the Local Level (incomplete/non-exclusive list)

Actors	Policies/Actions	Conflict Economy outcomes
Syrian government and allied paramilitary forces	<ul style="list-style-type: none"> • Siege warfare • Destruction of infrastructure particularly health and education • Population expulsion • Looting • Human rights violations • Gender-based violence • Targeting of males • Legislation that benefits allies and cronies 	<ul style="list-style-type: none"> • Fragmentation and loss of social capital • Extreme personal and family precarity Dependence on assistance for large numbers • Dependence on assistance for large numbers • Rise of poverty and food insecurity • Loss of livestock, agriculture • Rise of costs of basic services • Loss of income
Armed non-state actors	<ul style="list-style-type: none"> • Exclusionary governance • Identity-based oppression • Imposition of extreme ideologies • Targeting of facilities and productive infrastructure • Looting of factories • Gender-based violence and exclusion • Targeting of males • Warlordism 	<ul style="list-style-type: none"> • Personal and familial precarity • Insecurity and demobilization of social movement • Exacerbation of inequalities • Local economies to serve exclusionary agendas • Rise of costs of basic services
Civil society	<ul style="list-style-type: none"> • Local economic and social governance • Attempts at representation • Coping mechanisms to deal with economic loses • Initiatives for societal reconciliation 	<ul style="list-style-type: none"> • New roles for women • Coping mechanisms
Criminal networks	<ul style="list-style-type: none"> • Human trafficking, smuggling, sex slavery, drug production 	<ul style="list-style-type: none"> • Precarity of personal security (kidnapping, theft, human trafficking)
Private sector	<ul style="list-style-type: none"> • Capital flight due to conflict • Economic sanctions • Monopoly • Consolidation of cronyism and rise of new rich/warlords 	<ul style="list-style-type: none"> • Loss of job opportunities • Rise of opportunities for some Syrians in neighboring countries • Crippling of banking sector due to sanctions • Rise of new rich elite

However, by and large, the actions of armed actors and other de facto powers at the local level further divided and polarized the population through exclusionary policies based on identity and political affiliations, among others. Extremist groups introduced new practices not widely known in Syria

and intervened in areas such as academic curricula in highly detrimental ways. In many cases, they offloaded the burden of economic governance on non-governmental organizations, local councils, and foreign assistance.

Table 7: Policy Origins of Conflict Economy Outcomes at the Local Level

Outcomes	Policy Origin
Waste of natural resources (artifacts, oil, water)	Exploitation of resources for control and wealth accumulation
Economic activity with a very local agenda (agriculture, commercial)	Providing financial and political resources for de facto controlling powers at local level
NGOs and humanitarian organizations providing directed or conditional aid	Discriminatory policies to rearrange populations, insecurity conditions
Precarity of personal security (kidnapping, theft, human trafficking)	Policies that reduce security and allow for control with impunity
Child labor, exploitation of women	Lack of accountability and impunity, policies that create impoverishment
Lack of essential services, health and education	Imposition of extreme ideologies, targeting of facilities, increased cost of access
Large-scale local investments	Creation of new economic circuits and networks benefitting from local control and independent of national economy
High poverty, food insecurity, services to local population	Exploitation of civil society, creating divisions and monopolies
Larger participation of women	Targeting of males, societal pressures
Higher domestic abuse	Lower ability to meet food and financial security, no legal protection
Displacement and lack of return	Forced displacement, lack of security

Table 6 provides an incomplete list of actors and policy outcomes. It is important to note that the actions of different actors played very similar roles in conflict economies, despite their publicly declared differences. The de facto powers and elites at the

local level, despite being at war with one another, often cooperated, inevitably at the expense of the local population. Table 7 shows how many conflict economy outcomes can be traced back to policies that are not exclusive to one group.

5. Exiting Conflict Economies

Scholars of peace and conflict have emphasized the notions of conflict transformation rather than conflict resolution. Conflict transformation is based on the recognition that there are multiple roots and underlying causes, dimensions, and processes as well as a wide variety of actors, factors, linkages and webs, and layers of relationships and networks that constitute a setting where the conflict is taking place (Lederach, 1996). The notion of transformation recognizes the reality of struggle and seeks to move it from destructive violent means to productive non-violent means, while empowering society to have agency over its own future. Finally, this approach emphasizes the process-oriented nature of changing conflict-stricken societies rather than event-based episodes such as a peace accord.

According to Lederach (2005), there are four aspects of conflict: personal, relational, structural, and cultural (Lederach, 2005). The personal has to do with how each individual has experienced the conflict and how it resonates with her or his own personal background experiences, personal outlooks, dreams, and trauma. Relational refers to the wide webs of relationships between and within social groups and at different levels, some through direct contact and others through indirect ties, virtual or imagined, and how these communicate with and understand each other in ways that can enhance or decrease understanding. Structural conditions have to do with the root causes, the institutions, actors, organizations, and underlying processes that make certain outcomes more likely than others. Finally, culture has to do with the broader patterns of culture that give rise to violent conflict, hatred of the other, extremism, and the use of positive cultural (or social capital) resources to mitigate conflict.

Similarly, the Berghof Foundation's (2020) conflict transformation approach on four guiding principles (Berghof, 2020). First, war as an instrument of politics and conflict management can and should be overcome. Second, violence can and should be avoided in structures and relationships at all levels of human interaction. Third, all constructive conflict work must address the root causes that fuel conflict. And fourth, all constructive conflict work must empower those who experience conflict to

address its causes without recourse to violence. This approach emphasizes the need for a complex understanding of conflicts and conflict economies rather than an inaccurate and potentially harmful misdiagnosis.

The conflict in Syria has touched all aspects of Syrian society, polity, and economy. Official and de facto powers at all levels have silenced the social movement, along with the majority of Syrian society. In order for a justice-oriented conflict transformation to take place, we must confront the entire matrix of relationships taking place. This does not simply mean the cessation of violence, but also striving toward dismantling and transforming institutions and structures of injustice and creating the possibility for societal revival.

The different aspects of conflict all need to be addressed. Over the past years, multiple track II dialogue sessions, small group exercises, and similar attempts at "bridging" between different viewpoints have taken place. What is often observed is that, in general and under the right mediating circumstances, ordinary Syrians will be able to bridge the main gaps between them and overcome significant hurdles against reconciliation. However, without addressing the structural levels of injustice taking place, these efforts are likely to be dead ends.

As the analysis in the previous sections has demonstrated, the matrix of conflict drivers extends beyond simply the local or even national level, but rather involves a complex international set of destructive linkages. However, a key factor in exiting conflict economies must be restoring agency to the Syrian people and allowing civil society (not NGOs only but all civil society) a chance to organize to advance its own interests.

At the same time, significant institutional transformation at the national level as part of a long-term justice-oriented inclusive vision for all Syrians is a necessary condition for addressing the key bottlenecks that plagued Syria pre-2011 and have continued to do so. For a moment in 2011, politics was possible in Syria, and Syrian society seized the initiative. It is essential that whatever compromises

are made with key institutional and elite actors, they create the space for politics to be possible once again.

Given the economic policies that led to the flourishing of crony capitalism, inequality, and lack of decent job opportunities, the conflict economy has become institutionalized on local, national, and regional levels. Therefore, there is a crucial need to dismantle the conflict economy and the power of war lords, and invest in the civil economy to reduce the burden of reconstruction.

This, in turn, requires a just peace process to reduce grievances, increase participation, and address past and future inequalities. A compromise with conflict economy institutions could cause conflict to erupt in the future which would lead to a deterioration of economic recovery. Transforming the role of humanitarian assistance toward investing in social capital and accountable institutions is also a priority, as is expanding the role of civil society in the economy to counter the conflict economy.

Identity politics are a major challenge to the region and the reconstruction process and need to be countered through social cohesion and citizenship. Therefore, justice is a core part of building trust between people, and between people and societal and governmental institutions. Injustice and deprivations as a result of the conflict need to be addressed in post-conflict policies.

Below, we provide an incomplete list of alternative policies at the local, national, and international level.

Local-Level Policies

- Rehabilitation of infrastructure;
- Inclusive reconstruction process;
- Attracting/reintegrating displaced;
- Combatting looting and pillaging;
- Centering marginalized/vulnerable populations;
- Incorporating private sector;
- Alleviating war-related pollution;
- Rehabilitating agricultural lands;
- Reducing reliance on fossil fuels and promoting alternative energy;
- Encouraging cooperatives and workers' and farmers' organizations;
- Encouraging societal-based initiatives of reconciliation;
- Adopting transparent, accountable reconstruction processes whether in public or private projects.

Food security policies can be an illustrative example. The conflict has formed new political, social, and economic structures centered on violence and injustice and has resulted in a catastrophic deterioration in food security rates affecting the lives of millions of people. Violations of rights have

been compounded by the absence of the right to food. The food security dimensions of human, material, and social capital have suffered heavy losses, as dominant actors used food deprivation to subjugate and punish the population. Sieges were one of the darkest parts of the conflict, with millions suffering from starvation policies. Food deprivation has affected all Syrians, but to varying degrees as the conflict deepened population disparities by region, gender, political affiliation, and loyalty to various actors. According to regions and social

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strata, people experienced different intensities of military operations, displacement, destruction of infrastructure, the decline of social capital, the deterioration of public health and economic activity, the absence of the rule of law, and the spread of looting and vandalism.

The considerable efforts of local communities, expatriate groups, and international organizations to provide humanitarian assistance have been unable to cope with the immense needs caused by the conflict. The economies of violence have also been evident in that part of the aid has been absorbed to serve subjugating actors and warlords. Therefore, the highest priority is to stop violence and to dismantle authoritarian institutions through a radical transformation process that ensures broad community participation to build participatory, efficient, and accountable institutions capable of addressing the grievances and harm of conflict, establishing respect for rights, and ensuring human security. This will be a major challenge considering the policies of the dominant powers that control power and wealth and marginalize most of the population.

Some recommendations on the local level as follows:

- Assess the damage caused by the war at the local level and work to form local teams from the public and private sectors and civil society to follow up the implementation of reconstruction plans and rehabilitation of agricultural land, dams, irrigation systems, public facilities, and private and public property to ensure the participation of the community in the process of reconstruction and rehabilitation.
- Develop empowered institutional structures

at the local level to overcome the effects of conflict and build capacity for the effective implementation of local development.

- Actuate the role of the community as represented by local organizations concerned with food and environmental security and enable them to fulfil their role through their participation in decision-making and expression of the demands of the community.
- Participate of the local community in the development of plans and budgets for reconstruction through the formation of local committees specialized in the agricultural and food security sector to represent the local community and to cooperate with state institutions and local initiatives. This will expand the margin of administrative and economic independence of the local councils, so they can play their development role quickly and effectively.
- Provide employment opportunities for citizens as a priority in the areas where the displaced need to return and resettle.

National-Level Policies

To combat political oppression, lack of accountability, the culture of impunity, and zero-sum game logic, we recommend the following policies:

- Radical transformation in all state institutions and in political, economic, and judicial institutions;
- Reducing and reorienting military expenditures except those which relate to tackling the impact of conflict (demobilization programs, landmine clearance, and establishment of security forces under civilian control);
- Feasible and inclusive process of reconstruction priorities;
- Compensation policies for families of the deceased and for the dispossessed and displaced;
- Addressing horizontal and regional inequalities, particularly in the most damaged areas;
- Guaranteeing the rights and property of the displaced people;
- Release of prisoners and detainees, end of arbitrary detentions, guarantee of safe return for all civilians.

Fiscal policy, for example, should be reformulated to respond to urgent needs such as reconstructing the economy away from predatory informality, rebuilding destroyed infrastructure, and widening social protection of fragile groups (women, children, IDPs, and war wounded). There is an imperative to generate new revenues to compensate for the decline in public revenues. Otherwise, the deficit will worsen which, in turn, will make the Syrian economy more fragile

and vulnerable to external and internal shocks and deteriorate its productive capacity to more dangerous levels.

Alternative policies needed to overcome the conflict challenges toward fair and inclusive reconstruction process should increase the efficiency and accountability of fiscal institutions, readjust the taxation system to depend more on progressive direct tax, and design a subsidies strategy that protects and compensates the conflict-affected people.

It is clear that the Syrian economy has become highly heterogeneous, as different circumstances, institutions, actors, and policies have emerged in different regions. However, it is important to sketch the overall picture of the whole Syrian economy and the common challenges that face development, currently and potentially in the future.

Political reform and democratization processes are important factors for building trust between citizens and the government, especially the fiscal administration which increase the tax collection rate.

Well-prepared and well-designed fiscal reform starts by a fiscal administration that can be based initially on the existing legal structure with amendments according to the reconstruction process. A professional technical team is needed and must be given responsibility for introducing a comprehensive fiscal policy plan and public revenue and expenditure's mechanisms, accompanied by supportive decision-making policy authorities.

The participation of the private and civil sector in decision-making processes will ensure the compliance of taxpayers, thus increasing the tax collection. Also, it is crucial that fiscal reform be in line with other public reforms, as without this synchronization of different reforms, it will be difficult for the reconstruction process to proceed smoothly (Gillis, 1985).

Economic Policies

- National reconstruction and reintegration of markets and infrastructure;
- Prioritization of food security for Syrian population;
- Support for key sectors that enhance societal resilience (agriculture, labor-intensive manufacturing);
- Prohibiting sale of stolen and plundered materia;
- Promoting domestic private sector as opposed to crony capital;
- Needs-based and productivity-based priorities for infrastructure rehabilitation;

- Respecting property and usufruct rights;
- Promoting alternative and sustainable energy;
- Policies and reducing reliance on fossil fuels;
- Decentralized reconstruction that does not empower de facto local powers;
- Policies that promote independent peasant and labor organizing;
- Transparency and accountability in reconstruction projects;
- Reintegration of local and regional markets and economies into central economic system;
- Studying causes of inflation and policies leading to them;
- Preventing monopolies;
- Preventing roadblock-style taxation and local taxes by warlords;
- Increasing labor-intensive domestic production;
- Free and safe movement of goods and people between provinces;
- Increasing labor-intensive domestic production;

Regional/International-Level Policies

1. Ending armed conflict in Syrian territory

Regional and international actors to conduct all efforts to end support or direct participation in armed conflict over Syrian territory and work toward ending the presence of all foreign fighters.

2. Engagement in Political Process

The primary effort of the international community should be directed at pursuing a comprehensive political solution that allows for meaningful transition and institutional transformation at all levels in Syria using UNSC 2254 as a basis.

All the main regional and international actors to engage in a serious effort and pressure towards a comprehensive political solution within a justice and inclusive peace framework that includes and provides a stake for all Syrians in their future. This effort must be accompanied by trust building measures by all sides at the level of action and political repertoires to move away from zero-sum logic of the conflict.

3. Fates of detainees and forcibly disappeared persons

All international actors to increase pressure on all

de facto powers for release or provide information on detainees and prisoners, and to end practices of disappearance, forced detention, torture and arbitrary arrests.

4. Combatting conflict economies

Regional and international actors to end support as well as combat transnational linkages surrounding conflict economies including flows of arms and fighters, illicit trading networks, and an enabling climate for those networks to thrive.

5. Human development oriented economic policies

At the regional and international level including multinational institutions there should be a full turn away from neoliberal and austerity policies and towards human development centered policies. Regional countries must have the policy space to pursue industrial policies, social spending, and other necessary socially productive investment.

6. Refugee policies based on justice and dignity

Regional and international actors should cooperate in addressing the human development needs of refugees and involuntarily displaced populations as well as their rights to work, have voice and representation, and mobility within their places of refuge. There should not be any pressure for involuntary repatriation.

7. Civil society & justice

At the international level there should be more efforts directed towards allowing Syrian civil society from across the political spectrum to engage in public dialogue that is Syrian-led about the future of Syria.

8. Sanctions

Sanctions not only have negative consequences on the population, but will also inhibit a healthy reconstruction process and entrench the power of warlords and elites.

- Differentiate between broad-based versus targeted sanctions against individuals and entities, examining and clarifying the role of sanctions (broad-based versus targeted), and working on ending broad-based sanctions
- Examine and mitigate the relationship between sanctions and illicit economies (smuggling, weapon and human trafficking)
- Examine how sanctions, particularly US sanctions, cripple the work of banks, and make them complicit with foreign policy.

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Endnotes

¹ In this paper we use conflict economies with war economies interchangeably. Conflict economies is preferred here primarily since it refers to the direct legacy of the war or its continuation by other means even in areas where there is no actual military combat. We agree with Abboud (2017) that economies rather than economy in the singular is more appropriate given the plurality, complexity, fragmentation, and different logics of Syria's conflict economies as opposed to one economy in the same sense as a "national economy."

² <https://www.amnesty.org/en/latest/news/201703//the-eu-turkey-deal-europes-year-of-shame/>

³ Boyce 2007 following Putnam 2000 discusses the rise of "dark" social capital in conflict and distinguishes between "bridging" capital that builds ties between groups and "bonding" capital that builds ties within groups. In Syria, there was a rise of "bonding" between individuals and groups which saw people come together around problematic, exclusionary, and even hate speech against the "other." These phenomena can be most often seen on social media where different groups completely separated from one another in terms of interaction.

⁴ <https://www.scpr-syria.org/category/publications/policy-reports/>

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An independent policy research center working to bridge the gap between research and the policy making process. Focusing on public policy-oriented research, based on participatory evidence-based policy dialogue.

Started in 2012, SCPR has been publishing studies, discussion papers, policy briefs addressing key social, economic and development challenges for Syria and the region.

Our areas of expertise including macroeconomic performance (economic growth, trade, fiscal and monetary policies), multidimensional poverty, social capital in Syria and the region, the political economy of food security, population status and its main challenges including economic, social and institutional aspects, refugees economic participation in the host countries, in addition to solidarity economy and reconstruction.

SCPR diagnoses the dynamics of the conflict and provide policy alternatives to counter the root of conflict and injustice and create inclusive and representative institutions.

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