



المركز العربي للأبحاث ودراسة السياسات  
Arab Center for Research & Policy Studies

Situation Assessment | 5 September 2023

# Has A National Consensus on Political Transition Begun to Emerge in Syria?

Unit for Political Studies

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Series: [Situation Assessment](#)

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### Unit for Political Studies

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As the Syrian economy continues to deteriorate and the regime takes measures to lift subsidies on fuel and other basic goods and move forward with its economic liberalization policy, incensed popular protests have broken out in Syria's southern As-Suwayda Governorate. Chants ranged from denouncing recent economic decisions to calling for President Bashar al-Assad's resignation. Alongside palpable restiveness among the population, similar demonstrations have occurred in Deir ez-Zor, Daraa, Quneitra, Rif Dimashq, Aleppo, and Latakia Governorates, albeit on a narrower scale. Although protesters in As-Suwayda, Deir ez-Zor, and Daraa raised similar demands as those of the 2011 revolution, they have also held Assad and his family entirely responsible for their suffering and the country's dismal fate from the beginning. The regime has been aware of the impact of its recent economic decisions in terms of the general population's standard of living, in sharp decline for several years, yet Assad nevertheless resolved to move forward under significant pressure related to resource depletion and exhausted state treasury reserves.

## I. The Disappointing Results of Arab Normalization

The meagre outcomes of the Arab re-opening to the Assad regime and Syria's resumption of its seat at the Arab League have caused great disappointment among the general population – including loyalists who expected the regime's renewed Arab relations, especially after the 2023 Arab League Summit in Jeddah, to coincide with improved economic conditions. But the regime's efforts to frame the willingness of some Arab states to normalize relations as a “victory” achieved on Assad's own terms, coupled with the latter's refusal to offer any concessions that would help make its Arab rapprochement efforts successful, have done little more than foster anticipation that aid will arrive followed by disappointment when it does not. A combination of the regime's lack of seriousness in dealing with the Arab initiative, contempt for its demands (curbing the manufacture and smuggling of narcotics, repatriating some 1,000 Syrian refugees in Jordan, etc.), and refusal to engage positively with the United Nations on the issue of land crossings and the delivery of humanitarian aid has prompted some Arab states to revisit or freeze their diplomatic ties with Assad. This had a clear effect on economic circumstances, which began to rapidly deteriorate. In the past three months, the value of the lira against the US dollar collapsed, inflation has reached record levels, and most people are no longer able to meet their basic needs for food, healthcare, and so on. Circumstances took a turn for the worse as the government moved to lift subsidies on fuel and other essential goods to finance government salaries, which range from USD 10 to 15 per month. Hence, discontent has increased around the government's policies of “tax collection” for the general population and “tribute extraction” for merchants and business owners to obtain the funding needed to keep the government running. Of note, the demonstrations in As-Suwayda came within days of a failed session of the Arab Liaison Committee, held in Cairo to address Syria's return to the Arab League, as an expression of disenchantment with the regime's engagement with Arab efforts to end the crisis and the waning horizons for any change to the status quo.

## II. Resentment toward Assad's Economic Policies

With all major productive sectors paralysed after years of war, followed by the collapse of the war economy itself and decline of foreign aid to the regime from its allies, the exchange rate of the Syrian pound against the US dollar has plummeted in the parallel market, from SYP 7,500 to the dollar on 19 April 2023, to SYP 10,350 on 15 July, to SYP 14,750 on 28 August – losing 50% of its value within a span of four months. This collapse has corresponded to the course of Arab normalization with the Assad regime: from Saudi approval to reopen embassies, to the regime's return to the Arab League,<sup>1</sup> culminating in Assad's attendance of the Jeddah summit.

To prevent abrupt currency depreciation, the Syrian regime has adopted a strict financial policy in recent years aimed at controlling the movement of liquidity within the country, by shrinking the volume of withdrawals from bank accounts or prohibiting the transfer of Syrian currency, whether directly or via large remittances, between governorates. It has also sought to restrict the sale and purchase of real estate and vehicles through banks, in light of the large cash flow involved, and the importing of foreign goods, as well as designing a stringent mechanism for granting import licences. The regime inaugurated this policy in late 2019 under the pressure of the banking crisis in Lebanon and the billions of dollars in Syrian deposits held at Lebanese banks.<sup>2</sup> In 2020, this policy was entrenched by the passage of the US Caesar Act, imposing harsh sanctions on the regime and those in violation of the American law. Despite this policy's modest success in staving off the lira's collapse, it has precipitated the stagnation of economic activity in the country.

Due to diminishing resources, the Assad regime has employed policies of “collection” and “appropriation” of the capital of major businessmen, carried out by the Presidential Palace-based so-called “Confidential Bureau” in coordination with the Internal Branch of the General Intelligence Directorate. These policies have affected business magnates such as Rami Makhlouf, Mohammed Hamsho, Hussam Qaterji, and Khodr “Abu Ali” Taher, all of whom were involved in the regime's patronage networks for years. As the need for liquidity grew, this policy was subsequently applied to other merchants<sup>3</sup> and even reached mid-size private companies,<sup>4</sup> forcing many to close down and leave the country. That an economic council within the Presidential Palace and headed by First Lady Asma al-Assad has had a key role in administering these policies<sup>5</sup> has elicited angry backlash from Syrians, especially in regions known for their loyalty to the regime.<sup>6</sup>

1 “Arab Foreign Ministers: Syrian Regime to Return to Arab League in Exchange for Implementing Amman Statement”, *Syria TV*, 07/05/2023, accessed on 29/08/2023, at: <https://urx1.com/ZTm8U>

2 “Syrian Pound Pays Price of Tensions in Lebanon and Iran”, *Anadolu Agency*, 23/01/2023, accessed on 29/08/2023, at: <https://shorturl.at/xyCJU>

3 For more on this bureau's mechanism of action, see: “Syria: ‘Confidential Bureau’ Pursues Aleppo Merchants, Through Taxes and Threats”, *Almodon*, 12/08/2023, accessed on 12/08/2023, at: <https://shorturl.at/zAOVY>; “Syria's Confidential Bureau of Financial Extortion”, *Aljumbhuriya*, 03/12/2022, accessed on 29/08/2023, at: <https://cutt.ly/5wkzrmr4>; “The ‘Confidential Bureau’ Lines Assad's Pockets with ‘Tribute’ Revenue”, *Alhurra*, 18/06/2021, accessed on 29/08/2023, at: <https://cutt.ly/Uwkzuojf>

4 “Damascus Market Merchants Seek Emigration Following ‘Unprecedented Stagnation’”, *Asharq Al-Awsat*, 16/08/2023, accessed on 29/08/2023, at: <https://cutt.ly/3wkzoCPY>

5 “Financial Times: How Did Asma al-Assad Take Control of Syria's Economy and Strengthen Her Position Within the Regime?”, *Alquds Alarabi*, 02/04/2023, accessed on 29/08/2023, at: <https://t.ly/DN4Ex>

6 An Alawite activist posted a video on his social media accounts criticizing the First Lady and spoke about the bureau's role in the suffering of Syrians. See: “6 People Lead Bashar and Asma al-Assad's Confidential Bureau... Who Are They and What Are Their Duties?”, *Orient*, 02/04/2023, accessed on 29/08/2023, at: <https://t.ly/UOVzq>

As a result of the February 2023 earthquake that struck northern Syria, Assad was forced to back down from his strict financial and monetary policies due to the stagnation of the Syrian economy, which predated the natural disaster (and worsened thereafter), when the regime lifted many financial restrictions on domestic cash movement. On account of the limited economic gains of Arab normalization and growing pressure from Iran for Damascus to pay back its debts<sup>7</sup> and carry out agreements signed with Tehran,<sup>8</sup> Assad has been forced to expedite borrowing and offer more credit facilities to businessmen to reinvigorate the economy.<sup>9</sup> The regime has also resorted to deficit funding policies<sup>10</sup> and lifting fuel subsidies to increase public sector salaries,<sup>11</sup> in line with efforts aimed at financial deregulation and stimulating local industry,<sup>12</sup> even if that were to lead to an increase in imports<sup>13</sup> and the depletion of foreign exchange. The regime has begun to repeal 2020 legislation criminalizing non-lira transactions<sup>14</sup> out of its immense need for hard currency. This new policy was announced at an emergency session of the People's Assembly called by the government on 24 July to discuss the economy and declining living conditions.<sup>15</sup>

### III. The Outbreak of Protests

The swiftness with which the Assad regime has carried out quantitative easing procedures and lifted subsidies on essential goods has led to rapid economic decline. The result was an upsurge of popular outrage, most clearly articulated in the strongly pro-Assad coastal governorates (e.g., Latakia); hence, it was in the regime's strongholds that popular condemnation of declining living conditions emerged, at first with focus on the First Lady's role in managing the national economy.<sup>16</sup> As-Suwayda Governorate has transformed into a nucleus of demonstrations since 20 August, whose demands quickly became political after activists succeeded in launching a general strike<sup>17</sup> in a shining example of women standing side by side with men at protests.

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7 "Iranian MP Demands Syrian Regime Repay Tehran USD 20 Billion", *The New Arab*, 29/05/2023, accessed on 29/08/2023, at: <https://t.ly/1XGPBP>; "Iranian Pressure to Obtain 'Sovereignty Concessions' from Syria", *The New Arab*, 28/12/2022, accessed on 29/08/2023, at: <https://t.ly/KWokH>. Further, a leaked document is available that reveals the regime's debts to Iran in the amount of USD 50 billion, which Tehran intends to recover in full; see: "Leaked Document... Iran Spent USD 50 Billion in Syria, Being Recovered as Debt", *The New Arab*, 10/08/2023, accessed on 29/08/2023, at: <https://t.ly/V-qla>

8 "Tehran-Damascus Treaties... A Long Story Facing 'Dilemma of Non-Implementation'", *Alhurra*, 01/08/2023, accessed on 29/08/2023, at: <https://t.ly/hXjua>

9 "Commercial Bank of Syria Raises Maximum Individual Loan to SYP 50 Million", *Alwatan Online*, 15/08/2023, accessed on 29/08/2023, at: <https://t.ly/1r3ze>

10 "Ministry of Finance Announces 3rd Treasury Bond Auction Valued at SYP 300 Billion", *Alwatan Online*, 15/08/2023, accessed on 29/08/2023, at: <https://t.ly/cnHNT>

11 "Damascus: Rising Fuel Prices Negate State Employees' 100% Pay Rise", *Asharq Al-Awsat*, 16/08/2023, accessed on 29/08/2023, at: <https://t.ly/zfU6w>

12 "Additional Regulations for Granting Credit Facilities for Sector Funding, Especially Production", *Alwatan Online*, 18/06/2023, accessed on 29/08/2023, at: <https://t.ly/zfU6w>

13 The regime abolished the imports organization platform in favour of a mechanism allowing importers themselves to safeguard foreign exchange for their imports; see: "Central Bank Releases Decision to Allow Funding Non-Platform Imports, Determine Conditions to Obtain Foreign Exchange", *Alwatan Online*, 18/07/2023, accessed on 29/08/2023, at: <https://t.ly/5ORSR>; "Central Bank with Businessmen... Governor Offers Explanation for Decision 1130, Affirms Disclosure of Non-Existent Importers and Exporters", *Alwatan Online*, 24/08/2023, accessed on 29/08/2023, at: <https://t.ly/GERNi>

14 Ibid.

15 "Syrian President from Parliament: State Economies Are Not Managed with Emotions and Wishes", *Alwatan Online*, 24/07/2023, accessed on 29/08/2023, at: <https://t.ly/-VCAE>

16 For more, see: "Assad Met with 'Unprecedented Clamour' from Syrian Coast... The 'Not to Be Quelled' Stage", *Alhurra*, 22/08/2023, accessed on 29/08/2023, at: <https://t.ly/jclVj>; "A Regime on Tenterhooks... Will Syria's Sectarian Stronghold Collapse?" *Raseef22*, 18/08/2023, accessed on 30/08/2023, at: <https://t.ly/ls7L5>

17 "Public Outrage in Syria... Demonstrations and Roadblocks in As-Suwayda and Daraa", *The New Arab*, 20/08/2023, accessed on 29/08/2023, at: <https://t.ly/S9u7G>

The current demonstrations differ from past iterations in As-Suwayda in 2018 and 2020 in two ways. The first is their broader scope and involvement of diverse social groups, including Druze clerics who have traditionally taken a neutral or pro-regime stance toward conflicts, which helped placate demonstrators. The second difference is the protests' critique of the President and First Lady directly. Moreover, there has been a marked lack of Russian involvement, which had often served to mediate between the regime and the protest movement in As-Suwayda.

Till now, the Assad regime has been content to manage the As-Suwayda protests by threatening the use of force and pitting the people against demonstrators on pretexts of sectarianism, treason, and sedition.<sup>18</sup> Moreover, the governor recently sought to negotiate with Druze leader Hikmat al-Hijri;<sup>19</sup> such leniency is due to the regime's fear of tarnishing the image of itself that it has consistently presented as the defender of religious minorities – unlike in other governorates that have seen demonstrations such as Daraa, where shootings were reported.<sup>20</sup> Security forces have shown a clear willingness to suppress any demonstrations in other governorates.<sup>21</sup> In Latakia, the regime has consolidated efforts to identify a protest group known as the “10 August Movement”;<sup>22</sup> isolate dissenting voices through intimidation and arrests, and fuel Alawite concerns over a return of Daesh and other extremist groups, to silence dissenting voices and contain any calls for demonstration and rebellion.

## IV. Conclusion

Though the Assad regime will have no qualms about the use of violence – not even against its support base, should the need arise – it will not be an easy option to pursue for fear of fractures within the regime's inner circle. Assad is powerless to offer economic solutions, meet protestors' demands, or buy their silence due to resource constraints, Arab normalization having reached an impasse, and Russia and Iran's inability to offer assistance. Therefore, the regime's options appear limited in dealing with the expanding protests: no longer confined to vocally anti-regime areas such as Daraa and Deir ez-Zor, demonstrations are now occurring in formerly neutral localities (e.g., as-Suwayda) and even key regime strongholds (e.g., Tartous and Latakia on the coast). Most troubling for the regime is the prospect that a national consensus take shape around the need for change and for Assad's, whom Syrians hold responsible for the country's circumstances.

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18 “5 Assad Relatives and Mercenaries Threaten People of As-Suwayda: Traitors to Make an Example Of”, *Orient*, 24/08/2023, accessed on 29/08/2023, at: <https://t.ly/tXlhW>; “Civil Demands to Reopen State Institutions and Departments... As-Suwayda Protestors Keep City Hostage, Press Forward on Escalation”, *Alwatan Online*, 28/08/2023, accessed on 29/08/2023, at: <https://t.ly/T8OZ3>; “Warnings Against the Error of ‘Flying Sectarian Flags’ and Demands for Government Intervention: The As-Suwayda Movement Loses Sympathy”, *Al-Akhabar*, 28/08/2023, accessed on 29/08/2023, at: <https://t.ly/F-lc>

19 “As-Suwayda Governor: We Will Not Use Force Against Demonstrators and Their Demands Are Being Taken under Advisement”, *Syria TV*, 24/08/2023, accessed on 29/08/2023, at: <https://t.ly/qZPxI>

20 “Regime Army Opens Fire on Demonstrators in Southern Syria”, *Anadolu Agency*, 22/08/2023, accessed on 29/08/2023, at: <https://t.ly/Jr8iA>

21 “Security Mobilization Outside Damascus, Deir ez-Zor for Fear of ‘As-Suwayda Infection’”, *Asharq Al-Awsat*, 24/08/2023, accessed on 29/08/2023, at: [https://t.ly/\\_GOHX](https://t.ly/_GOHX)

22 The movement, whose background and leadership remain unknown to the Assad regime, have demanded improved economic conditions; see: “Syria: ‘10 August Movement’ Comes Underway, Distributing Thousands of Leaflets Across Governorates”, *The New Arab*, 11/08/2023, accessed on 29/08/2023, at: <https://t.ly/UJfF2>



At the beginning of the revolution, the regime was successful in deepening divisions between Syrians along political and sectarian lines by presenting itself as the guardian of minorities, taking advantage of the opposition's failure to offer a clear vision for reform and the rise of extremist movements. But now that the narrative that the regime has won and the status quo is remotely sustainable (unless the regime provides a political solution and makes the concessions it has been loath to make and sees as its downfall) has proven unfounded, Syrians of all confessions and from all regions, united by poverty, famine, and insecurity, have come to see change as a necessity and in their direct interests.

There remains an urgent need for examples that are more representative of society in opposition-held regions (that have yet to offer a compelling alternative), as well as for dialogues designed to rebuild trust and restore cohesion along the full spectrum of Syrian society and for inclusive and receptive political leadership.