

# Protests erupt in Syria as the economy collapses

By Jean Shaoul  
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Several hundred people took to the streets of the southern Syrian city of Sweida on Monday for the second day to protest soaring food prices that are making it impossible to feed families. The protests follow smaller demonstrations last month.

The demonstrators, mainly young and male, came in response to calls on social media under the slogan, “We want to live with dignity.” They blamed the government for their terrible economic conditions. Some called for the removal of President Bashar al-Assad.

Sweida, largely made up the Druze community that is spread across Syria, Lebanon and Israel, remained loyal to the al-Assad regime throughout the nine-year war. So far, the security forces have stood back.

The collapse of the Syrian pound from 50 to the US dollar in 2011 to 3,200 today, including a loss of half its value since the start of 2020, has made it nearly impossible for all but a tiny handful of people to buy the most basic necessities. The currency’s value has fallen precipitously following Lebanon’s economic crisis last October and now the US’s Caesar Act that allows President Donald Trump to impose fresh sanctions on the Syrian government, its institutions and, crucially, all those groups or countries that assist it.

Beirut, the capital of Lebanon that was once part of Syria before France severed the two in the post-World War I imperialist carve up of the Middle East, historically acted as Syria’s financial hub. It was where Syrian businesses arranged and financed their trade and served as a large market for Syria’s exports, buying \$132 million worth of Syrian goods in 2018, as well as a significant amount of smuggled goods.

It is believed that up to 80 percent of Syrians hold money in Lebanon, so when Lebanese banks started restricting withdrawals and the Lebanese pound plummeted, their deposits lost much of their value. This severed Syria’s vital financial artery, undoubtedly one of

the aims of the then Saudi-aligned Saad Hariri government and his backers in Washington. The Trump administration’s fresh sanctions further exacerbated Syria’s plight.

Washington’s nine-year long proxy war—along with its more than four years of intense aerial bombing—has devastated Syria. Its regional allies, each with different agendas, funded hundreds of militias to fight the Syrian regime and each other, laid waste to industries, cities and infrastructure. The cumulative loss in GDP since 2011 has been more than \$500 billion, over seven times Syria’s pre-war GDP, with much of those losses in the oil and gas sector.

Estimates of the number of people killed in the war vary between 385,000 and 585,000. Three million people have permanent disabilities. Around 11 million people, nearly half the population, have fled their homes, around half of Syria’s pre-war population. While 5.6 million are living in neighbouring countries, including 3.6 million in Turkey, 6.2 million people are internally displaced, creating the world’s largest refugee crisis since World War II.

The destruction wrought by the war has led to frequent and lengthy water and electricity shutoffs and fuel shortages, causing immense human suffering. Schools and hospitals have been flattened. Some 2 million children are not in school and a further 1.3 million are at risk of dropping out.

The UN Development Programme estimate that 83 percent of Syrians live below the poverty line, on less than \$1.90 per day, in what was a middle-income country, and close to 12 million are in immediate need of humanitarian aid.

The onset of the COVID-19 pandemic led to the shutdown of Syria’s economy and curfews, furthering increasing the plight of the already desperate workers and their families. The authorities have confirmed 141 cases

and 6 deaths, but this are widely believed to be a vast underestimate, given there are few testing kits and the country's healthcare has been shattered.

One of the sectors most affected by the war was agriculture, especially wheat production that fell to 2.2 million tons in 2019, half its pre-war average, affecting the quantity, quality and price of bread, a staple part of the Syrian diet, and turning Syria into a net importer of wheat, now mostly sourced from Russia. In 2018, production fell to 1.8 million tonnes, its lowest for decades, due to drought and fires, leading Syria to become one of the ten countries worst affected by acute food insecurity in 2019.

However, its agricultural decline pre-dated the war, thanks to al-Assad's turn to free market policies in 2005 that coincided with years of drought and poor harvests and enriched a handful of businessmen. Nearly half of all agricultural workers left farming and moved to the peripheries of the big cities, where their poverty was a leading cause of the 2011 protests.

The destruction of Syrian agriculture and its infrastructure has been one of the factors preventing the return of people displaced by the war to their homes, particularly in eastern Syria.

Last year the north east, Syria's traditional breadbasket now controlled by the semi-autonomous Kurdish administration, produced around half of the country's domestic wheat. This year, having planted nearly three quarters of Syria's wheat, which is again being threatened by fires particularly around Al-Raqqqa, it is in effect setting the price of wheat.

Damascus' ability to complete its projected purchase of Russian wheat has been stymied by Lebanon's political turmoil, its own plummeting currency and most recently Russia's announcement that having reached its grain export quota for the current quarter, it would halt all shipments of grain until July 1.

The government has blamed rising prices on corrupt businessmen, fired five provincial governors, scapegoated ministers, and made a show of cracking down on corruption.

It has sought to curtail the activities of the black-market exchanges transferring remittances from Syrians abroad that constitute 15 percent of GDP, according to World Bank estimates, by insisting they use the official currency conversion rate. This serves to reduce their value, even as remittances from Saudi Arabia (29 percent), Lebanon (17 percent), Jordan (15 percent) and Turkey (14 percent) have largely dried up due to lockdowns.

The government has also sought to rein in the activities of Rami Makhoul, Assad's cousin, in a well-publicised spat. Reputedly Syria's richest man, who owns Syriatel, the mobile network carrier, Makhoul—who is aligned with Iran—was reported to have controlled up to 60 percent of Syria's economy in 2011. The authorities have seized his assets over alleged back payments due to Syria's telecoms regulator, as well as tax arrears, arrested several key employees, placed a temporary travel ban and put him under judicial custody.

Assad has also arrested General Ghassan Bilal, the bureau chief of his brother Maher, the Fourth Division's commander and Iranian ally.

While regime forces, with the help of Russian airpower and Iranian and Hezbollah ground units, have regained control of most of Syria, they are still fighting Turkish troops that back al-Qaeda-linked forces in Idlib, in the north-west of the country.

At the same time, Syria faces constant attacks from Israel, which has carried out at least seven airstrikes in the last two months on Iranian and Hezbollah-linked targets. Israel has admitted to having carried out hundreds of strikes against Syria, while aiding and abetting Islamist forces in the south west of the country. Lebanese Prime Minister Hassan Diab said Israel had violated his country's sovereignty more than 1,000 times this year.

Russia has stood aside as Israel has attacked, seemingly happy to see Israel—which Washington is using as its subcontractor against Iran—limit Tehran's influence and reach. Keen to recoup its military expenditure and gain both political and economic advantage, it seems that Russia is putting pressure on al-Assad to sideline Iran.

Moscow kept Iran out of the ceasefire agreement with Turkey in Idlib and also remained silent when Israel's outgoing Minister of Defence Naftali Bennett said that Israel was working not only to limit Iranian entrenchment in Syria but to get Iran out of Syria completely. Russia may also have forced al-Assad's hand over Makhoul.

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