

# Antipode

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**Bassam Haddad**, *Business Networks in Syria: The Political Economy of Authoritarian Resilience*, Stanford: Stanford University Press, 2011. ISBN: 9780804773324 (cloth); ISBN: 9780804785068 (paper); ISBN: 9780804778411 (ebook)

For nearly one and a half years, Syrians have struggled against an intransigent regime exercising its will to power by any means necessary. Yet any attempt to make sense of this multidimensional crisis is frustrated by the dearth of scholarship about Syria. There are several competing narratives that attempt to explain the Syrian crisis, including the Arab Spring, Syria as a proxy war for Iran, sectarian conflict, and the culminating effect of the regime's intense neoliberal economic policies over the last seven years. While all of these narratives offer useful interpretations of the crisis, they reinforce sectarian, class, and state/society divisions in ways that do not reflect historical social, political, or economic realities. Bassam Haddad's *Business Networks in Syria: The Political Economy of Authoritarian Resilience* does not take these categories for granted, and instead examines the ways that coordination and cooperation in the pursuit of short-term profits can, and often do, transcend class, ethnic, and state/society differences.

In what appears to be an eerie foreshadowing of the crisis, Haddad examines the Syrian regime's durability from 1970 until 2005. Haddad restricts his analysis to these dates because 1970 is the year President Hafez al-Assad assumed power while 2005 marks the end of an era when President Bashar fully consolidates his rule and the year that the Syrian government begins its official transition towards a 'social market economy'. Haddad is specifically concerned with the conditions and contexts under which strategic business and state networks were formed and reinforced, often to the detriment of long-term social and economic wellbeing. Haddad's analytical approach to Syria is shaped by Raymond Hinnebusch (1990), Hanna Batatu (1999) and Stephen Heydeman's (1999), all of whom analyze various aspect of Syria's state formation and development policies while decentering the state as a coherent institution and sectarian divisions as long-standing and pre-ordained. Additionally, *Business Networks in Syria* draws on

developmental state theory and network analysis, with particular consideration of Peter Evans' (1995) *Embedded Autonomy: States and Industrial Transformation*, in which Evans argues that the state is concomitantly shaped by selective ties to society while retaining some autonomy in the formation and pursuit of development policies.

Haddad methodologically unpacks the layers of embeddedness in various historico-institutional contexts through network analysis. He finds that the types of state-business relationships are characterized by mutual trust or suspicion, shaped by competing agendas and platforms, individual personalities, regional economic and political environments, and security concerns. In turn, these networks, marked by variable degrees of collusion or collaboration between capitalists and state officials, vary in how they respond to reform policies, platforms, and agendas. Empirically, Haddad makes state-business networks as objects of study, rather than concentrating only on the state or society, and in turn attempts to clarify how different agents can win, or lose, and the ways that these winners and losers transcend class, sectoral, and/or ethnic differences and in some instances reinforce them. Thus, for Haddad, network analysis allows for greater consideration of an agent's scale of preferences and the ways that decision-makers can manipulate business networks to bypass institutional regulations when necessary.

Haddad argues that these networks, which he defines as "...informal institutional agencies with limited autonomy" (p. 14), are in a recursive, or dialectical, relationship with the larger social institutional context in which they are embedded. Network analysis reveals that state-business relationships prioritized short-term business interests at the expense of long-term capital investment, and that a deep state security apparatus and reliance on populist support from specific segments of the Syrian population affected these networks. In other words, the state kept an eye towards the business community and its popular base, and in time was forced to accommodate both, largely to the detriment of the economy and limiting its ability to adopt and implement substantive economic reform policies.

The institutional and extra-institutional dynamics of state-business networks have also been affected by the longstanding social and political antagonism between the state and traditionally powerful Sunni business community. Historically, low-levels of trust between Alawites and Sunnis did not prevent the formation of state-business networks, but instead produced the conditions by which high-trust and prudent and discreet informal relationships could develop between elite Alawite officials and select members of the moderate Sunni

business community - a group that the regime found to be more amenable than the increasingly influential Muslim Brotherhood in the 1970s and 1980s. Changing economic circumstances in the 1970s and 1980s produced new incentives for regime elites to take the business community more seriously. In time, informal state-business networks became more rigid and entangled as members of the business community becoming public sector managers and regime elites, particularly their offspring, taking on new roles as capitalists.

For those unfamiliar with Syrian politics, Haddad provides important historical overviews of the Ba'ath Party, including its origins as an institution dominated by urban-based radical intellectuals, its intra-party struggles, and the consolidation of power by powerful Alawite military officials who came from rural areas. If the urban intellectuals were known for their radical economic policies in the 1960s, Hafez Al-Assad brought a more pragmatic order to economic policy making with his 'Corrective Movement' in 1970 while at the same time institutionalizing the regime's control through a deep security apparatus that dominated all facets of Syrian life, including business decisions. Haddad notes that this shift in 1970 also marked the first of three political economic phases in the past 35 years.

Between 1970 and 1977, Assad's pragmatism encouraged a rapprochement between regime and moderate business elites in order to manage the foreign investment, primarily from the Gulf, within the politico-ideological goals of the state. The state needed the private sector's know-how and resources to guide and manage massive infrastructural and industrial projects while the private sector needed new opportunities for investment and production. Yet, these new corporate ventures were beset by state-security goals and the desire for quick returns, resulting in projects that were under-planned and understudied. Between 1978 and 1986, the informal state-business networks deepened while corruption expanded, as some regime officials shifted into the private sector as new state-capitalists. Increasing wealth among select members in government posed difficult questions for the regime. Their ability to mobilize their rural social base diminished as the wealth-gap between members of the regime and rural communities increased. Consequently, the state introduced new public subsidies and launched an anti-corruption campaign, one that largely avoided the inner circles of the Assad regime. This selective enforcement forced the state-business networks into more discrete business deals. Between 1987 until 2005, the regime responded to the fiscal crisis of 1986 by initiating a protracted liberalization process and took its first major step towards formalizing the private sector with

Investment Law No. 10 in 1991. These reforms were less than successful, however, as regime and business networks expanded, continued to bypass old and new regulations, and discouraged and/or prevented the adoption of accompanying institutional reforms and enforcement. In sum, state policies and regulations promoted informal state-business relations seeking short-term profits while prioritizing state security over all else at the expense of the state's ability to effectively respond to poor economic performance and deteriorating quality of life.

Haddad's text is a must-read for students of Syria and the Middle East, not only for his empirical and theoretical contributions, but also for his methods. If there is a shortcoming, and this is perhaps not an entirely fair critique, it is Haddad's narrow focus. Syria is a diverse place and the attention to the state's relationship with moderate, elite Sunni business communities comes at the expense of showing us how the state's relationship with other communities varied as well. How did other networks evolve in comparison? Did the rents from these state-business networks afford new investment opportunities for outsiders? Did new state-bourgeois elites create rent opportunities for other minority groups as state and para-state officials accumulated wealth? How did other state-society networks evolve in comparison to, or along with, these specific state-business networks? Attention to these dynamics could shed more light on how the impacts of networks reverberate through society generally, and more specifically, how or why 2005, the year Bashar al-Assad consolidated his rule and initiated a new political economic era with the 'social market economy', became a key turning point. Such reflections might also shed light on why some elements of Syrian society continue to cling to the regime despite a year and a half of violence, but this is clearly beyond the scope of Haddad's text.

Haddad also offers important insights for geographical research as well, though the text would have been greatly enhanced had he engaged with geographers. Haddad's focus on the formation and changes of networks resonates with new research on global policy networks and the movement and transformation of ideas across multiple times and scales (see Larner and Laurie 2010; Peck and Theodore 2010; Peck 2011). Haddad's research helps advance this body of scholarship by raising questions not only about how networks tighten and loosen under different circumstances, but also about the ways in which individuals and groups move between public and private sector networks and how such networks are inherently entangled creating socio-institutional arrangements that trouble public/private binaries. Nevertheless, Haddad's nonexistent engagement with critical geographical scholarship is troubling. There is extensive

scholarship already available on the ways that networks - whether they are in the area of development and NGO activities (see O'Reilly 2010) or community groups (see Larner and Craig 2005) - respond to changing economic and political circumstances, often through self-interest and greater rigidity in their practices. Addressing some of this geographical research would have allowed for additional consideration of other critical networks that shape and guide Syria's political economy and state-business networks.

Additionally, this analysis is in many ways an in-depth study of the internal dynamics that shaped Syria's slow liberalization over the last 40 years. Syria was successful in avoiding the structural adjustment policies that many governments in the global South were cornered into in the late 1970s and 1980s. Yet the corruption, security apparatus, and quick profits that shaped Syria's developmental experience are not all that unique (see Hart 2002; Elyachar 2005; Ong 2006). Haddad, to his credit, does differentiate and compare the social, institutional, and political dynamics of Syria to other similar countries, especially Egypt. Nevertheless, I believe that engagement with critical scholarship on variegated neoliberalism and capitalism (see Peck and Theodore 2007; Brenner *et al.* 2010) would have contributed to better explaining how the regime's approach to capitalist development and the influence of state-business networks and changing institutions compare to other socio-institutional contexts. The types of policies and reforms in Syria are not necessarily different in substance, style, or intention, but they - like all political, economic, and social dynamics - are substantially shaped by the contexts within which they are embedded.

Haddad generates important contributions by forcing scholars of Syria and the Middle East and political economic studies of the state to focus on the dynamics that shape the scale of preferences and the agency to act in the pursuit of capital accumulation. He does a superb job of analyzing the dynamics of business-state networks within the context of Syria's liberalization and fiscal policy reforms over time. Perhaps his most important contribution is that Haddad reveals how long-standing antagonistic state-business networks were produced and reinforced, and the ways these antagonistic relationships, while producing short-term high-profits and the maintenance of state security, produced their own long-term contradictions.

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