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Syria

# Expelled from the Support System: Austerity Deepens in Syria

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After the gradual lifting on subsidies for [oil derivatives](#), in 2020 and particularly 2021, Damascus took a next important step, on 1 February 2022. It announced the exclusion of approximately 600,000 families from its subsidy programme; something like three million people in total (based on an average of [5-6 individuals per Syrian household](#)). Six hundred thousand families would account for around 15% of smart-cart holders. [1]

The latest decision of the government, like previous austerity measures, increases economic marginalisation and political tensions. In Syria, it must be remembered, more than 90% of the population live under the poverty line and at least 13.1 million individuals need humanitarian aid.

## One Decision: Millions Excluded from the Subsidy System

In November 2021, the Minister of Domestic Trade and Consumer Protection stated that around 500,000 people would be excluded from the subsidy system by the end of that year. At the time, those to be excluded included individuals from the highest strata of society: high-ranking businessmen; private bank managers; shareholders of large-scale investments; large and medium-income taxpayers; lawyers; and certain categories of doctors, and medical specialists who have more than ten-years experience. However, in February, the government widened the list of excluded people. State employees, retirees, military staff, owners of small shops, etc were also excluded. The criteria for exclusion ranged from owning a car produced in 2008 or later, with an engine capacity of 1,500 cc, to owning a commercial licence to having a family member (generally a father or a brother) abroad.

The government justified its decision by the need to reduce state expenditure and the deficit, which is estimated at approximately 4.1 trillion SYP (equivalent to 1.6 billion USD at the official exchange rate 2,512 SYP/USD) for 2022. This grim situation has been compounded by the absence of significant revenues as a result of the war; particularly in the oil and gas sectors and in tourism. According to the pro-regime newspaper [al-Watan](#), the annual savings from this measure are estimated to stand at 1,514 billion SYP (equivalent to USD 602.7 million). The savings on oil derivative products are the most significant, amounting to 1,001 billion SYP (equivalent to 398.5 million USD), while other savings are on rationed materials and bread. This measure will diminish social support allocation for 2022: it was initially about 5.53 trillion SYP (equivalent to 2.2 billion USD). [2]

This new measure came as subsidised products became increasingly expensive and with the reduction of the share allocated to families, especially in 2020 and 2021. [3] Many families excluded from the subsidy system will be forced to further reduce their consumption of essential goods and commodities because of the substantial gap between subsidised and unsubsidised prices. In some cases, they may even stop purchasing a given product altogether (Table 1).

Before the government's decision, a family required around 200,000 SYP (equivalent to 79.6 USD) per month to purchase subsidised goods and commodities. Now a family will, at unsubsidised prices, probably need more than 600,000 SYP (equivalent to 238.9 USD) to acquire these same items: this according to different pro-regime newspapers.

Table 1: Differences between the subsidised and unsubsidised prices (set by the government) for essential

commodities and goods (February 2022)

<https://internationalviewpoint.org/IMG/jpg/table-1-joseph-daher.jpg>

Source: Information gathered by the author

This latest measure will also likely create a new inflationary trend in the market and an expansion of subsidised products on the black market, where prices are much higher. In the days following the government's decision, the price of bread in Damascus on the black market had jumped to [2,500 SYP](#), instead of a previous average of 1,300 SYP. The price of some food products also increased in various markets throughout the country.

The cost of living will, therefore, rise even more. The average cost of living for a family of five in Damascus had, indeed, continued in the past few months to increase, from 1,847,200 SYP in September 2021 (equivalent to 735 USD) to 2,026,976 SYP (equivalent to 807 USD) in December 2021. This represents an increase of about 9.7% in just three months, or 177 % over a year. Meanwhile, the minimum wage rose from SYP 71,515 (equivalent to 28.5 USD) to 92,970 SYP (equivalent to 37 USD) in mid-December 2021. But this only covered 4.5% of the average cost of living in December.

The government has taken measures, notably raising the salaries of public sector employees, military staff and pensioners twice in 2021. But these are clearly not enough to counterbalance the rapidly eroding purchasing power of Syrians. Most state employees have a second job and other forms of revenues, such as remittances, to secure their daily necessities. The ability of Syrians to survive as the social and economic situation deteriorates is once again in question.

## Broad Criticisms and Limited Protests

Large sectors of the population, as well as various trade unions, professional associations and business associations, have publicly criticised the government's decision. However, popular protests have, so far, remained limited.

Numerous professional associations have complained about not being consulted in the decision process of the government and are still trying to determine the numbers of their members excluded. The [union of doctors](#) for instance stated that they had not yet sent to the state institutions all the data regarding the doctors who have been practising for more than ten years. The process of collecting them was, the union insisted, ongoing.

Individuals with commercial licences have also contested the government's decision. [\[4\]](#) As a reaction to it, the commercial registry offices in the governorates of Damascus, Tartous and Sweida witnessed large queues in the following days, with citizens requesting to be removed from any commercial records, in order to be able to be reinstated in the subsidy mechanism. [\[5\]](#) [Mohammed al-Hallaq](#), a board member of the Damascus Chamber of Commerce, explained that people with commercial records should not be automatically excluded from the subsidy system, because the vast majority only own a small business. They are affiliated with a chamber of commerce on the grounds that it is considered an umbrella for all types of economic activities. Moreover, the [Federation of Syrian Chambers of Commerce](#) issued a statement decrying the government's decision to disqualify from the subsidy system all those who had a commercial licence .

Many have similarly criticised the exclusion of individuals from the subsidy system because their family owned a car produced in or after 2008 of an engine capacity of 1,500 cc. 47% of all the people excluded are private vehicle

owners (450,000 vehicles out of a total of 957,447). Critics also pointed out the inability of the government to secure affordable and wider public transportation networks for workers and the population in general, in a way that would allow workers to forgo cars.

Forms of organised public contestation against government measures have, however, been restricted. There are multiple reasons for this situation. They include general fatigue as a result of the war and the continuous impoverishment of large sectors of the society. But there is also the fear of repression and the regime's elimination of nearly all forms of organised opposition, both social and political, in the areas under its domination following the 2011 uprising. This has severely limited potential dissent against Damascus. There was a sign of popular anger in the [city of Masyaf](#), in the governorate of Hama, where individuals raided Takamul's office, the company in charge of the management of the smart card. This took place a few hours after the announcement of the new decision. [6]

The governorate of Sweida alone has witnessed more serious forms of organised dissent and popular protests in opposition to the government's decision. There have been a few thousand protestors within the governorate as a whole, and several hundred in the city of Sweida. However, the local population widely supports for demonstrations. In the past few years, the [governorate of Sweida](#), which has been able to gain some forms of limited autonomy from Damascus and its repressive apparatus, had already witnessed dissent. Protesters, as well as local non-state armed forces, such as the Rijal al-Karama Forces (the Men of Dignity Movement), blocked roads in the governorate, including the Damascus-Sweida road, for several days. In the [city of Sweida](#), demonstrators obliged city council employees to stop working and to leave the building, while forcing merchants to close their shops. In some towns and villages in the governorate, groups of protestors also compelled bakeries to sell bread to everyone at the subsidised price. The demands of [various groups of activists](#), and protestors more generally, have not been restricted to the cancellation of the government's latest decision. They have also included appeals for wider socio-economic claims such as: dramatic salaries increases for workers, both in the state and private sectors; securing oil derivatives for citizens and health insurance for the elderly and for people with special needs; redistribution of the national wealth; and accountability against corrupt businessmen. In some cases, slogans also became political. This included the implementation of UN resolution 2254 for a peaceful political transition. There have also been demands for the departure of all foreign forces from Syria, as well as the establishment of a civil state opposed to any forms of discriminations.

## Governmental Errors and Responses

Numerous errors occurred in the exclusion process. Individuals have, for instance, been disqualified because the state's administration registered them wrongly as expatriates, when they were actually resident in the country. More than 60,000 errors of this sort were reported.

The Syrian government has announced it will reconsider some of the exclusion processes because of these errors, apologizing for them and describing them as "technical" problems. Two days after the government's decision to lift the subsidy from around 600,000 families, more than [200,000 objections](#) had already been sent in.

Damascus has already stated that permanent or temporary state employees, military staff and retired civil or military employee will not be removed from the support list because – as first announced – of the ownership of a family car: the relevant names will be restored after the submission of a request to the designated website for objections and after the accuracy of the information has been verified. Similarly, individuals with a fourth category commercial license (shops with one employee) will be reinstated in the subsidy system, [according to the government](#), in order to "support small business owners". By 8 February, around [17,000](#) individuals had successfully appealed against disqualification. The re-evaluation of the exclusion processes for some segments is certainly a reaction to the deep wave of criticisms against the government. But it also demonstrates, once again, the absence of economic planning.

Many times, the Syrian government has reconsidered its decisions, u-turning on announced measures, creating uncertainty among economic actors and the population more generally.

As for the Sweida protests, Damascus has opted for intimidation, with objective of preventing the participation of more of the local population and its spread to other regions. Pro-regime medias and social medias also [ the nature of the protests, by describing them as violent and religiously motivated. Additional security forces were sent in the governorate to try to scare off protestors. On 11 February, large numbers of regime security forces were deployed in all the main squares and roads in the city of Sweida, along with armoured vehicles. This did not prevent, however, demonstrations.

## Conclusion

Damascus has stated that the decision to exclude segments of its people from the subsidy system will not prevent the government from continuing its support to the population in different sectors. The government will seek through these measures to direct support and assistance to the most vulnerable groups in society. Savings (from the cuts to subsidies) could, according to Syrian officials, also be invested in specific economic sectors by increasing wages or investment projects, especially in manufacturing and agriculture.

These statements are, however, mostly for internal consumption, to appease deepening frustrations among the population. The most marginalised and vulnerable groups in society will probably not see their situation improve, while the cost of living increases as a result of the latest decisions of the government. Moreover, the Syrian government's actual investment in the economy has generally been well below the budgeted amounts, which were not, in any case, much more than 15% of the total budget. [7] Productive sectors of the economy (manufacturing and agriculture) have been continuously neglected by the government, while they have been facing increased production costs and other difficulties. The government favours, rather, networks of businessmen who are mostly involved in the commercial and service sectors.

Damascus will most likely pursue its austerity policies and subsidy reductions. Only significant social and political forces with a cogent socio-economic alternative and the capacity to galvanise large sectors of the population against the government's policies could change its economic direction. The regime's domination over its territories is not under threat for now. However, its ability to maintain a form of passive hegemony over the population is far from being guaranteed and regular protests and forms of dissent will likely continue. Frustrations are building, and Damascus lacks the means and the willingness to tackle them, save through repression and fear.

Source [MEDirections Blog](#).

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[1] Smart-card holders are allowed to purchase limited quantities of oil derivatives (such as gas oil and fuel oil) and essential goods (bread, sugar, water and rice) at a subsidised price in government-held areas.

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[2] This amount was divided among several items: oil derivatives (2,700 billion SYP = 1.07 billion USD); flour (2,400 billion SYP = 955 million USD); sugar and rice (300 billion SYP = 119.4 million USD); the Agricultural Production Support Fund (50 billion SYP = 19.9 million USD); the Social Aid Fund (30 billion SYP = 11.9 million USD); and the Modern Irrigation Fund and the Drought Fund (30 billion SYP = 11.9 million USD).

[3] The price of bread, for instance, increased from 50 SYP for a bundle (seven loaves) to 200 SYP, while the allocation to families fell from four bundles a day to two: since August 2021 there have been no bundles given on Fridays.

[4] Some individuals have registered with a commercial chamber or financial state institution. Their aim has been to open a store; or to obtain a merchant card to be able to travel outside the country; or there have been other reasons. However, many have since then closed their shops as a result of the economic crisis or did not travel abroad. They remained, though, in the registers.

[5] In the city of Tartous, 860 commercial records were cancelled within two days after the decision.

[6] [The Syrian Ministry of Interior issued a statement the following day denying any connection between the robbery and the decision.

[7] The government published, for example, a financial statement at the end of October 2020, showing that in the first half of the year only 23% of the allocated funds for investment expenditures had been spent.