

A GENERAL OVERVIEW OF THE SYRIAN ECONOMY



Editors:

Prof. Dr. Yusuf Bayraktutan
Prof. Dr. İbrahim Arslan
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Monetary Policy and Interest Rates

Zaid Alazaki¹

Nuh Okumuş²

I. Introduction

Central banks aim to tackle economic fluctuations by implementing monetary policies to achieve overall price stability, reflecting reduced inflation and its stability. Many advanced economies' central banks explicitly define inflation targets. Additionally, numerous developing nations are moving toward a new framework—adopting inflation targeting policies to combat inflation.

Central banks regulate monetary policy by influencing the money supply, often using tools for example, engaging in the purchase or sale of securities through transactions in the open market. These operations impact short-term interest rates, which subsequently influence long-term prices and overall economic activity. Where central banks seek to decrease interest rates to pursue expansionary monetary policies, while they raise loan rates in the case of contractionary monetary policies.

II. Economic Policy

1. Concept of Economic Policy

Economic policy encompasses the array of measures taken by the government to steer the national economy towards specific goals. It relies on a spectrum of tools, including policies related to monetary affairs, fiscal management, trade regulations, and regulatory frameworks. These instruments serve as mechanisms through which governments aim to influence economic activities, manage resources, and shape the overall

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economic landscape in pursuit of defined objectives. While monetary policy deals with regulating the money supply and interest rates, fiscal policy centers on government expenditures and tax measures, and trade policy deals with international trade, while regulatory policy deals with frameworks overseeing various sectors and industries. Together, these policies form the framework through which governments seek to attain economic stability, promote growth, and achieve other specific economic objectives (Arab Monetary Fund,2020:18).

2. Economic policy Instruments

Economic policy tools play a vital influence in defining the financial landscape of a country, influencing its economic performance and overall well-being. These tools encompass a range of strategies and mechanisms employed by governments to manage economic activities, control inflation, promote employment, and foster sustainable growth. The utilization of economic policy tools involves a delicate balance, as policymakers strive to address various challenges and capitalize on opportunities within the dynamic global economy. Common economic policy instruments include monetary policy, fiscal policy, and trade policy (Idris,2021:3).

III. Monetary Policy

This policy includes a set of actions and strategies implemented by central banks or financial regulatory bodies to control the flow of money and manage borrowing costs in the economy. These policies involve adjusting interest rates, buying, and selling financial assets, and regulating their cash reserves. Their goals include achieving economic stability, controlling inflation rates, and fostering economic growth. These measures are designed to balance economic conditions and ensure stability in financial systems while promoting sustainable growth.

1. Monetary Policy Instruments

Monetary policy plays its economic role through the tools of monetary policy that influence the aggregate demand in the economy, specifically the expenditure on goods and services. This includes investment spending by affecting the volume of bank loans, thereby impacting the ease or difficulty of accessing the necessary credit for project implementation. The types of monetary policy tools are as follow (Maatouk,2008:46):

1.1. Direct Tools:

These are the instruments that directly impact the quantity of money and rates of interest within the economy, such as official interest rates, open market operations, and reserve requirements, direct monetary policy tools:

1.1.1. Interest Rates:

The deposit facility rate set by Central Banking Authority is the interest paid to commercial banks on their surplus reserves, whether these reserves are held overnight or for an extended period. This rate serves as an indicator for interest rates among commercial banks, which, ideally, should not drop below the rate set by Central Banking Authority.

Moreover, The interest rate set by Central Banking Authority helps regulate the money supply in circulation by adjusting it either upward or downward over the medium term. as prepares the return that a borrower pays for borrowing a sum of money, provided to the lender in the form of interest. The interest rate fluctuates depending on factors such as the loan's term and size, the nature of the borrower and lender, and other contributing elements.

Interest rates are among the most critical factors influencing the economy, Interest rate fluctuations significantly impact economic decisions, affecting individuals and businesses alike. By influencing borrowing costs for businesses, they directly impact investment decisions, consumption patterns, and inflation rates, while also impacting consumer behavior by influencing the affordability of borrowing for big-ticket purchases like homes or cars. Additionally, interest rates can affect inflationary pressures by influencing the overall demand within an economy. These rates are set by the monetary authority and are used market interest rates often reference the deposit facility rate set by Central Banking Authority as a reference point, Official interest rates have a direct effect on the expense of taking out a loan for companies and individuals, thereby influencing the overall demand in the economy (Al-Shazly,2018:16).

These rates act as a guiding point, Playing a crucial role in determining the rates of interest through which banks offer loans to other financial institutions and individuals, affecting the financial landscape. The adjustments made to official interest rates have a cascading effect, affecting the cost of loans for businesses and individuals. Consequently, This significantly impacts the spending and investment decisions of businesses and individuals, driving economic activity and shaping the overall economic landscape.

Central banks usually - after extensive study of the reality of national economic growth and global economic indicators - take decisions aimed at reducing the pace of economic growth that is recovering, to control and control the degrees of its growth to comply with annual growth rates. Interest rates are classified into several types, including:

- **Official Interest Rate:** This rate is set by the monetary authority in the country, typically the Central Banking Authority serves as a reference point for interest rates in the market.
- **Market Interest Rate:** This is the rate traded in the market between commercial banks.
- **Offered Loan Rate:** This is the rate presented by the lender to the borrower.
- **Asked Loan Rate:** This is the rate requested by the borrower from the lender.
- **Deposit Interest Rate:** This is the compensation paid by a bank to a depositor for entrusting their funds to the institution.
- **loan Rate:** This is the rate paid by the client to the bank for borrowing funds from the bank.
- **Interest Rate on Overnight Deposits and Loans:** These are the rates provided by central banks to commercial banks for depositing or borrowing funds overnight.
- **Interest Rate on Repurchase Agreements (Repo Rate):** These are interest rates paid by commercial banks to central banks for repurchasing securities previously bought from the central bank.
- **Zero Loan Rates:** It's a policy where the central bank lowers interest rates to zero or negative levels, resulting in increased banking liquidity and stimulation of investment.

A. Uses of Interest Rates:

The monetary authority in a country (Central Bank), utilizes interest rates as a tool for monetary policy to achieve specific economic goals, these goals are as follows (Abdel Aziz, 2021:32)

1. **Stimulating Economic Growth:** The Central Banking Authority could lower interest rates, which makes borrowing more affordable for both businesses and individuals. This encourages increased investment and spending, contributing to economic growth.

2. **Curbing Inflation:** The central bank can raise interest rates, raising loan rates leads to higher borrowing costs for both businesses and individuals. This leads to a reduction in overall demand in the economy, resulting in decreased inflation.

3. **Attracting Foreign Investments:** Lowering loan rates by the Banking Authority can make investments in the country more appealing to foreign investors.

4. **Reducing Unemployment:** Lowering interest rates by the Banking Authority Lowering loan rates reduces the borrowing costs for businesses and individuals, consequently increasing investment and job creation, leading to a decline in unemployment.

The decisions of monetary policy aim to control inflation, which occurs when an excessive increase in liquidity reduces its purchasing power, leading to a sharp rise in prices. Consequently, the benefit of the available liquidity diminishes as intended. Control over liquidity is also achieved by raising interest rates to encourage those with high financial surpluses to deposit them in banks, earning relatively high interest rates after the decision to raise rates. Increasing interest rates on lending reduces the demand for loans, thereby managing liquidity ratios.

Conversely, reducing interest rates occurs when the state observes a significant slowdown in growth rates. Gradual reductions in interest rates are initiated to sufficiently infuse liquidity, encouraging increased production and consumption, leading to higher growth rates and economic recovery.

There exists a principle that determines the rates at which financial institutions extend loans to governments and companies: the higher the financial risk associated with the borrower, the higher the interest rate, and vice versa.

To achieve economic goals, this policy can adopt two directions:

- **Expansionary Monetary Policy:** This involves the central bank expanding the money supply by boosting the availability of credit or lowering interest rates. This aims to stimulate economic activity, potentially resulting in an acceptable level of inflation due to the increased money supply.
- **Contractionary Monetary Policy:** Here, the monetary authority reduces spending and by decreasing the money supply and increasing loan rates, which encourages individuals to save more and cut back on consumption. This policy is applied when high inflation rates lead to demands for increased wages.

B. Factors Influencing Interest Rates:

- **Money Supply and Demand:** When the Currency Supply or the volume of currency in circulation increases, borrowing rates generally decrease. Conversely, a reduction in the Currency Supply tends to lead to higher borrowing rates.
- **Inflation Rate:** When the inflation rate rises, loan rates increase, and conversely, when it decreases, loan rates tend to fall.
- **Unemployment Rate:** As the unemployment rate declines, loan rates rise, and conversely, when it increases, interest rates tend to decrease.
- **Risks:** Higher associated risks with borrowing lead to higher interest rates, and conversely, lower risks are often associated with lower interest rates (Al-Moussawi, 1993:33).

C. The Effect of Interest Rates on Economic Conditions

Lending rates wield significant influence over economic activities, serving as a vital lever within the toolkit of monetary policy. These rates, determined by central banks, hold the power to shape borrowing, spending, investment, inflation, and employment levels within an economy. Their fluctuations often reflect and dictate the financial landscape, impacting consumers, businesses, and the broader economic environment.

The impact of interest rate changes doesn't manifest immediately but may take approximately a year before its effects start surfacing on both the economy and individuals. When interest rates rise, Rising borrowing costs prompt businesses to reduce their investment activities, and individuals to cut down on their consumption spending (Mishkin,2007:11).

For instance, taking out loans for a car or a house becomes more expensive, leading individuals to hesitate in making such purchases. Project funding becomes more costly for businesses, resulting in reduced wages and job opportunities. Conversely, when interest rates are lowered, the situation reverses. However, prolonged availability of cheap money might lead to an economic bubble, and the more inflated it becomes, the harsher the collapse could be.

Raising or lowering interest rates inversely correlates with bond prices (issued by companies and governments to borrow from financial markets).

One of the indirect effects is that increasing the interest rate leads to an appreciation of the concerned currency, influencing investors away from stock and commodity markets towards currency markets, and vice versa.

The effects are represented by the following decisions:

1. Investment decisions:

Interest rates are considered among the most influential factors affecting investment decisions in any economy. They represent the cost incurred by investors or companies when borrowing money from banks or financial institutions. The cost of borrowing is directly affected by the loan rate established by the central bank.

Low interest rates incentivize investors to boost their investment activities. Why? Because borrowing costs decrease, making investment projects more attractive and potentially more profitable. This leads to increased corporate investments in expanding their activities or establishing new projects, and it can stimulate individuals to invest in real estate or stocks (Al-Shazly,2018:25).

Conversely, if Lending rates rise, borrowing becomes more expensive, making some projects less attractive or less profitable. Investors hesitate to expand their businesses or embark on new projects due to the high cost of borrowing. Instead, they may prefer directing their funds to low-risk investments such as fixed deposits or government bonds that offer more stable returns.

The impact of interest rates on investment decisions also extends to various economic sectors. For example, in the real estate sector, lower interest rates can boost demand for properties and drive up prices, while a high interest rate can decrease demand and prices. In financial markets, a decrease in interest rates can stimulate investments in stocks and markets, while an increase can led to a decline in performance. it can be said that loan rates have a vital influence on guiding investment decisions. They determine the cost of borrowing and thus significantly influence the decisions of investors and companies regarding future investments and overall economic activity.

2. Consumer Decisions:

Interest rates significantly influence consumer behavior, affecting spending, saving, and the overall economy. The connection between interest rates and consumer choices is complex, demonstrating how even small changes in these rates can substantially impact individual financial decisions. Fundamentally, interest rates dictate borrowing costs. When they are low, borrowing becomes more cost-effective. This encourages consumers to think about obtaining loans for significant purchases like homes, cars, or other expensive items. Reduced rates motivate consumers to borrow, as the expense of financing these purchases becomes more manageable, which can

lead to increased consumer spending. Conversely, when interest rates rise, the cost of borrowing increases. This increase in the cost of borrowing tends to deter consumers from taking out loans or accumulating debt. Higher rates can discourage spending on big-ticket items, leading individuals to postpone major purchases or opt for more cost-effective alternatives. Consequently, increased interest rates often result in a decrease in consumer spending (Idris,2021:9).

Moreover, Interest rates impact the returns on both savings and investments. Elevated interest rates can encourage individuals to increase their savings since the returns on savings accounts or other interest-bearing investments become more attractive. Consumers may opt to delay spending and instead allocate funds toward savings or investments that yield higher returns. The influence of interest rates on what consumers decide to do extends further than just their current spending. It can affect decisions regarding mortgages, credit card balances, and even retirement savings. Changes in interest rates can influence housing affordability, determining whether consumers buy homes or choose to rent. Similarly, it can impact credit card usage, as higher interest rates can lead to more cautious spending to avoid accruing interest on balances (Awad, 2019:64).

Furthermore, interest rates can influence consumer confidence and sentiment regarding the overall economy. Low interest rates can boost consumer confidence in borrowing and spending, leading to a more active economy. Conversely, higher interest rates may instill caution among consumers, leading to reduced spending and potentially affecting economic growth. Interest rates have a substantial influence on consumer decisions. Even minor changes in these rates can significantly shape consumer behavior, affecting spending, saving, borrowing, and overall economic vitality. The delicate balance between encouraging spending and curbing inflation through interest rate adjustments underscores the critical role these rates play in influencing consumer decisions and, by extension, the broader economy.

3. Saving decisions

Interest rates are crucial in influencing the decisions individuals and businesses make about saving. The connection between interest rates and savings is complex, affecting the tendency to save, investment decisions, and the overall stability of the economy. Understanding this relationship is crucial for both economic analysis and policy development.

When interest rates are higher, individuals are inclined to save more. The rationale behind this lies in the fact that higher rates offer better returns on savings. When financial institutions provide more appealing interest rates on savings accounts, certificates of deposit, or other savings options, individuals are encouraged to save instead of spending. This behavior is especially prevalent among risk-averse investors or those prioritizing long-term financial planning. Conversely, when interest rates are low, the incentive to save diminishes. Low rates often yield lower returns on savings, leading some individuals to seek alternative investment opportunities that offer higher returns. In such scenarios, individuals might opt for riskier investment vehicles, like stocks or real estate, seeking higher yields than those available in traditional savings accounts. Moreover, Borrowing costs are directly influenced by interest rates. When rates are low, borrowing becomes more economical, encouraging spending rather than saving. However, when rates rise, borrowing costs increase, prompting individuals to save rather than spend, thereby affecting consumer behavior and impacting the overall economy. The relationship between interest rates and savings extends beyond personal finance. Businesses also adjust their saving and investment strategies based on prevailing interest rates. Higher rates might lead companies to save more for future expansions or investments, whereas lower rates could encourage spending on innovation, research, and development. The correlation between interest rates and savings is multifaceted and vital in understanding economic dynamics. The behavior of both individuals and businesses regarding savings is heavily influenced by the prevailing interest rate environment (Abdel Azim, 2022:102).

1.1.2. Open market operations (OMOs)

Open Market Operations (OMOs) are a vital tool in monetary policy employed by Banking Authority to manage the money supply and influence short-term loan rates. These operations consist of buying and selling government securities, usually treasury bills and bonds, within the open market.

The primary goal of open market operations (OMOs) is to control liquidity within the financial system, thereby shaping the credit conditions of the economy. Central banks carry out OMOs by purchasing government securities to add liquidity to the market or selling them to absorb excess liquidity. (Al-Moussawi, 1993:41).

When a Banking Authority aims to boost the Currency Supply and reduce interest rates, it conducts OMOs by purchasing government

securities. This injection of funds into the market provides banks with more money to lend, leading to decreased loan rates. Lower interest rates could stimulate borrowing, investment, and consumer spending, leading to increased economic activity. Conversely, when a Banking Authority aims to decrease the Currency Supply and raise interest rates, it sells government securities through open market operations (OMOs). This action absorbs funds from the market, reducing the excess money available for lending. As a result, elevated interest rates raise the cost of borrowing, which may reduce borrowing, investment, and consumer spending, thereby slowing down economic growth and controlling inflation. OMOs offer flexibility, enabling central banks to adjust monetary policy to meet targeted economic goals. They are considered highly effective due to their direct influence on short-term interest rates, which subsequently impact overall economic activity. Open Market Operations are crucial for Banking Authority in regulating the Currency Supply, managing loan rates, and steering the economy towards specific objectives. There are two primary categories of open market operations: (Barro, Redlick, 2011:71).

- **Purchases:**

This process entails the Central Banking Authority buying government securities from the open market. This action injects liquidity into the financial system, allowing banks to access more funds for lending. The additional liquidity typically results in lower interest rates, which encourages increased economic activity.

- **Sales:**

On the other hand, selling government securities in the open market by the Central Banking Authority leads to a reduction in liquidity. This results in fewer funds available for commercial banks to lend, which may lead to higher interest rates and a potential slowdown in economic activity.

Open market operations are crucial in affecting key economic indicators like inflation rates, interest rates and the general pace of economic growth. They offer central banks a method to manage liquidity levels in the financial market, aiming to achieve financial stability in line with specific economic goals.

Though the specific application and impact of open market operations vary based on a country's economic conditions, these operations are a fundamental tool for Central Banking Authority to affect the financial landscape and oversee the general economic well-being.

1.1.3. Re-discount

The Re-discount Rate is a monetary policy instrument utilized by Banking Authority to control financial liquidity and supervise cash flow within the economy. It denotes the interest rate at which central banks lend to or borrow from commercial banks. Commercial banks can borrow funds from the central bank at the discount rate when they need temporary additional liquidity. The discount rate is utilized to address short-term liquidity issues and fulfill immediate financial requirements. Typically, the discount rate exceeds the prime interest rate or the official rate set by the central bank for commercial banks (Blanchard, Olivier and Perotti,2002:11).

By setting the discount rate higher, Banking Authority encourages commercial banks to borrow less, thereby reducing liquidity in the economy. Conversely, When the discount rate is reduced, borrowing from the central bank becomes more appealing to commercial banks, which boosts liquidity in the economy. The discount rate functions as a crucial instrument in managing liquidity and supporting economic conditions, helping to stimulate growth or control inflation through the regulation of cash flow. It is a key tool for Central Banking Authority to ensure stability in financial and economic markets. Understanding that the setting of the discount rate is integral to the broader central bank strategy and is shaped by prevailing economic conditions and monetary policy goals is essential.

The discount rate stands as a fundamental tool within the arsenal a component of a central bank's monetary policy toolkit. It represents the interest rate that eligible financial institutions, commercial banks incur costs to borrow short-term funds either directly from the central bank or via the lender of last resort facility (Bagwell, Kyle, and Staiger,2002:8).

Primarily, The discount rate functions as a tool for Banking Authority to regulate and influence the Currency Supply within the economy. It is essential for regulating liquidity and addressing inflationary pressures. By modifying the discount rate, central banks can impact the borrowing habits of commercial banks, which in turn affects the loan rates on loans for businesses and consumers.

1.2. Undirect Tools

Legal Reserve Requirements: These are methods that indirectly affect the Currency Supply and loan rates within the economy, encompassing rules on bank reserves and credit policies.

Reserve requirements denote the proportion of commercial banks' deposits that must be kept in cash or as deposits with the central monetary authority. This regulation is a primary monetary policy tool used by the central bank to affect credit levels and, consequently, the Currency Supply. By using this mechanism, the Banking Authority requires banks to maintain a specific portion of their customers' deposits in reserve accounts with the central bank (Baldwin,2006:132).

Reserve requirements greatly influence the extent to which commercial banks can provide loans, subsequently affecting loan rates and the rate of economic growth. By altering these requirements, the Banking Authority can control liquidity in the financial system, thus managing inflation, promoting economic expansion, and ensuring economic stability.

Credit policy: This term refers to a range of actions taken by monetary authorities to control the volume of bank credit. This policy notably affects the availability of funds for individuals and businesses to borrow, thereby impacting interest rates and the overall rate of economic growth. It involves a range of strategies and tools employed by central banks to manage the lending activities of financial institutions.

Through credit policy, central banks manage both the availability and the expense of credit in the economy. This is achieved by setting guidelines or regulations that determine how much commercial banks can lend and under what conditions. These measures can include adjusting reserve requirements, altering interest rates, providing liquidity to financial institutions, or imposing restrictions on lending practices.

By manipulating the availability of credit, Banking Authority aim to achieve various economic objectives. For instance, during times of economic expansion, they might implement policies that encourage more lending and spending to stimulate growth. Conversely, during periods of inflationary pressure, They might impose stricter credit conditions to limit excessive borrowing and spending, which could result in increased prices.

The credit policy's impact extends beyond the borrowing capacity of individuals and businesses. It plays a pivotal role in influencing investment decisions, consumption patterns, and overall economic stability. A well-designed credit policy aims to achieve a careful balance between stimulating economic activity and avoiding potential risks like inflation or financial instability (Arab Monetary Fund,2020:54).

Unconventional monetary policy tools: these are non-standard measures employed by central banks or monetary authorities to influence monetary

policy in unconventional ways. These tools are employed when traditional approaches, like modifying interest rates, are inadequate to stimulate or stabilize the economy. They encompass strategies that diverge from standard methods of adjusting interest rates or reserve requirements. Unconventional tools are frequently used during economic downturns, deflationary periods, or when interest rates are close to zero. These tools include (CBO,2008):

- **Quantitative Easing (QE):** This involves Banking Authority purchasing long-term government securities or other assets from the market to increase the money supply and lower long-term interest rates. The aim is to encourage borrowing, spending, and investment, thus fostering economic growth.

- **Forward Guidance:** Banking Authority use forward guidance to communicate their future policy intentions, shaping market expectations. By offering insights into future loan rate policies or economic conditions, These measures are designed to affect long-term interest rates and the economic choices made by businesses and individuals.

- **Negative Interest Rates:** It is a noteworthy unconventional tool. This policy involves setting the nominal target interest rate below zero. It's an attempt to encourage lending and spending by penalizing banks for holding excess reserves, essentially charging them interest for keeping funds idle.

- **Credit Easing:** is another unconventional tool where central banks directly intervene in credit markets to improve credit conditions for households and businesses. This can involve buying private sector assets or extending loans to specific sectors to alleviate credit constraints.

- **Digital Tools:** which encompass technological innovations utilized by central banks to monitor and regulate financial markets. These tools leverage advanced computing and data analytics to manage monetary policy and assess financial risks more effectively. While these unconventional tools can be effective in certain situations, they also come with potential risks and limitations. These may include concerns about market distortions, asset bubbles, and the effectiveness of these policies in achieving their intended economic outcomes. Therefore, unconventional monetary policy tools represent a diverse set of measures used by central banks to address unique economic challenges. Their usage requires careful consideration, as they can have wide-ranging implications for financial markets and economies.

III. Fiscal policy

This includes the government's use of taxation and public spending to influence economic conditions. It is a vital tool for economic management,

working alongside monetary policy to achieve economic stability, growth, and other macroeconomic goals.

Governments implement fiscal policy through two primary channels: taxation and government spending. During economic downturns or recessions, governments may adopt expansionary fiscal policies. These measures include reducing taxes or enhancing government spending to drive aggregate demand and stimulate economic activity. Lower taxes provide individuals and businesses with more disposable income, fostering increased spending and investment. Increased government expenditure injects funds into the economy, creating jobs and boosting demand for goods and services.

On the other hand, during times of high inflation or economic overheating, contractionary fiscal policies may be implemented. Governments raise taxes or reduce spending to curb excessive demand and control inflationary pressures. While this can help stabilize the economy, it could also result in decreased consumer spending and investment, potentially dampening economic growth. The success of fiscal policy hinges on several factors, including the timing, scope, and implementation of the policy measures (Auerbach, and Gorodnichenko, 2011:61). Political considerations, administrative efficiency, and the structure of the economy also play crucial roles in determining the impact of fiscal policy. Moreover, fiscal policy can have distributional effects on society, impacting income distribution and addressing social objectives through targeted spending or taxation policies. For instance, Progressive taxation and social welfare programs are designed to reduce income inequality and provide support to disadvantaged groups.

It's important to note that fiscal policy works in tandem with monetary policy, which is managed by central banks. Although fiscal policy is mainly the responsibility of governments and legislatures, collaboration between fiscal and monetary authorities is crucial for maintaining macroeconomic stability. where, fiscal policy is a potent tool for influencing economic activity, employment, and inflation. However, its effectiveness relies on prudent management, appropriate timing, and alignment with broader economic objectives.

IV. Trade policy

Refers to the rules and regulations set by a government regarding its international trade relationships. It encompasses a wide range of measures aimed at influencing the flow of goods, services, and investments across borders. Trade policy is a critical component of a country's economic strategy, shaping its interactions with global markets and other nations. The primary

objectives of trade policy include fostering economic growth, enhancing competitiveness, and ensuring fair trade practices. These policies often involve a combination of tariffs, quotas, subsidies, and trade agreements.

Tariffs are taxes levied on imported goods, intended to protect domestic industries by increasing the cost of foreign products. They can be used to restrict imports, safeguard local jobs, and support domestic production. However, high tariffs may also lead to retaliatory measures from trading partners, resulting in trade conflicts and reduced global economic cooperation. Quotas, another trade policy tool, establish limits on the quantity of specific goods that can be imported or exported. Quotas are often used to protect domestic industries from foreign competition or to manage the balance of trade. However, they may limit consumer options and potentially result in higher prices for restricted goods. Subsidies are financial assistance or incentives provided by governments to support domestic industries. These subsidies aim to enhance competitiveness, encourage exports, and support industries deemed vital for national interests. While subsidies can boost local industries, they may distort international trade and create market inefficiencies (Khalil, 2021:105).

Trade agreements play a pivotal role in shaping trade policy. These agreements establish the terms and conditions of trade between countries, reducing trade barriers, and promoting economic cooperation. Bilateral or multilateral agreements aim to facilitate smoother trade relations and increase market access for goods and services.

Moreover, trade policy extends beyond goods to include services and intellectual property rights. Regulations on services trade, such as financial services, telecommunications, and e-commerce, are becoming increasingly important in the global economy. Protection of intellectual property rights ensures that creators and inventors are rewarded for their innovations, fostering innovation and creativity. Effective trade policy requires a balance between protectionism and openness to international trade. It should promote economic growth while ensuring fair competition and adhering to global trade rules.

V. Impact on the Economy

Liquidity Management: By altering the discount rate, central banks can influence whether commercial banks are more or less inclined to borrow. Reducing the discount rate encourages banks to take out more loans, thereby enhancing liquidity in the financial system. Conversely, increasing the rate limits borrowing and decreases liquidity (IMF,2002).

1. Interest Rates:

Changes in the discount rate often ripple through the economy, affecting other interest rates. When the Central Banking Authority raises the discount rate, borrowing costs for commercial banks increase. As a result, these banks increase interest rates for consumers and businesses, which leads to reduced borrowing, decreased spending, and a potential slowdown in the economy.

2. Inflation Control:

The discount rate indirectly influences inflation. Higher discount rates can decrease the money supply, potentially slowing inflation by reducing spending. Conversely, lower rates can stimulate spending, leading to increased inflationary pressures.

3. Economic Growth:

Discount rate adjustments impact economic growth. Lower rates stimulate borrowing, encouraging investment, and consumer spending, fostering economic expansion. On the other hand, higher rates can discourage borrowing, which may result in decreased investment and a slower rate of economic growth.

The discount rate's significance extends beyond just controlling inflation and economic growth; it also affects consumer spending, business investment, and overall market sentiment. The discount rate, being a key instrument of monetary policy, it plays an essential role in controlling economic activities and addressing inflationary pressures. Its influence on borrowing costs and the Currency Supply profoundly shapes an economy's financial landscape. Central banks meticulously adjust this rate to strike a balance between economic expansion, inflation control, and financial stability.

VI. The Reality of Monetary Policy and Interest Rates in Syria:

The reality of monetary policy and interest rates in Syria was greatly influenced by the policies of the Banking Authority during the war, along with the economic crisis in Lebanon and the sanctions imposed on Syrian banks, which greatly affected the living conditions of Syrian citizens.

Throughout a decade of ongoing war, Syria witnessed changes in its central bank leadership, with four governors stepping in, reflecting a negative trend. Currency value saw a collapse and significant speculation during the tenure of the third governor from 2018 to 2021. During Syria's war, the central bank's policy split into two phases. Initially, there was direct intervention to support the local currency between 2011 and 2016. The central bank spent

around two billion dollars between 2011 and 2015 to bolster the Syrian Pound. This was accompanied by a gradual currency devaluation, with the value of the dollar reaching around 400 Syrian Pounds by 2016. This led to increased commodity prices and decreased savings for citizens.

In 2016, there was a pivotal shift in the central bank's approach, adopting an indirect intervention policy to support the Syrian Pound. Foreign reserves dropped from approximately \$20 billion in 2010 to less than a billion dollars by the end of 2015, as reported by the World Bank. This triggered successive collapses in the Syrian Pound's value until 2021. Conversely, the central bank's policy in 2018 focused on preserving foreign reserves to finance essential commodities, especially consumer goods and fuel, without intervening to protect the Syrian Pound. This policy proved to be unsuccessful, exacerbating poverty and suffering for Syrians between 2016 and 2021 (TRENDS Economic studies ,2023).

Moreover, the central bank failed to curb the speculative dollar-to-Syrian Pound trading, primarily controlled by major traders or licensed exchange companies. The currency plummeted from 400 Syrian Pounds per dollar to around 5000 Syrian Pounds, significantly affecting citizens by devaluing their savings and drastically increasing prices of all commodities.

In general, central bank policies are designed to safeguard citizens' savings in most countries. However, during the war, the central bank failed to preserve these savings, leading to their erosion. The unstable currency value coupled with restricting citizens from withdrawing more than two million Syrian Pounds from their savings every few days resulted in daily losses for individuals due to the continuous currency devaluation.

Additionally, the central bank's restricted financing policies imposed on all private and public banks, coupled with unchanged interest rates, negatively impacted the Syrian Pound. This prevented many citizens and traders from funding their daily operations.

Simultaneously, the deficit financing policy heavily relied upon by the Syrian Central Bank exacerbated economic woes. Amidst the war, two new denominations of the Syrian Pound (2000 and 5000) were issued, fueling inflation, eroding individual savings, and lowering incomes. This significantly affected citizens' living conditions.

Furthermore, the Syrian economy heavily relied on deposits in Lebanese banks to finance imports, significantly affected by the Lebanese crisis. This, accompanied by the central bank's weakened ability to fund imports, led to a clear depletion of several commodities from the markets between 2019

and 2021. Ultimately, the policies implemented by the central bank have proven ineffective, exacerbating poverty rates, depreciating the currency, and significantly raising commodity prices, in addition to depleting energy resources from the markets.

VII. Conclusion

Monetary policy instruments are essential tools employed by Banking Authority to regulate the economy. Their impact can be either beneficial or detrimental, depending on prevailing economic conditions and various other factors.

By implementing these strategies, the Banking Authority seeks to meet its monetary objectives, usually concentrating on preserving price stability and encouraging economic growth. The effects of monetary policy tools on the economy can be either advantageous or adverse, depending on current economic conditions. Typically, increasing the Currency Supply reduces interest rates, which can enhance investment and consumption, thus driving economic growth. However, if the economy is facing inflation, an increase in the money supply can exacerbate inflationary pressures. Similarly, raising interest rates might reduce investment and consumption, potentially leading to a slowdown in economic growth. Therefore, from the economic situation in Syria, it can be said that the monetary policy followed by the Central Bank was not successful, as the Syrian pound witnessed a significant deterioration, in addition to high inflation rates, the erosion of individuals' savings, and a decrease in income. Which greatly affected the living conditions of citizens.

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The Role Small and Medium-Sized Businesses in Developing the Economy

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1. Introduction

The continuous war machine in Syria for more than 12 years has wreaked havoc on the economy, brought the development process to a standstill, and significantly eroded the purchasing power of the local currency. The Syrian Pound has lost more than 300 times its value against the US Dollar. Additionally, a substantial part of the infrastructure, public facilities, and buildings has been destroyed. Industries have suffered a setback, and tourism has come to a near-complete halt. This has led to a significant decline in the living standards for the majority of the Syrian population and an unprecedented rise in unemployment rates.

With the onset of the war, there was a mass migration of capital owners seeking a safe environment for investment. Simultaneously, various segments of society began migrating in search of a place where they could live in peace and stability, escaping the risks of war. These conditions have led to a near-complete paralysis in most sectors. The revival of life in the country is closely tied to the revitalization of the economic wheel, given its significant impact on all sectors.

As it is known, the economy can be revitalized through supporting small and medium-sized projects, which, in turn, play a significant role in advancing the economy for most countries grappling with wars or disasters. Small and Medium Enterprises (SMEs) form the backbone of economies

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worldwide, playing a pivotal role in fostering economic development, job creation, and innovation. These enterprises, also known as small and medium-sized enterprises, are characterized by their relatively small scale of operations, often with limited employees and revenue when compared to large corporations. The concept of SMEs is crucial for understanding the diverse landscape of business and entrepreneurship. In this chapter, we delve into the key aspects of SMEs and their significance in the economy.

2. Small and Medium Enterprises (SMEs) Definition:

The abbreviation SME stands for Small to Medium Enterprise. Most of the well-known big companies started as small businesses. Since large companies cannot meet all the needs of society for goods and services. Small and medium enterprises contribute significantly to providing goods and services to society. (Katua, 2014, s. 462). Small and Medium Enterprises (SMEs) refer to businesses that fall within a certain range of size criteria, often defined by factors such as the number of employees, annual revenue, or a combination of both. The specific criteria used to classify SMEs can vary from country to country and from one industry to another. However, there are common characteristics that generally distinguish SMEs from larger corporations. Here are some general definitions based on commonly used criteria:

- **Number of Employees:** Small Enterprises: Typically have a fewer number of employees. The exact limit can vary, but it often ranges from 1 to 50 employees. Whereas the medium enterprises: Generally, have a higher number of employees than small enterprises but still fall below the threshold for larger corporations. This range can extend from 51 to 250 employees.
- **Annual Revenue/Turnover:** Small enterprises: Have a relatively low annual revenue compared to larger corporations. The specific monetary threshold can vary by industry and country. While medium enterprises: Have a higher annual revenue than small enterprises but are still below the level of larger corporations.
- **Assets:** Small and Medium Enterprises may also be classified based on the value of their assets, such as total fixed assets or net worth.
- **Independence:** SMEs are often characterized by their independence, meaning they are not subsidiaries or divisions of larger enterprises.

In addition to these criteria, the level of technology used and the size of the markets in which the project operates can be added (Mahrez & Mashali, 2019, s. 18).

It's important to note that the definitions and criteria for SMEs can be dynamic and subject to change based on economic conditions, industry standards, and government policies. Various countries and international organizations may use different parameters for classification, leading to a range of definitions globally. **For instance,**

According to the European Union definition: SMEs are companies with an annual balance sheet of less than EUR 43 million and/or annual turnover of less than EUR 50 million, and employing a maximum of 250 people. The World Bank considers SMEs to be those with assets of up to US\$ 15 million, annual revenues of US\$ 15 million or less, and fewer than 300 employees. The Inter-American Development Bank defines SMEs as companies with revenues of less than US\$ 3 million and fewer than 100 employees. (Dalberg, 2011, s. 6). The State Bank of Pakistan considers an SME as an entity, with a workforce of not more than 250 persons (for manufacturing establishments) and 50 persons (for commercial/service establishments) and fulfilling two of the following criteria either "A" and "C" or "B" and "C" as applicable (Qureshi & Herani, 2011, s. 31):

- A manufacturing company with assets, excluding land and buildings, up to Rs. 100 million.
- A trading or service company with assets, excluding land and buildings, up to Rs. 50 million.
- Any company with a net turnover of up to Rs. 300 million.

According to the International Labour Office (2015, s. 2), SME is any enterprise with fewer than 250 employees. This includes all types of companies, regardless of their legal form (such as sole proprietorships, family companies, or cooperatives) or whether they are formal or informal companies. In the United States (U.S.A), Italy and France a medium-sized business refers to those with fewer than 500 employees. In Sweden refers to those with fewer than 200 employees, in Canada and Australia refers to those with fewer than 100 employees, while in Denmark refers to those with fewer than 50 employees (Suleiman, 2016, s. 4). In Belgium an SME has a limit of 100 employees (Katua, 2014, s. 462). According to the Small Business Law of 1953, small and medium-sized enterprises are defined as those that are owned and managed independently, and they cannot, under any circumstances, dominate the field in which they operate. The 1953 law regulated the management of these enterprises based on two criteria: sales and the number of employees (Suleiman, 2016, s. 4). The Gulf Cooperation Council countries define small and medium industries as those enterprises

with an average invested capital of less than \$6 million (Ahmed, Eltarmal, Khalifa, Khalleefah & Abusaoud, 2021, s. 517). The definition of small and medium-sized enterprises (SMEs) in Syria varies depending on the sector in which the company operates. On average, the number of employees in a small company ranges from 6 to 100 workers.

The major industrialized countries and developing countries differ in their definition of small enterprises, making it challenging to compare them. Projects considered medium-sized in developing countries are deemed small in major industrialized nations, while large projects in developing countries are considered medium-sized in these countries (Ahmed, Eltarmal, Khalifa, Khalleefah & Abusaoud, 2021, s. 516). It can be said that using the number of employees as a criterion for defining small and medium-sized enterprises has several advantages, including (Suleiman, 2016, s. 4):

- Facilitating the process of comparison between sectors and countries.
- Providing a consistent and standardized measure, especially since it is not directly tied to price fluctuations and exchange rate changes.
- Ease of collecting information regarding this criterion.

3. Characteristics of SMEs

Many key factors characterize the SMEs. The most important of them are (Suleiman, 2016, s. 12):

- The low capital required to establish small and medium enterprises due to the low savings of these investors.
- Given the low cost of small and medium enterprises compared to large enterprises, the interest of those with low savings increases in such enterprises.
- Considering that small and medium enterprises are often of a family nature, the owner of these enterprises is their manager and is responsible for technical and administrative operations.
- Industries in small and medium enterprises are complementary to industries in large enterprises.
- Small and medium enterprises often rely on local primary resources, which contributes to reducing production costs and thus lowering the levels of the capital/labor factor.

SMEs are also characterized by the ability to control and control the elements of production, the availability of their requirements, and the lack

of complexity of the production process. Depending on local demand and creating balanced development. And also create job opportunities (Sara, Bin Masoud & Dhaif, 2017, s. 736). Above all, low internal capabilities for development and expansion due to the lack of reliance on accurate data in making decisions.

4. Challenges Facing SMEs

Small and Medium Enterprises (SMEs) face a variety of challenges that can impact their growth and sustainability. These challenges can vary based on factors such as the industry, economic conditions, and the specific characteristics of the SME. Here are some common challenges faced by SMEs:

- **Limited Financial Resources:** Access to capital is often a significant challenge for SMEs. They may face difficulty securing loans from financial institutions, especially, long-term financing, as loans granted by banks are often limited and insufficient for the development of small and medium enterprises (Marwan, 2022, s. 8), limiting their ability to invest in expansion, technology, and innovation.
- **Lack of collateral:** A large part of the SME sector does not have the required guarantees. Many SMEs appear to suffer from a lack of accounting and financial information, which leads to a low level of effectiveness of financial statement-based lending and credit scoring (Qureshi & Herani, 2011, s. 36).
- **Market Competition:** SMEs often operate in highly competitive markets. Competing with larger corporations that have greater resources can be challenging for smaller businesses.
- **Regulatory Compliance:** This is a growing problem in developing countries, especially in terms of regulations and instructions concerned with regulating the work of small and medium enterprises (Suleiman, 2016, s. 8). SMEs may struggle with complying with complex regulatory requirements. And staying up-to-date with changing regulations and meeting compliance standards can be resource-intensive.
- **High Taxes:** The tax system can be considered one of the most important problems facing most small and medium-sized companies around the world (Suleiman, 2016, s. 8). Examples of this type of problem are high taxes, fees, other tariffs, and costs of registration and licenses (Ayandibu & Houghton, 2017, s. 136).

- **Access to Skilled Talent:** Because of their small size, SMEs lack sound expertise and are less able to adapt and continue successful businesses (Katua, 2014, s. 467). Examples of this type of problem are lack of venture experience, founder not familiar with the market/industry, lack of business skills, shortage of skilled labor, and Lack of training (Ayandibu & Houghton, 2017, s. 136). So attracting and retaining skilled employees can be a challenge for SMEs, especially when competing with larger companies that may offer more extensive benefits and career development opportunities.
- **Weak infrastructure:** Especially in developing countries such as poor roads, poor electricity supply, poor water supply, poor telecommunication, etc (Ayandibu & Houghton, 2017, s. 136).
- **Technological Constraints:** Limited access to advanced technologies can hinder the efficiency and competitiveness of SMEs. Investing in technology may be challenging due to budget constraints.
- **Market Access and Globalization:** SMEs may face difficulties in accessing global markets. Expanding internationally requires navigating trade barriers, understanding different business cultures, and adapting to diverse regulatory environments.
- **Risk Management:** SMEs lack the ability to take substantial risks and also lack the capacity to take insurance covers to cushion them against these risks (Katua, 2014, s. 467). SMEs may be more vulnerable to economic downturns, fluctuations in demand, and other external factors. Implementing effective risk management strategies is crucial for their resilience.
- **Innovation and Research & Development:** Limited resources may hinder SMEs from investing in research and development activities. This can impact their ability to innovate and stay competitive in rapidly evolving markets.
- **Networking and Collaboration:** Building effective business networks and partnerships can be challenging for SMEs. Collaboration with other businesses, industry associations, and government agencies can provide valuable support.
- **Cybersecurity Threats:** As technology becomes more integral to business operations, SMEs are increasingly susceptible to cybersecurity threats. Protecting sensitive data and ensuring cybersecurity measures are in place is crucial.

- **Economic Instability:** SMEs are often more sensitive to economic fluctuations. Economic instability can significantly impact their financial health. Examples of the most important economic problems that SMEs may suffer from are high interest rates, inadequate demand, recession in the economy, high inflation rate, and High foreign exchange rate (Ayandibu & Houghton, 2017, s. 136).
- **Addressing these challenges** requires a combination of strategic planning, government support, industry collaboration, and the adoption of innovative solutions. Policymakers and business support organizations play a vital role in creating an environment where SMEs can thrive and overcome these obstacles.

5. Contribution of SMEs in Economic Development

SMEs are often recognized as engines of economic growth. Their flexibility, adaptability, and ability to quickly respond to market changes contribute significantly to the dynamism of the business landscape. These enterprises play a crucial role in fostering economic growth, creating employment opportunities, promoting innovation, and contributing to the reduction of unemployment rates. Here are key aspects of how SMEs contribute to economic development:

- **Job Creation:** SMEs are major contributors to employment generation. They often have the flexibility to adapt quickly to changing market demands, leading to increased job opportunities. The sheer number of SMEs collectively makes them a significant source of employment in many economies. According to official employment statistics in the European Union (in 2016, %), SMEs account for 9.63% of all companies and provide 45.18% of job opportunities. The share of SMEs in the manufacturing industry is 48.54% and provides 46.09% of job opportunities (Erdin & Ozkaya, 2020, s. 1).
- **Innovation and Entrepreneurship:** SMEs are known for their agility and innovative spirit. They tend to be more flexible in adopting new technologies and exploring novel business models. This culture of innovation contributes to the overall competitiveness of the economy and drives progress in various sectors.
- **Contribution to GDP:** The SME sector is the essence of the economy in high-income countries but is less developed in middle income countries. According to the Organisation for Economic Co-operation and Development (OECD), small and medium-sized enterprises (SMEs) account for more than 95% of all enterprises in the OECD

area (Dalberg, 2011, s. 7). The SME sector accounts for 90% of the total industrial units in the country. This sector provides more than 70% of total employment and 60% of GDP in low-income countries, while it contributes 70% of GDP and 95% of total employment in middle-income countries (Qureshi & Herani, 2011, s. 36). The combined economic output of SMEs constitutes a significant portion of the Gross Domestic Product (GDP) in many countries. Their diverse range of activities, from manufacturing to services, collectively contributes to the overall economic output.

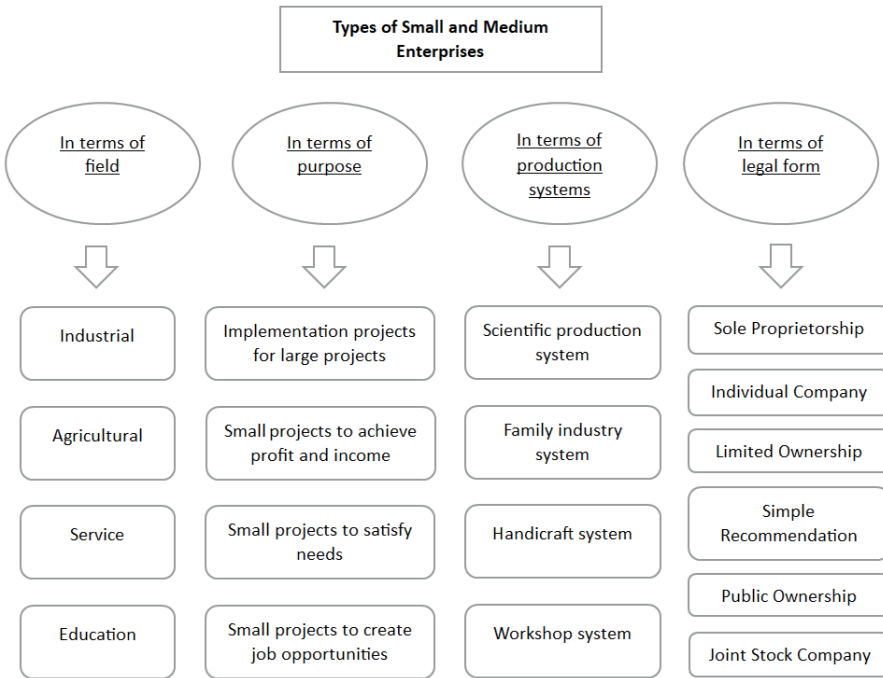
- **Economic Diversification:** SMEs often operate in diverse sectors, leading to economic diversification. This diversification makes the economy more resilient to external shocks and reduces dependence on a particular industry or sector.
- **Regional Development:** Small and medium-sized businesses are often established outside of large population centers. This may be due to job opportunities or lifestyle reasons. Establishing SMEs outside of major urban areas creates jobs and thus helps reduce poverty in rural areas (Ayandibu & Houghton, 2017, s. 134). SMEs can play a crucial role in regional development by establishing businesses in areas with fewer economic opportunities. This decentralization of economic activities helps reduce regional disparities and promotes balanced growth.
- **Adaptability to Local Markets:** SMEs are often more attuned to local markets and community needs. Their ability to tailor products and services to local demands contributes to the overall well-being and satisfaction of communities. Also, economic institutions contribute to meeting the needs of the surrounding population for goods and services that are linked to their preferences, and this is achieved to a greater extent by large institutions due to their proximity to consumers (Khaloufi & Shayet, 2020, s. 217).
- **Global Trade and Export:** The importance of SMEs extends beyond national borders. In the era of globalization, many SMEs engage in international trade, contributing to global economic integration. Export-oriented SMEs can enhance a country's position in the global market and bring in foreign exchange (Edinburgh Group, 2013, s. 6). The SME sector in India accounts for about 33% of the country's total exports and about 39% of industrial output. In value terms, it accounts for about 40% of the country's total exports and about 45% of industrial output (Katua, 2014, s. 464).

- **Supply Chain Linkages:** SMEs are integral parts of supply chains, both upstream and downstream. They often serve as suppliers to larger corporations while also relying on other SMEs for inputs. This interconnectedness strengthens the overall business ecosystem.
- **Social Impact:** SMEs contribute to social development by providing opportunities for women and minority entrepreneurs, supporting local communities, and fostering social inclusivity. SMEs contribute to social development by providing opportunities for minority entrepreneurs, supporting local communities, and fostering social inclusivity. And due to the widespread prevalence of these types of projects everywhere, they are considered an opportunity to empower women and provide suitable employment opportunities for them (UNDESA, 2019, s. 4).
- **Technology Transfer:** SMEs often act as conduits for the transfer of technology and knowledge. Through collaborations and partnerships, they can adopt and disseminate new technologies, contributing to the overall technological advancement of the economy.

6. The Reality of the SMEs sector in Syria:

The small and medium-sized enterprise (SME) sector constitutes approximately 90% of the total economic establishments in Syria and contributes to around 65% of the gross domestic product (GDP). SMEs are characterized by their ease of establishment due to minimal capital requirements and less complex technology. This sector provides low-cost investment opportunities and covers local demand for products that may be challenging to establish large-sized enterprises for. Additionally, SMEs exhibit flexibility, allowing them to swiftly adapt to market changes and meet a significant portion of local market needs, thereby reducing imports and conserving foreign currency reserves. These enterprises rely on locally available raw materials to produce goods. In Syria, small and medium-sized enterprises (SMEs) constitute more than 90% of the private sector in terms of workforce and investments. The proportion of SMEs varies across different economic sectors and activities: it reaches 80% in trade and tourism, 50% in agriculture and construction, 30% in industry, and decreases to 20% in transportation and communication sectors (Kharboutli, 2005).

The types of small and medium enterprises in Syria can be explained in the following figure: (Taha, 2008)



In conclusion, the concept of Small and Medium Enterprises is multifaceted and holds immense significance in the world of business and economics. From driving economic growth and fostering innovation to addressing unemployment and contributing to global trade, SMEs play a vital role in shaping the contemporary business landscape. Understanding and supporting the growth of SMEs is crucial for building resilient and dynamic economies worldwide. Governments and policymakers recognize the vital role of SMEs in economic development and often implement policies and support programs to facilitate their growth. Creating an enabling environment that addresses challenges such as access to finance, regulatory barriers, and skill development is crucial for maximizing the positive impact of SMEs on economic development.

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Syrian Balance of Payments Before and After the War

Abdo Hamada¹

1. Introduction

The exchange of goods and services as well as the transfer of capital between countries results in the creation of rights or obligations for each country with other countries, and each country records the result of this exchange in a list or balance called the balance of payments [Shamiya, et al., 1998, p24]. The International Monetary Fund (IMF) has played an important role in unifying statistical systems for external transactions in the world, by developing the “Balance of Payments Manual” and calling on Member States to adopt it as a unified methodology in preparing their balance of payments, which has contributed significantly to enhancing the comparability of economic statistics at the international level.

Balance of payments flows in most countries are recorded according to unified standards, according to the International Monetary Fund (IMF) manual issued for this purpose. The structure of the balance of payments is one of the most important things that the Fund has worked to unify in this framework to highlight detailed data.

The data necessary for the preparation of the balance of payments are derived from customs declarations at the time of export and import, and bank reports related to transfers and receipts of funds to and from abroad.

This is in addition to the statistical information that all public and private institutions - which deal with the outside - declare to the government body responsible for following up these transactions.

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2. Balance of payments

The definitions of the balance of payments vary, but they all agree in one sense, which is that the balance of payments of any country is a record in which all economic transactions of a country with the outside world are recorded between residents and non-residents during a certain period of time, usually a year. Transactions in the balance of payments are recorded according to the double entry system, which considers that each transaction with the outside has two parties, one a debtor and the other a creditor of equal value.

It is also defined as: a statistical statement that records, according to a specific methodology, all trade exchanges (goods and services), and all financial flows that take place during the year between a specific country and the rest of the world.

Countries also record their economic and financial transactions with the rest of the world in their own accounts. It is called «Balance of Payments», «Balance is a statement in which all international economic transactions that take place between residents of a country and residents of the rest of the world within a year are recorded», and it is known that these transactions result in international payments «debtor or creditor» that lead, now or in the future, to a cash settlement. Whether this settlement is in cash or by credit.

Therefore, the balance of payments represents the net cash flow between the country concerned and the rest of the world.

3. Balance of payments

3.1. The balance of payments shows the specific forces of the exchange rate through the local currency demand and supply conditions.

3.2. It allows determining the dimensions and nature of the country's international economic relations with the rest of the world. It shows the relative importance of exchanges with different countries and the country's share of global trade in terms of the volume of exchanges and the type of goods exchanged.

3.3. An important tool that helps the government to formulate fiscal and monetary policy. For example, the government's reduction of customs duties, devaluation of the currency, or increase in the money supply leads to fundamental changes. If we want to know the impact of these policies on the external position of the economy, we need to study the balance of payments, not the changes that these policies can bring about on exports, imports and international balances [Abed, 1999, p46].

3.4. The balance of payments is an important source of information on transactions that entail obligations to third parties or those transactions that follow means of covering these obligations [Ghar, 2006, p68].

3.5. The balance of payments shows whether a country has the necessary funds to finance its imports, and also reveals whether the country has sufficient economic production to finance its growth.

4. Internationally Unified Balance of Payments Structure

The data provided by the balance of payments, based on the recommendations of the IMF Manual, are organized into two main accounts: the current transactions account and the capital account and financial operations.

4.1. Current Transaction Account (or Current Account): This account includes all operations related to the export and import of goods and services, as well as operations related to income and current transfers. The present report is divided into four sections.

4.1.1. Goods: This part includes all operations related to the exchange of goods, and distinguishes here between three types of goods: general goods, goods imported without performance and re-exported after conversion, and goods purchased in ports and airports (supplies).

4.1.2. Services: The balance of payments contains seven items for services: transportation, communication services, insurance services, franchise fees and licenses, other types of services provided to contracting, and government services.

4.1.3. Income: This part of the current account is concerned with all operations related to the income of factors of production (i.e. labor and capital), such as wages and pensions, for example, in addition to returns on investment in stocks, **bonds and other assets, and interest on external debt.**

4.1.4. Current remittances: related to remittances of expatriates residing abroad and remittances of foreigners residing within the country.

4.2. Capital Account and Financial Operations: It is divided into two parts:

4.2.1. Capital Operations: These operations are represented in remittances of expatriates who leave the diaspora and return to their homelands permanently, and remittances related to the final departure of formerly resident foreigners, in addition to debt exemptions. The aforementioned

transfers differ from those recorded in the current transactions account by not being of a recurring nature (current). In addition to the above, transfers associated with purchases of non-financial assets that are not classified as direct investments, such as intellectual property rights (patent, industrial design, trademark).

4.2.2. Financial operations: This part includes all operations related to direct investments, investment in securities portfolios, loans granted to public institutions and the private sector alike (repayments of principal are recorded on the expenditure side), and bank deposits. It also includes a final item on the cash reserve in the possession of the Central Bank of the State.

4.3. Statistical difference: It allows the balance of payments to be balanced (equal to inflows and outflows), due to the possibility of error or omission in recording some data at the source (customs or banking declarations, for example).

5. BoP: Balance of payments

1. The balance of payments is divided horizontally into two main sections [Awadallah, 1999].

5.1. Creditor side: It records every transaction that entails the entry of foreign currency (exports) and everything that would create rights for the benefit of the state.

5.2. Debtor side: It records every operation that results in the exit of foreign currency from one country to another (imports) and everything that would create an obligation on the state for the benefit of other countries.

5.3. As for vertically, it is customary to divide the balance of payments into separate sections, each of which includes a category of economic transactions of a similar nature. Among the common divisions, we mention this division for its clarity and logic within the paragraph of the elements of the balance of payments [Mubarak, & Younis, 1996].

6. components of the balance of payments

The individual transactions covered by the balance sheet vary greatly, so we will mention the basic elements that represent interrelated and homogeneous items or categories of transactions, and constitute basic building blocks in the analytical presentation of the balance of payments [Bakri, et al., 2000, p122].

6.1. The current account balance includes the following elements:

6.1.1. The trade balance, which is limited to exports and imports of goods only.

6.1.2. Balance of services and income, including transportation, shipping, insurance, travel and tourism, investment income, income from work, property returns and others.

6.1.3. Transfers are free of charge, and represent the set of restrictions corresponding to international changes in the ownership of real or financial resources, such as grants, aid, subsidies, and other transfers that have no corresponding restriction, and do not entail any obligations towards the receiving state.

6.2. Unilateral Conversion Account:

This account is dedicated to payments that result in the transfer of real resources or financial rights to and from the rest of the world free of charge and represents gifts, grants, gifts, assistance and any other transfers, whether official or private.

6.3. Capital Account

This account shows changes in ownership, that is, in external financial assets and liabilities (assets and liabilities of the national economy), and includes long-term and short-term capital movements. It records transactions associated with international capital movements of two [Taqi Al-Husseini, 1999, p145] types:

6.3.1. Long-term capital: These are those that exceed one year, such as long-term loans, direct investments, or the purchase of securities (shares and bonds, or selling them to and from abroad).

6.3.2. Short-term capital: It does not exceed one year, such as foreign currencies, bank deposits, short-term securities and bills of exchange. These investments are usually characterized by their high liquidity and ease of movement between countries.

As a result, these capitalist transformations constitute a right or debt of Qatar abroad or vice versa [Hudson, & Herd, 1987].

The balance of current operations + the balance of unilateral transformation + long-term capital movement is usually called the primary balance.

6.4. **Balanced funding**

The result of the current account and the capital account at the end of the period for which the balance of payments is prepared determines the status of the country concerned as an international creditor or debtor, which requires the settlement of the deficit or surplus – accounting - with settlement items called “balanced financing”, which includes the change in foreign reserves of the monetary authorities and the banking system.

7. **Balance and disequilibrium in the balance of payments**

7.1. **First: The Concept of Balance of Payments:**

Balance of payments equilibrium is defined as the state in which the indebtedness is equal to the creditor in various payments.

7.2. **Second: Types of Balance:**

7.2.1. Accounting balance: We mean that the total accounts payable are equal to the total civil accounts, and due to the problems encountered in all statistical information by the departments concerned with preparing the balance of payments, the values of the receipts may not match the values of the payments as a result of the inaccuracy of the statistics. Therefore, an additional item known as “omission and error “ is added, in which the gap resulting from the inequality of the total credit side with the debtor side is recorded to achieve the balance of account [Abdel Khaleq, 1992].

7.2.2. Economic equilibrium: It means the situation under which the revenues obtained by the state for its exports of goods and services and long-term capital transfers to the interior are equal, with the debts arising from its imports of goods and services and long-term capital transfers abroad [Data of the International Fund on the Syrian Economy, External Debt Sustainability Framework 2004-2014]. The economic balance requires the equivalent of the assets and liabilities of certain items in the balance, which are independent or automatic transactions, which are transactions that take place regardless of the position of the balance of payments as a whole, and they are also known as transactions above the line, and these transactions include exports and imports, whether visible or unforeseen, any current transactions, in addition to long-term capital transactions that take place for the purpose of long-term investment in order to achieve profit, and also short-term transactions that take place in order to benefit from the imposition of interest rates between international financial centers or for the purpose of speculation [Statistical collections during the years 2010-

2017]. As for the rest of the operations, they are called settlement items or derivative operations, the purpose of which is to balance the creditor side with the debtor.

8. Imbalance of the balance of payments, its measures and causes

8.1. First: The concept of balance of payments imbalance: The imbalance in the balance of payments is defined as the state of imbalance between the creditor and debtor sides in automatic transactions and the imbalance means a deficit or surplus. As for the deficit, it appears when automatic transactions are dispersed on automatic credit transactions. Thus, the settlement is made by the difference between them through the items below the line such as (withdrawals from international balances), but the surplus appears in the opposite case and the imbalance may be temporary and permanent depending on the reason for this imbalance.

8.2. Second: Determining the size of the imbalance in the balance of payments: There are several measures, including [Central Bank of Syria periodical bulletins]:

8.2.1. The development of gold and foreign exchange balances at the central level: This means that the final position of the balance must be reflected in the country's balances of gold and foreign exchange. The surplus in the balance will lead to a surplus in those balances and, conversely, in the event of a deficit, the settlement will be through the change in the central balances of gold and foreign exchange for that country.

8.2.2. The basic balance of payments measure: The size of the imbalance here is determined by the disparity between the revenues and expenditures of the country at the level of the three balances constituting the basic balance of payments. The method of correction here is through the movement of short-term capital as well as changes in gold and foreign exchange.

8.2.3. External liquidity measure: It determines the imbalance by observing the changes in the official reserves of the country to the balance of official transactions.

8.2.4. The automatic operations measure: It is one of the appropriate measures in determining the size of the imbalance in the balance of payments and includes all public and private operations that occur regardless of the status of the balance of payments, but rather out of profit and trade and are called paragraphs above the line.

8.3. Third: Causes of the imbalance of payments [World Bank Reports <https://www.albankaldawli.org/>]:

8.3.1. Wrong evaluation of the exchange rate of the local currency: This is because there is a close relationship between the position of the balance of payments and the exchange rate adopted by that country. If the exchange rate of a country's currency is greater than its real value, this will lead to a rise in the prices of goods in that country from the point of view of other countries, which leads to a decrease in external demand for that commodity and thus a deficit in the balance of payments. The opposite happens in the case of undervaluing the currency.

8.3.2. Structural reasons: These reasons relate to the structural indicators of the national economy, especially the structure of foreign trade and the structure of national output. This applies to developing countries that rely on commodity concentration in their exports, as these exports are affected by the flexibility of external demand in global markets.

8.3.3. Cyclical reasons: They are the fluctuations that occur in the economic activity of some countries and are called economic cycles such as prosperity and recession.

8.3.4. Emergency circumstances: such as natural disasters and political circumstances such as a strike, for example, which inevitably affect exports, leading to an imbalance of payments.

9. Balance of payments

The analytical study of balance of payments developments reflects the changes in the structural structure of the national economy in the real sectors: «material and monetary, and these developments explain the causes of external imbalance, and the factors behind them, which are mainly the levels of production, prices, financial imbalance, foreign exchange system, and others.

9.1. Practical analysis of the reality of the current account in Syria during previous years

The current account surplus recorded a significant decline during the years 2003-2005. The surplus in 2003 was \$752 million. It dropped to \$592 million in 2004, and to \$299 million in 2005.

The reasons for the decline in the surplus in 2004 and 2005 are generally due to the significant deficit in the trade balance as a result of the decline in oil exports and the significant increase in private sector imports, thus increasing

the total current receipts from \$8,250 million in 2003... To \$10914 million in 2004, and to \$12672 million in 2005, registering a growth rate of 30% between 2003 and 2005, receipts of export goods increased by 11.5%. Proceeds from current transfers by 37%, receipts from services by 82% and receipts in the income account by 2.16 times during the period 2003-2005. On the other hand, the total current payments increased by 43% between 2003 and 2005, due to the impact of a number of factors, including: an increase in imports by 64.4%, an increase in payments for services by 13.5%, and income by 5%.

Current transfers also recorded an increase of 9% in 2005 over 2004, from \$679 million in 2004 to \$751 million in 2005 as a result of the surge in oil revenues in the Gulf economies. These transfers consist of the amounts transferred, “subsidies received for the relief and employment of Palestinians residing in Syria, and other cash subsidies for the benefit of the public sector, while private transfers include cash consignments transferred by Syrians working abroad.



Figure-1: Actual and Estimated Current Expenditure

Current Appropriations 	Actual Government Expenditure 	Completion rate 
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Source: Statistical Groups - Central Bureau of Statistics - Researcher’s Analysis

9.2. We note that the current appropriation increased from 455 billion pounds in 2011 to reach nearly 2 trillion pounds in 2017, an average growth rate of 56% per year, but the actual implementation rates show that the current appropriation figures are inflated, as they were reflected in the inflation of the budget deficit figures, as the implementation rates decreased

from 105.23% in 2011 to reach 57% in 2017, with an average growth rate of 22.66. Exceeding the implementation rates in 2011 is due to the transfer from investment spending to current spending by 47 billion pounds. The decrease in spending cannot be justified to rationalize public expenditures, as the investment spending figures were not in a better position than current spending.

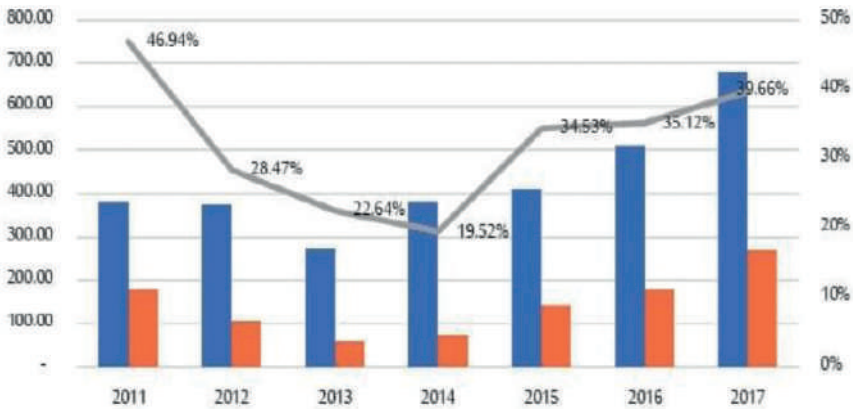


Figure-2: Actual and Estimated Investment

Investment credits 	Actual investment Expenditure 	Completion rate 
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Source: Statistical Groups - Central Bureau of Statistics - Researcher's Analysis

The above figure indicates that the allocations for government investments were 380 billion Syrian pounds to reach 678 billion pounds in 2017, an average growth rate of 13% annually, but the actual implementation rates peaked in 2011, where they approached 55% to decrease and reached 39.66% in 2017 with an average growth rate of 4.86%, noting that the implementation rates of the investment plan in 2017 in some government agencies did not exceed 7% and reached only 7% in 2015 in the Ministry of Industry.

9.3. The trade balance of goods and services in terms of structuring this balance and the private and public sector in it, as well as the importance of the oil sector in the trade balance.

Foreign trade in Syria suffers from a clear structural imbalance, according to the indicators used in the analysis. It is mainly represented in the high degree of concentration in the sectors, on the export and import sides, but

the problem is more prominent in the export side, which is mainly based on raw materials and extractive industries, including oil, as a main component.

The period from 2000 to 2019 can be divided as follows:

9.3.1. Phase 1: This phase extends from 2000 to 2005, and the most important feature of this phase is the issuance of hundreds of decrees and decisions related to the development of the business environment and the improvement of the investment climate. The Syrian trade balance witnessed an important surplus during this stage, amounting to an average of 3.64% of GDP, following the expansion of economic reform measures, the expansion of the working space for the private sector, and the provision of flexibility in foreign trade. Exports were exempted from all duties and taxes under Legislative Decree No. 15 of 2001. Also, in 2003, the link between import and export was disengaged, which allowed import only after obtaining foreign exchange allocated for export, either from an export operation carried out by the importer personally or from a waiver from another source. However, the trade balance suffered a deficit in 2004 to increase the rate of import growth from export growth and the start of a decline in oil exports.

The average annual quantities of exports during this phase amounted to 11.62 thousand tons, an increase of about 107% from the average of previous years, compared to a much smaller increase in the quantities of imports, where the average annual recorded about 24.21 thousand tons, an increase of 11.42% from the average of previous years.

On the other hand, the average price of the exported kilo increased throughout this stage, significantly, as the average stage reached 13.1 Syrian pounds, an increase of 627, but the average price of the imported kilo also rose to about 25.1 Syrian pounds, 184%. That is, the biggest improvement was in the price of exports. The percentage of exports of oil materials increased significantly during this period, recording 86.5%.

9.3.2. The second phase from 2006 - to 2011 is characterized by the adoption of the social market economy approach and the sharp decline in oil exports. This phase witnessed a deficit that started at 1.52% of GDP in 2006 and reached 14.14% in 2011.

9.3.3. We note a significant decrease in the difference between the average price per kilo exported and imported, during this stage. And that the steady increase in the number of imports over exports exceeded the deficit of the trade balance. Oil exports began to gradually decline to about 53% and reached 38% in 2009.

9.3.4. The last phase begins in 2011 - until 2018, which is the phase of the war on Syria, which witnessed a significant rise in the trade deficit, reaching about 39% of GDP. The annual average quantity of exports decreased by 74%. The war phase witnessed a divergence in the level of prices for exports and imports, accompanied by a steady deficit in the trade balance, knowing that the increase in the price of exports is mainly due to inflation.

In addition, oil GDP decreased by 93% during the same period, while the non-oil economy contracted by 52% due to severe destruction of infrastructure, reduced access to fuel and electricity, low business confidence, and disruption of trade. Oil production fell from 383,000 barrels per day in 2010 to 10,000 barrels per day in 2015 and 2016, due to most oil fields falling out of government control and the lack of official statistics on oil extraction. Agricultural production also recorded significant losses as a result of damage to irrigation networks and lack of labor and supplies such as seeds, fertilizers and fuel. The sharpest contraction of the economy occurred in 2012 and 2013, when economic activity contracted by 29 and 32 percent, respectively.

10. Analysis of the budget deficit and ways to finance it in the Syrian economy

In 2001, the increase in oil revenues as a result of the rise in world oil prices led to the transformation of the deficit into a surplus of 1.8% of GDP, as total public revenues in that year amounted to about 31.3% of total output, while the ratio of public expenditures to output was 28.2%. The budget deficit in 2003 amounted to about 3.6% due to the increase in the proportion of investment expenditures, as it reached its highest value in that period 2000-2010, as its percentage of GDP was 14.3%, and as a result of the increase in current expenditures compared to previous years, as it reached 18.8% of GDP.

The decline in public revenues to 27.1-23.7 for 2004-2005, respectively, as a result of political and economic sanctions, led to the deterioration of the total deficit, which reached its highest value in 2005, with a deficit percentage of GDP of 5%.

The deficit has been declining since 2006, after the tenth five-year plan, where the government followed a fiscal policy based on reducing the total deficit as an absolute number and as a percentage of GDP, relying on some measures, the most important of which are:

- The policy of reducing public expenditures, where the percentage of public expenditures fell to its lowest level during the period 22.4% in 2008.
- The policy of increasing revenues by increasing the prices of oil products, and introducing some reforms in tax legislation by imposing a new tax on consumer spending called the Consumer Expenditure Tax.

The deficit continued to decline until 2009 to reach 2.1% of GDP as a result of the increase in public revenues at a growth rate of 3.7% from 2008, and then the deficit increased in 2010 to reach 2.2% as a result of the decrease in public revenues.

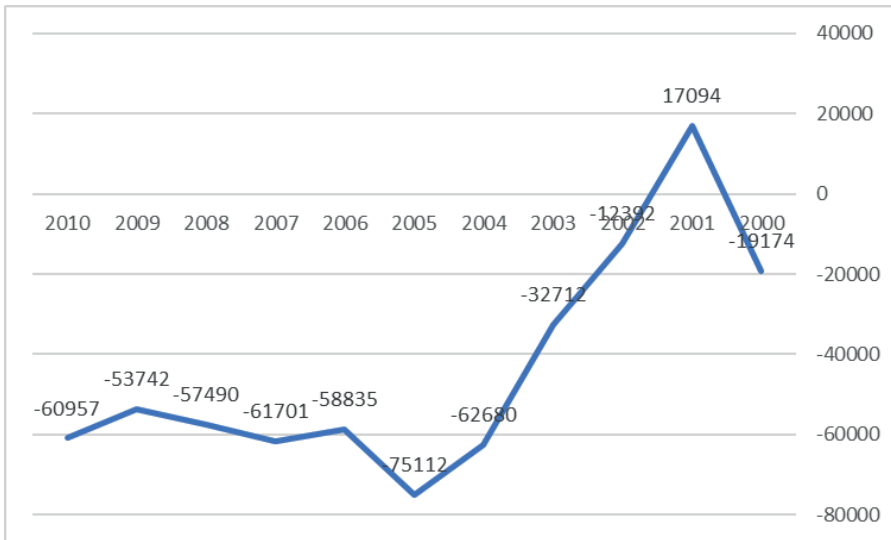


Figure-3: Evolution of budget deficits

Source: Statistical Groups - Central Bureau of Statistics - Researcher's Analysis

The percentage of revenue coverage of public expenditures has also decreased significantly over the past years, as the budget deficit in 2018 amounted to (25.3%) of the budget value, equivalent to (808.4) billion Syrian pounds. While this percentage reached in previous years, as shown in Figure (1).

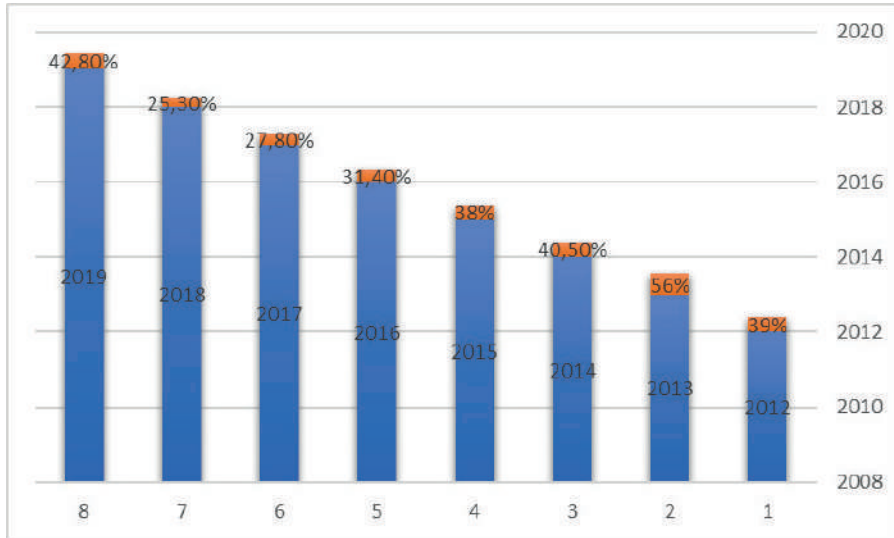


Figure-4: shows the percentage deficit in the Syrian general budget between 2012-2019

Source: Statistical Groups - Central Bureau of Statistics - Researcher's Analysis

These large percentages of the annual deficit raise many questions about the extent to which the “government” is able to cover this deficit, and what are the potential effects of this deficit on the future of the Syrian economy, considering that these percentages are greater than the ability of the Syrian economy to bear them, due to the absence of an effective financial market and the inability to access international markets for financing. The cost of the destruction caused by the war amounted to more than 400 billion US dollars, according to United Nations estimates [<https://www.omrandirasat.org>]. In addition, the reconstruction file is linked to political and economic considerations at the international level.

In the following figure, we list the development of the state budget during the period 2011-2019 with the development of the percentage of current investment spending during the previous years, where investment spending decreased significantly and there was a slight change in current spending.

Table-1: The development of the general budget in Syria and its distribution among various sectors during the period from 2010 to 2019

Year	Amount of the parallel billion S. P.	Percentage of budget deficit	Percentage of current expenditure	Recommendations on non-post resources
2010	745	6.50%	81.00%	19.00%
2011	835	5.78%	55.00%	45.00%
2012	1326	39.00%	71.70%	28.30%
2013	1383	56.00%	80.05%	19.50%
2014	1390	40.50%	82.00%	18.00%
2015	1554	38.00%	73.60%	26.40%
2016	1980	31.00%	74.30%	25.70%
2017	2260	27.00%	87.70%	12.30%
2018	3187	25.30%	74.10%	25.90%
2019	3882	-	71.66%	28.33%

Source: Statistical Groups - Central Bureau of Statistics - Researcher's Analysis

11. Budget Deficit Financing

The deficit of the state budget is financed from two sources:

11.1. Domestic financing: It is divided into bank financing from the central bank and the banking system as a whole, and non-bank financing through real savings to the community such as investment certificates, treasury bills and bonds.

One of the most important local sources of funding for the budget deficit [Report on the Effects of the Crisis on the Syrian Economy 2011-2015, Center for Research and Studies]:

11.1.1. Internal loans from the banking system (the Central Bank and specialized banks). The Syrian government relied on loans from the banking sector in the years in which the Syrian economy was exposed to severe crises, namely 2005-2009, while the Syrian government's reliance on these loans decreased in 2007-2008 as a result of the issuance of Decree No. 60, which halted direct lending from the Central Bank.

11.1.2. The surpluses of insurance institutions are represented by the General Organization for Social Insurance and the General Organization for Insurance and Pensions.

11.1.3. Internal loans from institutions of an economic nature through the subscription of these institutions with the support of public debt.

11.1.4. Internal loans from the People’s Credit Bank against the proceeds of subscription to investment certificates.

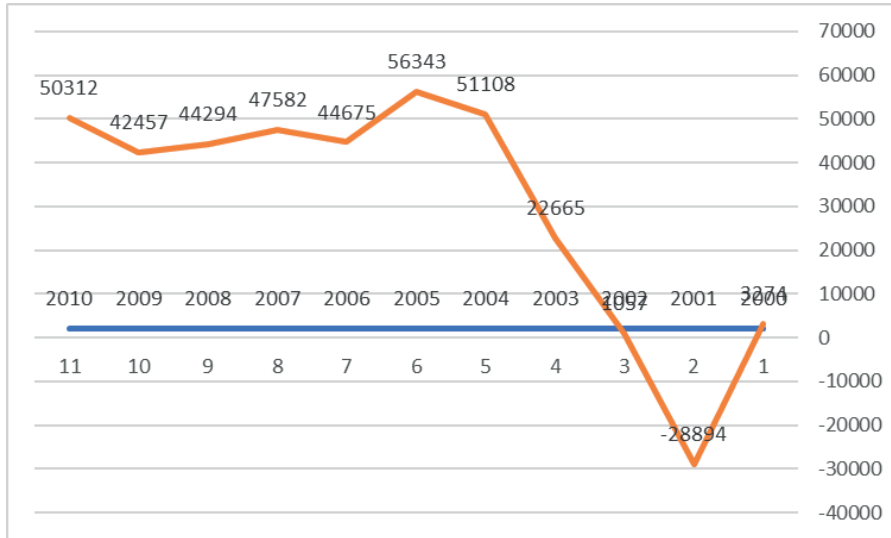


Figure-4: Internal Loans

Source: Statistical Groups - Central Bureau of Statistics - Researcher’s Analysis

11.2. External financing: It represents government borrowing from abroad.

We note the decline in external loans in 2001 due to the achievement of a budget surplus. After 2002, the Syrian government tended to rely on domestic financing to cover the deficit in exchange for a decline in external borrowing in order to dispense with the large cost entailed by these loans. Therefore, the ratio of external loans to the deficit stabilized, as the average ratio between 2003-2010 was about 21%.

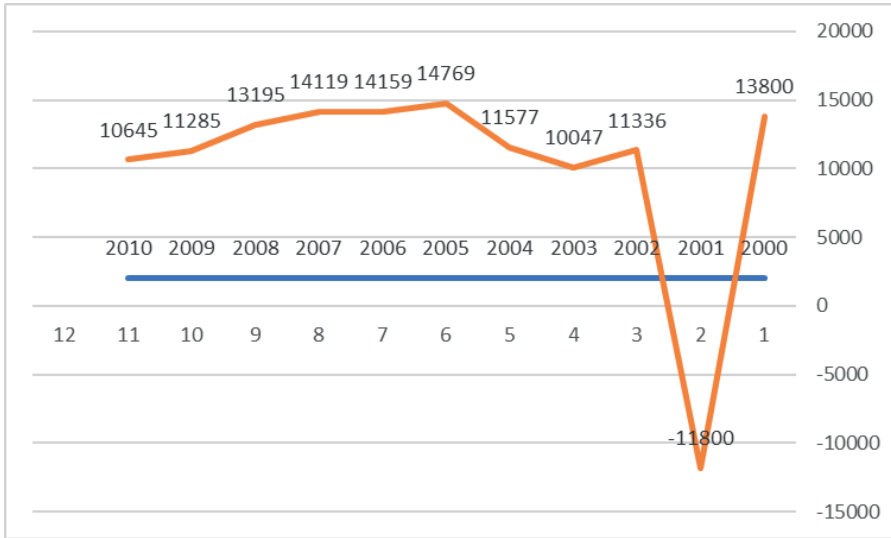


Figure-5: External Loans

Source: Statistical Groups - Central Bureau of Statistics - Researcher's Analysis

We note that the ratio of internal debt to external debt increased after 2001 to reach its highest percentage in 2005-2006, where its percentage of the deficit reached about (74-79), and this percentage continued to increase until 2010.

It is estimated that the GDP in Syria shrank by 61% between 2011 and 2015 in real terms, and by an additional 2% in 2016, a decrease of 63% compared to its 2010 level. Estimates of national accounts indicators, including GDP figures in different reality estimated using statistical estimation methods, show that actual GDP decreased by \$51 billion at 2010 prices compared to GDP in 2016. Combining these differences between the actual GDP figures and the contrasting reality between 2011 and 2016, the cumulative loss in GDP amounts to \$226 billion in 2010 prices, about four times the GDP of 2010.

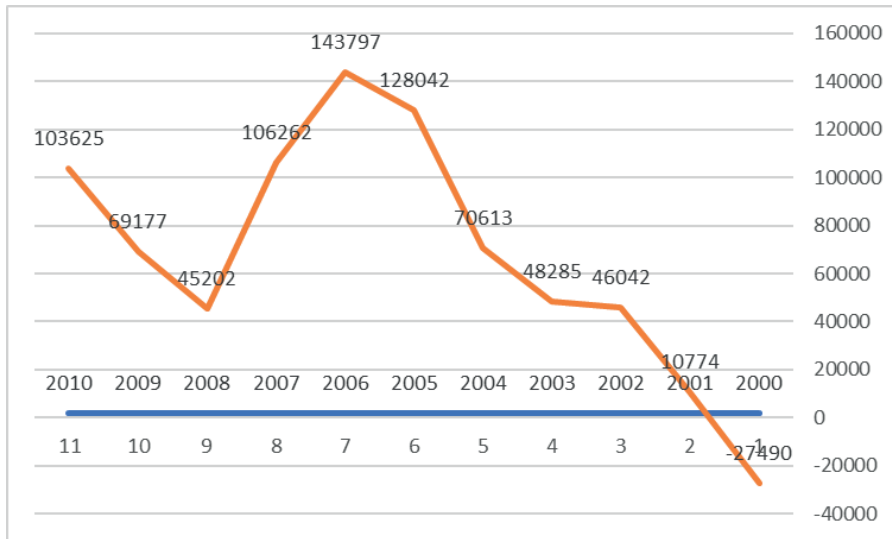


Figure-6: Net debt to the government

Source: Statistical Groups - Central Bureau of Statistics - Researcher's Analysis

12. Analysis of the current account balance during the pre-crisis period (balance of services, income and foreign investments) [First National Report on Foreign Investment, 2011 & Second Annual Investment Report in Syria for the year 2008, 2012]

Foreign direct investment flows to Syria during the 1990s were modest and mostly focused on oil exploration and production. Despite the Syrian government's efforts to encourage domestic and foreign private investments through investment promotion laws, foreign investment remained weak outside the oil and gas sectors. At the beginning of the twenty-first century, and after a series of laws and decrees issued with the aim of encouraging private investment in Syria, which had a clear impact on the expansion of private sector participation in general in the national economy, its impact was also positive on the flow of foreign direct investment to Syria, as this flow increased from 270 million dollars in 2000 to 1539 million dollars in 2010.

The total accumulated foreign direct investment balance until the end of 2010 was about \$39.15 billion. The oil and gas sector dominated this balance by 2.87%, while the industrial sector follows the oil and gas sectors in terms of importance in attracting foreign direct investment by 85.5% of the accumulated foreign direct investment balance at the end of 2010, while

the financial sector comes in third place by 02.5% of the accumulated balance of foreign direct investment. The balance of foreign direct investment in the manufacturing sector reflects a new leap in foreign direct investment in Syria with economic liberalization. New investments have also flowed heavily to the construction sector, food, textiles, ready-made garments and chemical industries.

The influx of foreign direct investment during 2010 constituted new investments in the construction sector, which built a significant jump from \$6,113 to \$4,429 million between 2009 and 2010. Law No. 15 of 2008 regulating real estate development, especially in the field of housing, played a major role in stimulating foreign direct investment within the construction sector. As for the tourism and real estate sectors, you are ranked fourth with a volume of \$7.161 million, representing 08.1% of the total foreign direct investment balance at the end of 2010

The education sector came fifth with 4.0% of the total foreign direct investment balance at the end of 2010, equivalent to \$5.60 million. In 2010, this sector witnessed \$5.60 million. In 2010, this sector witnessed an annual increase in the flow of foreign direct investment of \$3.21 million, which represents the continuous increase of this investment in the higher education sector, specifically in private universities. The telecommunications sector contributed 23.0% of the total foreign direct investment balance at the end of 2010. It witnessed a slight decrease in the annual flow of foreign direct investment of 44 million Syrian pounds, due to the sale of about 44 million Syrian pounds of foreign share in Syriatel to Syrian local shareholders.

As for the agricultural, transport and trade sectors, they have failed to attract any significant foreign investment, as the trade sector received \$120,000 and the transport sector \$20,000. The agriculture sector did not receive any foreign investment in 2010. This can be explained by the lack of special investment laws to cover these sectors, in addition to the problems experienced by the Syrian agricultural sector represented in the delay in the implementation of irrigation projects, especially the Nir Tigris water project, and the exposure of this sector to crises due to frequent drought seasons.

Foreign investments increased significantly in 2004-2005 as a result of allowing the establishment of private banks, and the introduction of some areas to invest in the cement industry played a role in increasing the contribution of foreign capital in the industrial sector. Foreign direct investment peaked in 2008 at US \$1,467 million, and fell to US \$1,381 in 2010. This decline was mainly due to the global financial crisis in 2008 and the consequent sharp contraction in bank credit.

There are no data for the crisis period, so this period has not been studied because of the lack of accurate data in this regard.

Conclusion

In the end, it must be noted that the availability of real and accurate data is almost impossible during the study of Syrian foreign trade during the previous period, so the values of ratios and indicators in the research rely on official data only, and ignore the informal economy and the shadow economy and the real values of exports and imports, which may be doubled more than once from the official data that rely on customs data, as importers and exporters evade announcing the real values and quantities of their activities, with the aim of evading tax and customs.

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Navigating Healthcare in Conflict: A Comprehensive Analysis of Syria's Medical Infrastructure

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Introduction

Healthcare should not only be a social benefit, but it should also an economic driver. A healthcare system that works well is pivotal to the productivity of a nation, overall. The World Health Organisation (WHO) says that “health is wealth,” as economic sustainability and the health of a population are closely interlinked. Productivity — Healthy people can function better in the workforce, after all. Alternatively, a malfunctioning healthcare system will promote cost increase, decreased labor force participation, and lower quality of care which can translate to massive economic losses.

Over the last decade, Syria's healthcare system has been stretched and transformed to unimaginable extents. The country had a mixed healthcare system, with both public and private service providers, before the outbreak of conflict in 2011. State hospitals and clinics kept fees low, but privately operated facilities were paid for out of the pockets of those who used them. The ongoing war, however, has caused a widespread deterioration of health system, rendering many hospitals inoperational and most medical staff fleeing the country.

This paper will elaborate the complex interaction between syrian healthcare system and economy concerning workforce productivity as a function of foreign investments, in source domestic development objectives and challenges threatens by other to guide to achieve shared policy guidelines for health and economic improvement. The paper works to illuminate the

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degree to which the improvement of healthcare services may facilitate a potential recovery from protracted conflict, along with economic and social stability in Syria by dealing with these key relevant areas.

1. Syria's Healthcare System

To fully understand Syria's healthcare system, it is essential to examine its historical development, organizational framework, and the main stakeholders involved in healthcare delivery.

1.1 Historical Development of the Healthcare System

Syria's healthcare was predominantly public, with the government providing a wide range of health services from primary care to tertiary care before the conflict. This was one of the many services which were being offered as part of a large contract that aims to raise living standards for Syrians in different social and economic categories. While it had made great strides in reducing infant and maternal deaths, increasing life expectancy, The public health system was made up of government hospitals and clinics that provided free or reduced-price services. In tandem, the private healthcare sector had begun to grow with a primary focus on specialty care primarily for higher income Michiganders (Abdulrahim, S., et al., 2018: 298–307).

That has dramatically changed with the Syrian conflict that began in 2011. Many hospitals and clinics were razed or damaged, causing wide-scale disruption to healthcare. A humanitarian crisis was born out of the war, complicating further the system and limiting access to even basic health services. The exodus of medical staff - many killed and others having fled -- has meant that in many areas, healthcare provision is now stuck at the primitive level.

Faced with these challenges, NGOs, and international organizations have come to fill in for the gap to provide crucial healthcare services. But, their work is largely hindered by security problems and limited access to places battling violent conflict.

The historical development of the health sector in Syria provides important lessons for understanding its present difficulties. A decade later, a system that was expanding to cover more people has been replaced by one where, in many cases survival and crisis management are the norm. This background will pave the way for deeper reflections on the challenges between healthcare and economic recovery in Syria.

Table 1: Historical Evolution of the Health System in Syria

Period of Time	Developments in health System	Effects on Healthcare Services
1970 - 1990	Improvement in health indicators, reduction in infant mortality, increase in life expectancy.	Accessible healthcare, improved general health of the population.
1990 - 2009	Expansion of healthcare infrastructure, increased focus on primary healthcare, regional disparities in healthcare availability.	Continued improvement in healthcare services, albeit with urban-rural disparities.
2009 - 2012 (Pre-war)	High level of healthcare, attended births by skilled workers, low maternal mortality.	Good healthcare coverage, relatively low maternal and infant mortality rates.
2011 - Present (Conflict)	Destruction of healthcare infrastructure, targeting of hospitals and health workers, severe shortage of medical professionals.	Drastic reduction in healthcare services, increased communicable diseases, mental health issues, decreased life expectancy.

Source: Wikipedia

The table below demonstrates the historical development of Syria's health system, from improvement to challenges due to conflict. The approach yielded initial advancement in health indices that included reducing infant mortality and increased life expectancy. Nevertheless, dissimilarity amid urban and rural settings remained and so was the infrastructure of healthcare. Throughout the 1990s, there was a growth in healthcare infrastructure that prioritized primary care. Before the onset of the war, Syria had sound healthcare standards with low maternal deaths. However, the conflict impacted the health infrastructure post-2012, and there was a massive decline in services, an increase in prevalence of illness, and reduction in life expectancy.

1.2 Overview of the organization and structure of healthcare services

This is important because to navigate the system we need to find out how it is organised and the role that each structure plays. The Ministry of Health holds a mandate to set policy, service planning and coordination between public and private providers ensuring quality standards along the healthcare continuum .

Like those in other countries, such as Turkey (Akman et al., 2019) or England⁰³, the level of healthcare services is divided into 3 levels: primary care, secondary care and tertiary care. Primary care is the first level of medical help at the community level, providing services through general practitioners, family physicians and community health centers. This is a framework that links closely to the objective of the Alma-Ata Conference 1978, (Health for all in year 2000) (Akman and Tarm, 2020). Hence basic healthcare services offered in Syria has a constant entity. Secondary care: Specialized hospital services that usually require referrals from primary care providers. These include, for example, more specialized procedures and tests (M. Sante:2016). Advanced inpatient services are covered under the third level of care (Tertiary), including university hospitals and specialty hospitals like those centered on oncology or ophthalmology (Alu, 2017).

Syrian healthcare operates in the countries national and private sectors, each functioning with its pros and cons. The public sector has historically been important, providing cheaper services, especially for low-income groups. But, generally, it is besieged by long wait times for care, outdated infrastructure and inconsistent quality. On the other hand, private healthcare has flourished in recent years, and tends to provide more advanced clinical facilities, with its downside being expensive services due to a combination of higher technology. Private healthcare is more convenient and often faster, for those that can pay.

Throughout the protracted conflict, non-governmental organizations (NGOs) and multilateral agencies, including the World Health Organization (WHO), have filled in for missing or failed healthcare services. A lot of these groups do deliver necessary services in war-torn and hard-to-reach regions. In addition, the development of telemedicine and remote healthcare services has gained tracking speed this year thanks to an escalating conflict and COVID-19 pandemic. These are nascent services by virtue of technological limitations and infrastructure constraints, but they suggest promise for increasing healthcare access in the Syrian context.

Syria's Healthcare System is a Complex Web: A Reflection on Its Strengths and Limitations It is this knowledge that provides a base from which to examine the economic, and societal implications of health care in a country bombarded by war and an economic recession.

Nationally, the responsibility is mainly in policy-making and overseeing the healthcare system as a whole. This is depicted as the Ministry of Health in cooperation with other international health institutes such as WHO, are responsible for creating a country policy, strategy and plans. Provincially

or regional focus is on the implementation of these national policies and regulation, and healthcare delivery of that regions. It's the way that national standards translate into local action: that is the role of regional health authorities and other associated bodies with a responsibility to match healthcare delivery with national policies to the specific needs of their regions. The intermediate level connecting national policies and their implementation at a local level. The smallest scale of the health system remained the individual local practice or hospital, although unityState hospitals and Hint centers), including small private sector facilities providing primary care, emergency treatment and community-based services. The key stakeholders at this level include healthcare professionals such as doctors, nurses and medical staff; local community leaders; and NGOs that are especially active in areas with few public services.

This structure emphasizes Syria's multi-layered approach to healthcare delivery, from national policy formation to real service delivery at the local level. Each level has specific functions and responsibilities, all of which contribute to the overall operation of the health system, despite the constraints created by the continuous conflict and socioeconomic crises. as Table 2

Table 2: Overview of Health Service Organization and Structure in Syria

Organizational Level	Roles and Responsibilities	Key Stakeholders
National	Policy-making, oversight of healthcare system, coordination with international health agencies.	Ministry of Health, WHO, other international health organizations.
Provincial/ Regional	Implementation of national health policies, management of healthcare services at the regional level.	Regional health authorities, local government bodies.
Local (Hospitals, Health Centers)	Provision of direct healthcare services, primary care, emergency services, and specialized treatments.	Healthcare professionals, local community leaders, NGOs involved in healthcare provision.

Source: World Health Organization

1.3 Key Stakeholders and Their Roles in the System

In order to fully understand the intricacies of healthcare, it is imperative that we illuminate and research key actors in Syria. It provides a complete

overview of the system but also shows where there might be leverage points for change and reform.

As an independent institution that monitors and regulates the public healthcare sector, the Syrian Ministry of Health sets healthcare policy and maintains standards regarding quality control. For many of our most vulnerable and lowest income persons, the government will always play a crucial role in health care financing and delivery.

The first with the doctors, surgeons, nurses, medical technicians and others who look after our basic well-being is very much the core of any healthcare system. In Syria, they serve in both the public and private sectors, often enduring trying conditions exacerbated by violence and resource shortfalls.

Specialized care is provided by private healthcare providers (hospitals, clinics, pharmacies). They serve the people who can pay to have faster and more in-depth services delivered. Nevertheless, the crisis affected the part of the private sector especially in health care needs and many private healthcare providers closed or reduced their services due to limitations.

In areas that are hard-to-reach or conflict-affected, non-governmental organizations (NGOs) have bridged the gap to offer medical care as healthcare has deteriorated due to years of ongoing conflict. International organizations, such as Medecins Sans Frontiers and the Red Crescent, deliver essential medical care from basic services to emergency assistance.

World health Organisation (WHO) and other United Nations agencies working to deliver financial supports, medical supplies and policies direct. They also aid in public health undertakings like immunization campaigns and disease control.

This is where local leadership and community organizations are increasingly important, particularly in settings where the formal healthcare infrastructure is weak or has been destroyed.

They often partner with non-profit organizations (NGOs) to pinpoint deficiencies and help fill these gaps in the delivery of healthcare. Local and foreign pharmaceutical businesses are vital stakeholders, supplying necessary treatments and supplies. But the long-lasting conflict and economic sanctions have had a significant impact on availability, accessibility, affordability of medications in Syria.

Identifying the obligations of different actors, this chapter gives a more complete overview of what must happen for people to access healthcare in

Syria. Every one of them has a valuable function, and often their effectiveness is mutually reliant. Consequently, the problems facing Syria's healthcare system require multi-stakeholder solution with an understanding of the responsibilities and limits of each category.

The next figure 1 shows how health care services are distributed in different sectors in addition to the roles of public, private, non-governmental and international organizations.

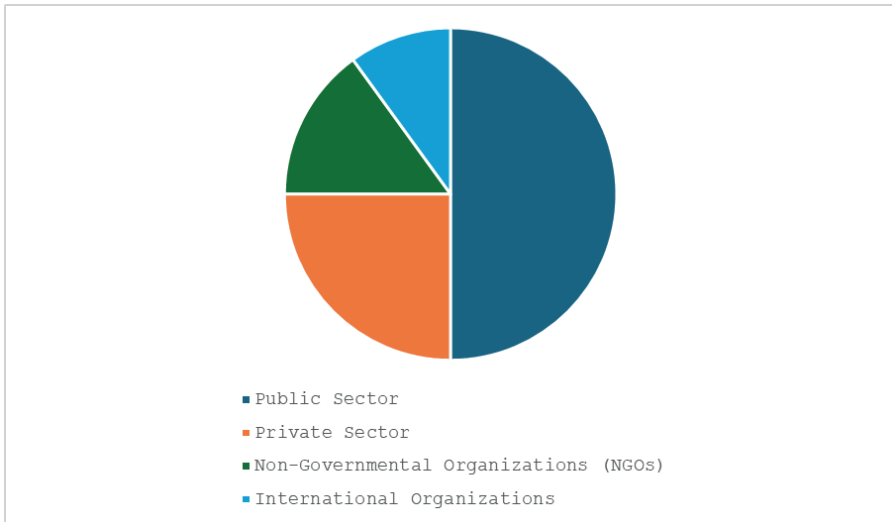


Figure 1: Distribution of Healthcare Services by Sector in Syria

Source: Adapted from "The impact of armed conflict on utilization of health services in north-west Syria: an observational study" (Conflict and Health), "Health aid displacement during a decade of conflict (2011–19) in Syria: an exploratory analysis" (BMC Public Health), and "Syrian Refugee Health Profile" (CDC).

This figure 1 shows the percentage distribution of healthcare services provided by various sectors in Syria. Public sector services account for 50%, private sector for 25%, non-governmental organizations (NGOs) for 15%, and international organizations for 10%.

2. Healthcare Expenditure and Financing

In this section, we'll explore the financial underpinnings of Syria's healthcare system, focusing on expenditure patterns, funding sources, and the unique challenges that constrain healthcare financing.

2.1 Healthcare Expenditure in Syria

The financing and expenditure of Syria's health system is important for a number of reasons, including sustainability, efficiency and equity in access to services. There is no doubt that financial resources greatly affect the quality and reach of healthcare service delivery.

The Syrian government has been historically the main funder for health services, in particular for primary and secondary care. However, budget allocations in healthcare have been heavily affected by the protracted conflict and resulting economic crisis. Subsequently the government's ambitious health budget -- targeted towards universal coverage -- is almost nothing. Health care workers have been paid less, facilities maintained less legislation, and there has been a shortage of medical supplies. erspective, both grossly and subtly) interpretations inside the Aufheben-perspectives towards healthcare.

While hospital finance dominates in almost every country, the private sector finances an increasing proportion of health care, mostly in wealthier, urban communities. In Mexico, the private sector is often able to deliver more specialized services and in some cases better quality (for example, outpatient specialist care) at a considerably higher price. This lack of public health care financing is being filled by private health providers moving in even more quickly. But for the majority of Syrians without means, this split in care has raised worries about healthcare equity.

Out-of-pocket expenses have soared due to inertia in public and commercial healthcare sectors. Prepayment reduces the ability of Syrians to pay for groceries or even healthcare services, leading to increased health inequalities. Such out-of-pocket payments are predatory, and can be impoverishing to families if they end up paying a disproportionately high percentage of their income for healthcare.

Ongoing violence has forced aid and money from outside to be vital source of healthcare funding. Costs Typically provided from various international organizations, donor governments, and non-governmental organizations (NGOs) Though very much necessary for immediate impact, these resources tend not to be sustainable as long term fixes and also can lead to ownership issues when being subject to donor priorities and conditions.

Syria only has limited health insurance programmers and most that do exist are for employees, or sometimes part of private insurances. A failure to insure everyone costs us economically beyond just those then without needed medical services.

The cost of healthcare affects the economy on a large scale due to strains put on it by legislation and underfunding. Public healthcare, whose quality directly influences the overall health and well-being of the workforce in societies, is another sector with dire need of reform. This could also lead to a less healthy population that offers lower contribution or incapable of contributing to the higher economic rate. This graph shows the amount of money each Syrians taxpayer spends on their health over a year, how that per capita figure has changed between 12-years from 1995 to 2012 and what this implies for government's contribution to keeping Syrians healthy. (as indicated in Figure 2).

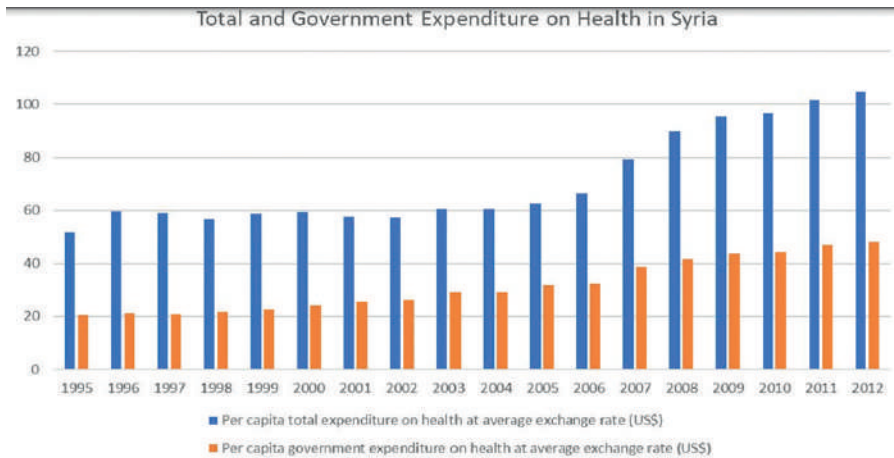


Figure 2: Total And Government Expenditure On Health In Syria

Source: World Bank

As it can be noticed, government expenditure is a significant part of total expenditure from 1995 to the beginning of 2000s which indicates high public investment in health. Over the decade leading up to 2004, total and government spending moved in concert, but since then the expenditure curves (dark top two lines) have been diverging—increasingly relying on non-governmental sources for health support.

The total health expenditure increased markedly between 2008 and 2010 and this could be attributed to a number of reasons for example health system reforms, increase in the provision of health services or response to public health threats. By contrast, government spending has not matched inflation, which may reflect a move towards privatization or more international aid and private out-of-pocket payment in the health sector.

Second, it is noteworthy that although health-care spending in General continues to rise mainly during the years preceding 2012 also increases slightly proportional part of government expenditure share which may be due to different levels of government support or changes in financing policies.

These numbers highlight the nuances of health financing in Syria before the crisis, illustrates how public and private funds are combined to pay for health care. This is important information to act upon for policy makers, as it speaks best to financing the present and future issues of health in Syria.

2.2 Sources of Healthcare Financing

How the funds are provided: The health funding indicates the expenses for care(dopamine 3 reasons why). Financing Mechanisms: Tax Revenues, Social Health Insurance, Private Health Insurance, Medical Savings Accounts (MSA), Out of Pocket Expensive (OOP) & Contributions (Uurluolu & zgen zge, 2008:136-137).

This had adopted in Syria using a major of revenue including general tax intended to provide the public access to health services. But given a lack of initiative to end the struggle and financial hurdles, this mechanism has lost its capacity for financing public health thereby leading to decrease in public healthcare funding. Primary care outreach and mass immunization campaigns are the focus of government programs, as well as management capacity for noncommunicable diseases, but their effectiveness is limited by budget constraints.

Syria is an alternative yet complicated insurance landscape Many formal sector employees access healthcare via insurance provided through employer and employee contributions. This, however, cut into those benefits around employer-provided insurance is present-day or close at hand. Private health insurance is for the rich to avail of expensive treatments since hefty premiums are prohibitive. In conflict areas local initiatives have been taken to arrange finances for basic health care coverage through community-based insurance schemes from local resources¹⁹⁹. — Grzegorz A. Margas et al, *Genocide Soc*(2022) 37:53–75

Private health insurance is kept, more or less, restricted to the wealthy by such high premiums. In the conflict zones, some limited relief is provided locally through community-based insurance programs, supported by local community donations (Alahdab et al., 2022: 161-168).

Health care costs in Syria are often shifted onto the individual. Payments out of pocket by patients abound, particularly for specialized care with long

wait times or unavailable in the public sector. And “under-the-table” payments can also be made to begin services more quickly at public institutions--a point that demonstrates some of the financial challenges being faced by Syria’s healthcare system and its personnel.

2.3 Discussion of Challenges and Limitations Related to Healthcare Funding

Syria’s healthcare sector is vitally under-funded and regulated. Some of these concerns were exacerbated by the ongoing war, economic depression and political instability but others are systemic problems antedating the present crisis.

First, the insurance landscape in Syria leaves a lot to be desired. Current insurance arrangements are often not very good and accordingly numerous Syrians stay monetarily unsteady. Absence of health insurance options even worsen the issue of healthcare access, leaving many people without getting some critical medications due to price limitation.

Even then, the financial barrier can often prevent others from even seeking what they perceive to be more non-critical treatments or check-ups at all. A lack of medical action — failure to treat a small health concern that becomes more costly over time and leads to new or exacerbated health problems, ultimately creating ill-health-poverty traps. This not only can lead to potentially hazardous outcomes for said individuals but also increases the pressure on an already exhausted healthcare system.

Second, when public monies are allocated for health care they are often administered inequitably. One of the worrying trends is that funding has been channelled more towards metropolitans than rural healthcare centers. This has led to a wide gap in the quality of medical care and availability, which exists across urban & rural divide.

Needless to say, the idea of long-term finance mechanisms is a mammoth ask for Syria’s healthcare industry. Over time, it has grown dependant of off shore capital, international aid and humanitarian assistance. While this cash can offer stopgap relief, they are often earmarked for discrete initiatives and provide no solutions to the larger, endemic health care issues facing the country. This leads to a patchwork sort of healthcare that leaves gaps and encourages inefficiencies.

In short, burdensome OOP costs are not only economic distress but also an enormous public health threat; underscores pressing importance of remedies to lower costs and improve access to essential services.

The Syrian battle is significantly complicated by financial insecurity, which, in combination with sanctions, only further complicates the situation of healthcare financing and adds to the current problems. The costs of health and health care spending have sky rocketed because the depreciation of Syrian pound causing essential money to more expensive — like medical supplies as most are imported. With the falling pound, this makes these key necessities even more expensive to buy and places further pressure on both those providing essential healthcare services and those receiving them.

The effectiveness of healthcare finance in Syria is undermined by inefficiencies and corruption, reducing the returns on every dollar invested. Exorbitant administrative costs across public as well as private health care have been the major cause for concern. These expenditures drain already tight budgets — and the amount of financing that makes it to patient treatment is further reduced, decreasing overall efficacy.

Syria's healthcare crisis is further aggravated by the flight of its medical professionals, generally referred to as brain drain. Due to lack of financial benefits and ongoing violence many well-trained health personnel left pursuing other opportunities abroad. This had a double edged effect, it resulted in lowering the quality and quantity of health care services available to the country as well as reduced financial resources that could be dedicated towards spending on public health care.

3. Foreign Investment and Health Services

In this section, we explore the relationship between foreign investment and Syria's healthcare services, including how the healthcare sector can either attract or discourage external funding, as well as the healthcare-related concerns of expatriate workers.

3.1 The Healthcare Sector's Role in Attracting or Deterring Foreign Investment

The state of healthcare in Syria is a significant addition factor for foreign investment, and this has worsened due to the ongoing war and humanitarian catastrophe. Pros: Its failing health care system is ripe for major growth and reform. It makes it for an appealing investment opportunity once the stability is restored. A shortage in medicine and medical device production at home will draw large multinational corporations from abroad. Nonetheless, the nation has still kept a corps of trained medical personnel alive despite the disturbing 'brain drain'. Some investors might look at this as an opportunity to invest in education and training to rebuild the human capital of Syria.

There is also an opportunity to coordinate with international humanitarian entities who are currently central players in the delivery of health care inside Syria. (Abbara, A., Blanchet, K., and F. M. Fouad; 2017:698-704).

Interestingly, foreign capital is not welcome in healthcare because it can be viewed as a risky sector due to various hurdles in this area. Hence the prevailing conflict and political instability serve as undeniable obstacles to any new investments — that is impossible to be done. Additionally, the extensive capital expenditure on hospitals not only will be extremely high but also is a risk most investors may see as very bleak. Similarly, regulatory instability brought about by changes in government administrations are also worrisome and access to markets destabilised by conflict too limited. The health care sector, especially is a very touchy issue since this has a direct link on the public and their well being. Any faux pas made by foreign investors would therefore be detrimental for their reputation and standing in society.

Ultimately, any assessment of the costs and benefits of investment in the Syrian healthcare system would be a high-risk/high-reward analysis. While there are some glimmers of hope, particularly if peace and stability reemerge, the risks abound, and they are complex. One of the problems for any investor interested in healthcare is being a long-term player, but also takes social responsibility seriously.

3.2 Concerns of Expatriate Workers Regarding Healthcare

In conflict-torn or politically unstable countries such as Syria, healthcare is a topmost concern to both locals and expats. There are also plenty of healthcare-related worries that could stop persons from outside the country and setting foot into Syria. Meanwhile, high-quality medical services are clearly few and far between, especially outside of the major urban centers. Compounding this shortcoming are aging healthcare facilities plummeting to below international par standards due to conflict.

LIBERAL, PREMIUM CARE: This includes long-term intensive care for those with illnesses that require specialized knowledge. Emergency medical services are another area of concern as these may not always meet the standard expected by expats in their home country. Complicating matters further, organisms often have spotty health insurance coverage. While medical care is relatively not as expensive as in many Western countries, the public system is only able to accommodate so much and if expatriates are required to do tests or see specialists they may end up paying out of pocket costs that can be very high without proper insurance.

There are also language barriers to navigate, as English is not a widely-spoken tongue among Syrian medical staff. This can create difficulty in communication during medical encounters. Expat newcomers need to learn how healthcare is provided and perhaps some of the cultural subtlety in that delivery can be a bit daunting. Legal: Not being certain how medical malpractice can be worked out, the differences in pharmaceutical legislations, etc.

Let us not forget the risks of an extended conflict. Medical facilities are a problem to travel to-extra hurdles of security reasons. Other fears are that of everyone's safety since, also the expatriates and foreign workers face their own ghosts with healthcare facilities becoming occasional targets on the battle field.

Finally, while expatriates contribute significantly to the Syrian economy, notably in sectors such as humanitarian relief, oil and gas, and reconstruction, the numerous healthcare problems they encounter may discourage long-term commitments to living and working in the nation. Addressing these healthcare issues is critical not only for the welfare of these expatriate workers, but also for attracting the critical foreign expertise and investment required for Syria's reconstruction.

4. Impact of Health Services on the Economy

In this section, we look at the multifaceted economic impact of Syria's healthcare services, emphasizing their contributions to employment, productivity, and general economic development, as well as the economic benefits of a healthy population.

4.1 Direct and indirect economic contributions of the healthcare sector

Given the significant impact of conflict and political instability in Syria, special emphasis should be placed on the importance of healthcare to influence its economy. There was a time when the economic implications of health services were limited to common direct effects such as job creation peculiar to healthcare delivery only, through which countries have since recognized that health service has subtler indirect contributions that impact various other parts of their economy for better or worse.

First donations in the form of the Sort worked for Hire man., healthcare, is certain through babies direct. ARRIVA provides a wide range of services from primary care and outpatient specialist services to public health initiatives, and even pharmaceutical manufacture. They all create jobs that

in turn create money to be spent back into the economy. Additionally, these highways of commerce require a lot of support services, from administration to logistics and supply chain management — all part of job creation.

In addition, healthcare establishments are often economic anchors in communities. Professionals, including doctors, nurses and pharmacists, are drawn to these jobs but the economic implications affect more than just those in healthcare. Housing prices can skyrocket when a cluster of healthcare institutions in a region drive demand for local goods and services. This meager economic uptick is invaluable in post-conflict recovery, lending the appearance of a stable and vibrant economy.

Also is needed a healthcare system that works to keep the worker healthy and stop encroachment of sickness in society. It employyyed peope are better contributors to the economy. The latter, in turn, limits sick days and that productivity jumps — the ability to work and expand human vibrance flows through this such thing as skill development and learning things because you are unable to brain.

In short, healthcare is an investment that generates both direct and indirect economic gains. Restoring the healthcare system in Syria is not only a humanitarian challenge; it is also closely connected to the broader economic recovery and long-term resilience of the country.

4.2 The Sector's Role in Employment Generation and Economic Development

More importantly, the healthcare sector needed to be kept functioning for jobs and economic ramifications, particularly in countries faced with numerous challenges, like Syria. The same scrutiny, applied through a labor-creation lens, illustrates how central the economic health of this industry is to stability and growth writ large.

It is one of the few sectors in Syria where a service requires human labor regardless of economic or political conditions. Facilities from large urban hospitals to rural clinics need doctors, nurses, lab techs, pharmacists and administrative staff. Most importantly, the healthcare sector is not just a job creator but also creates careers that require specialized training and education. There are important economic consequences of workforce upskilling because it increases skill levels and societal standards go forward.

Additionally, during times of economic or political instability, healthcare employment may be viewed as more secure than other sectors such as tourism or manufacturing. Such standing capacity does not only pull, but keeps

talent as this stable environment offers potential long term employments who can help against the 'brain drain' seen in productive conflict countries. Keeping these skills in Syria can improve healthcare outcomes and assist in the overall sample of human capital within the country.

In addition to the embodied hiring effect, demand for ancillary services also adds an economic development component. For instance, while hospitals are looking for everything from medical equipment to cleaning services. When an industry equivalent to healthcare requires so-called experts, a new industry is created, a pool of suppliers and manufacturers who are not healthcare pros but depend on the health sector for a living. It indirectly creates employment and thus assist in economic development.

It is also a critical pillar for the necessary political and social stability, that economic development relies on. **HEALTHY COMMUNITIES:** Communities that are healthy and have equitable access to healthcare will be more stable and productive. A functioning healthcare system can thus indirectly contribute to social cohesiveness by creating more conducive environments for company operations, innovation, and economic growth.

In conclusion, the public health industry is important because of a wide range of reasons other than creation job. It contributes to the creation of a knowledgeable and healthy workforce, promotes investment — it can underpin national development objectives. It is a goad to the general health of society, and which is linked indistinguishably to economic recovery and prosperity. Within Syria's unique limitations, making of healthcare not only the missing economic component for its restoration but also a cornerstone for any possible future development.

4.3 Economic Justification: Higher Productivity and Lower Health Care Costs due to Better Population Health

The benefits of a healthy population are frequently undervalued in the macroeconomic context, yet they prove critical for long-run economic growth and stability. These benefits are two-fold: employees become more productive ultimately reducing healthcare costs. This is especially pronounced in countries like Syria, already dealing with the dual burdens of conflict and recovery.

For one thing, a healthy population is a more productive population. Human capital lies at the very basis of health, in peoples apterise, knowledge and experience. And by that I mean be able to learn and become skilled in the economy all the way through having a full time job. From the farmer as he cultivates his crops to the teacher inspiring the coming generation and

even down to the engineer supporting infrastructure projects, everyone is able to do better work when they are in a state of good health.

This increased productivity goes back into a positive feedback to the economy. Employees who are physically and mentally fit call out sick less often, which maintains a consistent employee attendance rate and fewer work stoppages due to illness. Further, a productive and healthy workforce also invites local or global investment that incentivises economic development. If a country has such a strong and stable labor force, investors are more likely to invest there, being less risky and demanding better returns.

In Syria, a country where reconstruction is stymied by many challenges, a productive population alleviates the pressure on what little financial resources are available. That will also help to have a participation of individuals in the governance and civil society more powerfully, on account of which there can be well maintained peace in equality; this is very useful for economic development (Fouad, F. M., & Kassak, K. M., 2014, pp. 381-383).

Second, a greater part of the population being healthy lessens healthcare costs for both residents and the state. With proactive healthcare, we can postpone the onset of chronic diseases (that are far more expensive to treat than they are to prevent). It saves money while also freeing up scarce resources that can be put to other uses in a wider economic context. Money saved can be siphoned into important areas such as education, technology, and infrastructure than wasted on preventable diseases.

Households feel the effects of healthcare cost savings first-hand. This frees up households from medical costs, leaving them more take-home pay to invest in other things, save and spend on goods and services that keep the economy moving. For instance, in Syria, this is especially pertinent given the difficult economic conditions many families were already labouring under as a result of years of war, displacement and uncertainty.)

The bottom line being that economic dividends of a healthier population (more productive and less working hours lost due to illness) are complementary to channeling them to help foster widespread growth. In the case of Syria, signalling attention to health functions as both a crisis response as well as building an economic future. The health of its population is perhaps the most important factor on which Syria can build to reconstruct its devastated economy and to begin the process for sustained growth and development.

5. Challenges and Constraints

In this section we look at how lack of resources, war, and access restrictions are a reflection but also complicating broader economic issues in the Syrian healthcare system.

5.1 Identification of challenges: limited resources, infrastructure damage, brain drain

A shortage of resources has placed a huge strain on Syria's healthcare system. The country is so hemmed in by economic sanctions and drained by the costs of conflict that its financial power has been heavily curtailed. As a result, even the most basic health care services are generally underfunded and both quality and access to health care are compromised. Insufficient resources not only undermine routine activities but also impede the broader investment required for treatment, technology development, and human resources capacity building — all crucial for achieving health targets in addition to downstream economic growth (Alahfez T., Maziak W.; 2008:993–994).

Another major issue is simply the scarcity of resources, and combined with how much damage had been done to the healthcare infrastructure its making everything worse. Decades of fighting has reduced hospitals, clinics, and medical supply chains to rubble. Many years were spent working towards progress are now gone. The infrastructure take years to rebuild but using all these time and money in something non-healthcare-related makes little sense, given the pressing healthcare needs of Syria. Where the decay in infrastructure creates a vicious cycle of poor health outcomes that scare off both home front and foreign investors, exacerbating economic problems and further constraining funds available to healthcare.

Brain drain is another very important issue. Grinding conflict and endemic uncertainty have driven entire cohorts of skilled workers, particularly healthcare providers, to all six directions in hope of a greener pasture. This brain drain negatively impacts the healthcare system in Syria by leading to understaffed hospitals, a burnt out population of remaining staff, and as a result; lower quality of care. The exit of these experts also has a wider economic continuity. An individual who is highly educated well empowers economic development because of the technicalness of the person's work and initiatives which are undertaken but also sometimes in increase in general skills, competencies, standards or level of professionalism across an industry or a community.

They are deeply interconnected challenges. Fewer resources means less infrastructure rebuilding and fewer domestic job-creating opportunities within Syria to stop professionals leaving or make them go back. In the meantime, this poorly maintained infrastructure weakens the capacity and attractiveness of health services triggering a vicious circle of brain drain.

This exodus has two major implications: Firstly, it paradoxically reinforces healthcare, and particularly the work of medical professionals and specialists, as a powerful instrument for economic development —probably the most successful in recent years—, but at the same time hinders its influence to be effective both in providing care immediately and in ensuring prosperity.

She will outline a comprehensive strategy to go beyond the immediate limitations and work towards long-term resolutions. But the challenges are great, but not insurmountable. These challenges can be tackled through dedicated investments, strategic planning and international collaborations in the health sector which shall not only contribute in good health for Syrians but also it will serve as a prerequisite of advancing the economic recovery and development of Syria.

5.2 The Economic Cost of Widespread On-Going War and Political Instability on Health Care

One does not understand this relationship between Syria's economic landscape and healthcare without taking into account the massive toll of prolonged conflict, political instability. This has not only severely suppressed business, but it has also led to horrible constraints on the health system, creating a predominant negative feedback effect between both ends.

Conflict & instability almost always have devastating economic consequences. First, they have led to a significant reduction in state revenues, leaving the government with less money for things like health care. Health care expansion options part of the Make Ready an Army or Quit the CVA Critical Thinking Series As the crisis goes on, resources that might go to health care instead go to immediate security and military costs. As a result, vital public health institutions that provide basic healthcare services are under-funded and simply unavailable, adding additional drag on an already weakened economy while the people suffer with untreated preventable diseases and disorders!

Fig 3 Allocation of healthcare funding sources in Syria highlighted with the financial structure and challenges of health care system.

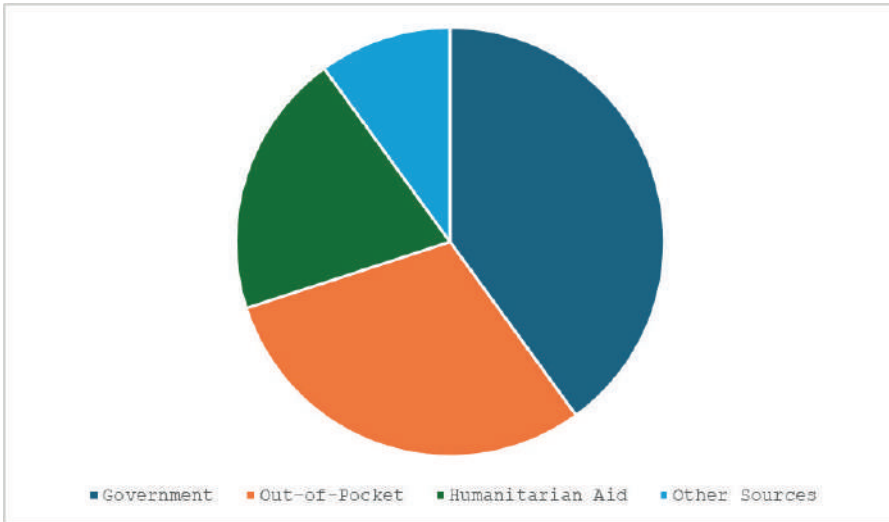


Figure 3: Distribution of Healthcare Funding Sources in Syria

Source: Adapted from “The impact of armed conflict on utilization of health services in north-west Syria: an observational study” (Conflict and Health), “Health aid displacement during a decade of conflict (2011–19) in Syria: an exploratory analysis” (BMC Public Health), and “Syrian Refugee Health Profile” (CDC).

The figure 3 shows the percentage distribution of healthcare funding sources in Syria. Government funding accounts for 40%, out-of-pocket expenses for 30%, humanitarian aid for 20%, and other sources for 10%. This visual representation helps in understanding the financial dynamics and constraints within the Syrian healthcare system.

Furthermore, the turbulent political atmosphere has inhibited both domestic and foreign investment in healthcare, a high-risk sector in such conditions. The uncertainty makes long-term planning difficult for healthcare institutions, impeding projects that could have a big economic benefit, such as the development of healthcare facilities specializing in high-demand services. A lack of investment means lost economic potential, such as job creation and the development of associated businesses such as medicines and medical technology.

This economic downturn and insecurity also contribute to inflation, which affects the price of medical supplies and drugs. The rising prices place a significant pressure on both the healthcare system and the people it serves. People are more prone to postpone medical treatment owing to cost, resulting in a less healthier and less productive workforce, which can stymie economic progress even more.

Political instability also has an indirect impact on healthcare by aggravating social inequality and limiting disadvantaged groups' access to medical treatments. Economic penalties, for example, have a disproportionately negative impact on the less wealthy, who rely more on public healthcare services. This unequal access marginalizes these populations even further, causing social divisions that can lead to new conflicts and instability, affecting the economy and, by extension, healthcare funding and delivery.

Finally, the continuous conflict and political turmoil have had a negative economic impact on Syria's healthcare sector.

Not only this, these movements have led to a decrease in funding and investment within the local economies and have threatened the efficacy and ability of health service delivery as an vector to reigniting economic development. This vicious cycle can be mitigated by political efforts that will enable the country to find its footing, allowing it some economic recovery and a healthcare system of equitable distribution in line with its citizens' needs. (S. Zaher, E. Ehsani-Chimeh, and H. Sajjadi2017; 83–97)

6. Challenges and Proposed Solutions

In the face of such dire circumstance, this section offers some possible avenues forward that might reshuffle Syria's overburdened healthcare deck, from the small to the truly grand — both near and far.

The way through is public-private partnerships (PPPs). The last of these can only help to alleviate the pressure on public resources through private-sector efficiency and experience. For example, PPPs could provide specialized healthcare services or facilities, meaning that public money could be used on other key sectors such as education and infrastructure to deliver the economic development benefits of sufficient funds.

What are the short- and long-term economic gains from Investing in Universal Health Coverage? Ensuring that all citizens have access to essential healthcare services makes UHC an investment in a healthier, more productive workforce. For example, to ensure equal access, a mix of public and private insurance plans might be used with subsidies for those unable to pay premiums. (Fouad F. M., Sparrow A., and Tarakji A.:2017;641-643)

Telemedicine is possibly a good option because of how hard it can be to attain rural or conflict areas. These remote consultations are also part of telehealth which can eliminate the requirement for a patient to travel specializing care. This could result in cost reductions for the healthcare

system as well as patients, which may end up supporting economic activity in other industries.

Of all the things with which to build a business one of the most important in your case is human capital. One strategy in order to reduce brain drain is training of healthcare personnel within the country itself. In addition, ongoing training for existing healthcare professionals can improve the quality of care and reduce healthcare services.

Because of the complexities of Syria's international environment, assistance from abroad remains imperative. Working with international agencies can provide vital financial and logistical support. But this support should be managed along with a comprehensive healthcare strategy for Syria that is about more than just quick relief.

Primary care is the backbone and relatively cheap to provide in comparison to other speciality care. An effective primary healthcare can help to provide timely diagnosis and treatment, decrease long-term care expenditures, and improve population health that results in improving economy.

Setting up comprehensive healthcare norms can go a long way in standardizing care and making the process accountable. Furthermore, regulations could serve to increase investment by making more transparent the rules of how healthcare is delivered and reduce risks from malpractice or poor care.

7. Conclusion

In this article, we examined the healthcare scene in Syria on many levels, especially from expatriate experiences to organizing of the healthcare system as a player in national growth and infrastructure capacity. Our deep dive uncovers a system fraught with challenges and ample opportunity.

One of the most striking implications is that healthcare is related to the economic and social welfare of Syria. A system that works better in the clinical world leads straight to a more productive workforce, lower absenteeism from educational establishments and opens up more opportunities than ever for all walks of life and all socio economic classes. It sets an example of social cohesion and enhances faith in the political institution especially following open conflict zones. Thus the relation between health care and economy in Syria is obvious, hence the importance of this connection.

But health has been maintained as a central site for future development, even when the constraints are shaped by conflict and scarcity. This can help to make Syria a more desirable destination for acting as an umbrella partner

with international cooperation and funding by aligning Syrian objectives with global frameworks such as the Sustainable Development Goals of the United Nations. The only bright spot in an otherwise miserable narrative is the fact that non-governmental and international organizations are filling it all — delivering healthcare.

Over the coming months or possibly years developing these international and regional partnerships will be crucial. This is true when it comes to adopting contemporary technology like telemedicine, promoting transparency in healthcare governance and prioritizing healthcare education. Consequently, the healthcare system in Syria needs to be addressed through legislation reform, cultural norms adaption and both infrastructural and human resource investment.

In conclusion, it is important to note that the health care in Syria acts as a model for the rest of (health and otherwise) challenges and opportunities. Its advancement has the potential to accelerate important shifts in a variety of domains, ranging from economics to politics to social welfare.

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Administrative Development

Rasem Ibesh¹

1-Introduction:

Administrative development in Syria is considered one of the branches of development in government organizations, as there are many types of development, including administrative development, economic development, and other development. The state seeks to work to raise the rates of administrative development and reduce the rates of administrative corruption, in order to advance the country and achieve... High rates of development for the state as a whole, achieving prosperity and progress for the entire state in various fields.

Administrative development in Syria is concerned with business development and the formation of what is called a creative, educated employee who loves and is committed to the issues of his country and who is loyal to the state institutions in which he works in various positions and job ranks.

Most employees try to improve their image in the eyes of senior management, regardless of their conviction in the work they do, and most of the time they focus on the financial returns they gain from the positive relationship between the boss and the subordinate.

This relationship is very similar in institutions with great development and in institutions rife with corruption. The positive personality image varies from one institution to another.

Depending on the differences in cultures, most institutions share basic concepts, including: functional hierarchy, maintaining secrets, and stability of values, goals, and visions. Through monitoring, it was found that most institutions tend to form and have similar ideas about the appropriate image

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for their employees and executives in various economic and administrative institutions in the public, private, and corporate sectors.

2-The concept of administrative development in Syria

This revolves around the process of improving the current situation in administrative work in various fields, through employing modern administrative mechanisms that directly aim to organize work in administrative aspects in a comprehensive manner, by setting a set of goals, mobilizing efforts towards identifying problems and weak points, and working To solve it, and from here we find a clear explanation of the close relationship between this type of development and each of the terms solving administrative and financial deficit crises, development and administrative reform.

In order for administrative development to become effective and rational, there must be conditions that contribute to its success, such as accountability, equality, participation, transparency, the ability to adapt and respond to changes, as development is the final result of many long-term processes, which result from a type of sound planning. It is implemented carefully, with the need to be convinced of the positive impact resulting from its implementation.

3-The importance of administrative development in Syria

There is great importance for administrative development, including the following:

Administrative development includes boards of directors, which in turn supervise all systems, as well as carry out the role of auditing all administrative work as well as financial work, and placing all individuals under administrative and legal accountability in the event that any administrative and financial corruption is proven in any administrative institution.

Administrative development works to ensure the process of applying auditing and financial auditing standards, and in this way it helps in reducing and reducing negative management practices.

Activating the role of administrative units that face risks, as well as activating the role of oversight over these administrative units, as well as improving and evaluating internal operations in institutions, as well as achieving internal discipline for all administrative units.

Achieving a large and high degree of transparency and achieving an important role in management and accounting, which is disclosure and transparency to all parties related to these administrative aspects.

It reduces unethical behaviors that exist in all administrative aspects, as well as reducing corruption and administrative manipulation.

It helps institutions evaluate, correct, and improve their performance by adhering to administrative, legal, and other requirements.

Ensuring the transparency of employees applying for any job, by examining job applicants and their job records to ensure that they perform the work in a correct manner, with the utmost transparency, in light of the correct ethics they possess as well as their possession of sound values and morals.

4-Aspects of development in Syria:

4-1-Economic manifestations:

Economic development introduces a set of amendments to the state's local economy, with the aim of building the state's economy and making it a strong economy, in order to achieve the economic independence of the state, as well as increase the income of producers, and increase the per capita share in the state's gross domestic product. This is done by involving all economic sectors with each other in order to serve general development.

4-2-Social manifestations

The concept of social development refers to providing all means of social care to all members of one society, as well as working to develop all social relationships, systems and all social standards for individuals. There must be a general trend towards developing and developing the economic aspects in the country

4-3-Political manifestations

One of the goals of the development process is political manifestations, in order to create a strong, democratic, modern and developed political system, as well as keeping pace with all international political challenges, in order to make the citizen participate in political life. This is what Syria suffers from, as there is no general direction on this issue, which undermines the process of administrative development in general

5-Social issues and indicators of administrative development in Syria

These are issues related to social indicators of administrative development, which we mention as follows:

Public health: Health is closely linked to administrative development, as the administration works to increase access to safe drinking water and healthy food, which is one of the most important principles of administrative development. What leads to the failure of achieving administrative development, we find the deterioration of health conditions as a result of pollution. The environment surrounding the population in some areas, as well as poverty, population growth, and the high cost of living, especially during recent years in Syria.

A-Demographics:

We know that the higher the population growth rate, the greater the rate of consumption of natural resources, and the less economic growth. That is, there is an inverse relationship between population growth and administrative development, and the main indicator that is used is the population growth rate and the rate of movement from the countryside to the city.

B- Housing:

Migration from the countryside to the city is one of the most important reasons for the increase in random human housing and the increase in the proportion of homeless people. One of the goals of the administrative development of the region is to provide suitable housing for the citizen, so that he can live a decent life in a safe residence. The indicator of administrative development in this case is the per capita share of square meters in buildings.

C- Education:

It is one of the most important gains that a citizen can obtain to achieve success in life. It is considered a basic requirement for achieving administrative development. According to the Twenty-First Century Agenda, education is based on the following goals:

Increase public awareness, increase ranking opportunities, and redirect education toward community outreach.

The most important education indicators are:

Enrollment rate in different educational levels, and literacy rate.

D- Security:

It is social security and protecting people from crimes, thanks to the existence of a developed and fair security management system in order to protect citizens from crime, the most important of which are: drug crimes, violence, and crimes against children and women.

The Security Index: It is a measurement of social security through the perpetrators of crimes in Syrian society

E- Social equality: It is mainly linked to the degree of justice and comprehensiveness in distributing resources, making decisions, and providing opportunities such as: health, education, and combating poverty. The Twenty-First Century Agenda included social equality in the chapters on poverty.

5-Administrative organization in Syria

Organization is considered an important element of the administrative process, and it is a means that helps achieve the goals of organizations and administrative bodies in general. It clearly defines the competencies and responsibilities of administrative units, explains their duties and rights, the duties of their jobs, the conditions of their occupants, and the obligations and responsibilities of employees, and coordinates relations with other jobs. And other employees working in the administrative units, there is no overlap in competencies between the administrative units or between the employees working in them, thus eliminating duplication and overlap in work while achieving effective administrative control over the work carried out in the administration and ensuring an appropriate work environment.

The administrative organization in each country is linked to its general political conditions and to the political rules of government that characterize the entire state system. This is what characterizes the administrative organization in Syria, which cannot be talked about without referring to its general political conditions. Syria has known different political systems, including federalism, parliamentary republic, presidential, and semi-presidential centralization. We will shed light on the reality of administrative organization in Syria, as a historical process, in an analytical and descriptive manner through two requirements. In the first requirement, we talk about the emergence of administrative organization in Syria, and in the second requirement, we will historically recount the stages of development of administrative organization. Decentralization in Syria. Draw the conclusion and suggest the effectiveness.

5-1- The emergence of administrative organization in Syria:

The administrative apparatus arose in Syria, following its separation from the Ottoman Empire in October 1918 AD, the declaration of independence in accordance with the decisions of the Syrian General Conference in 1919 AD, the installation of King Faisal as its king, and the requirements of the 1920 Constitution. The organizational apparatus at that stage was characterized by all manifestations of backwardness and weakness. Whether it is in the organization of administrative units, in the methods of work flow, or in the level of qualification of workers.

But Syria had barely got back on its feet, until it was placed under the French mandate according to the “San Remo” agreement in April 1920 AD. England occupied its south after dividing it into two parts: Palestine and Transjordan, and France occupied its northern part, following the entry of its armies led by “Gouraud” to the capital, Damascus, in July 1920 AD, after his victory in the Battle of Maysalun, announcing the end of royal rule there and its occupation. It was divided into several parts with the intention of tightening control over it by weakening it. We briefly explain many of these parts, as follows: (Ayman Hassan Diop;1999;15-20)

1- The State of Greater Lebanon was established by Gouraud Resolution No. 318 dated 8/31/1920 AD, after Gouraud annexed four districts to it from Syria, namely Hasbaya, Rashaya, Baalbek, and the Bekaa.

2 - The French High Commissioner established the State of Aleppo by his Resolution No. 330 dated 9/1/1920 AD.

3 - The French High Commissioner also established the Alawite state, by his decision No. 1470 dated 7/12/1922 AD.

4 - He also established the State of Jabal al-Druze by Resolution No. 1461 dated 10/24/1922 AD.

5 - On 6/28/1922 AD, the High Commissioner issued Resolution No. 1459 bis, which included the establishment of a union that included the state of Damascus, Aleppo, and the Alawites, which he called the “Union of Independent Syrian States.” The union was given a president and a council supervised by the High Commissioner, and Jabal al-Druze remained independent from the Union.

6 - The Alawite state separated from the federation in December 1924 AD by decision issued by the High Commissioner No. 22979, and the Alawite state became independent from the beginning of 1925 AD.

7 - The states of Aleppo and Damascus became, as of the beginning of the year 1925 AD, a single state called the "Syrian State" in accordance with the decision issued by the High Commissioner No. 2180 dated 12/5/1924 AD.

8 - France held elections for the Constituent Assembly, which was held on June 7, 1928 AD, and drew up a constitution for the country, after the Syrian revolution that lasted from 1924 - 1926 AD, but the High Commissioner dissolved this assembly and issued the constitution after introducing amendments to it that lost its content, with Resolution No. 3111 dated 5/14/1930 AD, and made the constitution limited to internal Syria and subjected both Jabal al-Druze and Jabal al-Alawiyya to independent political and administrative provisions by its Resolutions No. 3113/2114/ issued on 3/14/1930 AD.

9 - Negotiations took place between the French government and the Syrian government in France, which led to the signing of a draft treaty on September 9, 1936 AD. One of the effects of the draft treaty was that France approved the return of the Alawite region and Jabal al-Druze to Syria, the motherland, except for Lebanon, which remained separate from Syria, and they were actually returned to it by the two decisions issued by the High Commissioner No. 265 and 274 / L.R. on 2 and 12/5/1936 AD. Even if that treaty was not ratified, these two regions remained Syrian governorates, but they retained their financial independence. Until the end of 1943 AD.

The only concern of the mandate in this colonial phase was to harness the administrative apparatus to serve its colonial purposes and to consolidate its roots in the country after it had divided and fragmented it. Since the High Commissioner made himself the source of all powers, whenever he formed a government in a part of the country, he ceded executive authority to it, provided that it is exercised under his supervision, so this cannot be considered a type of confederal or federal rule as some claim, but rather the primary goal is to facilitate the extension and enablement of control over it only for the simple reason that it is occupied.

However, the Mandatory State transferred to our country some administrative organizations, which gave some administrative bodies and the way work was done, the character of a modern administrative organization, such as the creation of the Council of State in 1925 AD, some ministries and departments in 1926 AD, and the Court of Auditors in 1938 AD, which was entrusted with oversight. The state's revenues and expenditures and its public accounts, similar to the system applied to the Court of Accounts in France.

5-2- Requirements for administrative development in Syria:

Since the concepts of administrative development constitute an organizational expression whose primary goal is to provide tools and methods to address urgent and chronic management problems in harmony and harmony with the requirements of achieving the objectives of public policy of the state with the highest possible efficiency, this means that the contemporary management strategy is based on the principle of continuing to introduce modifications and modernize methods and technologies. And the advanced methods in the work of public administration agencies and their various structures, which reflects a modern administrative culture that relies on empiricism and pragmatism, where there are no absolute truths in the administrative process, but rather there is an endless set of assumptions that must be constantly subjected to testing to demonstrate the extent of their suitability, effectiveness, and validity in field application. This means that contemporary administrative thought is based on the principle of trial and error, so any administrative reform program in Syria must be subject to experimentation and evaluation through various political, legislative, executive and non-governmental organizations.

In confirmation of the above, the starting point for the development program in Syria must emerge from the following: (Musa Al-Lawzi;2000;34-48)

1- Providing the political support and sponsorship required by the state for a comprehensive administrative reform program for all elements of the administrative system.

2- Forming a structural administrative body specialized in studying and following up on issues of development and administrative reform.

3- The proposed reform program is based on the current and future vision of the state's role in light of the changes taking place at the Arab and international levels.

4- Starting the reform process from the top of the government administrative pyramid towards the middle and lower levels of administration.

5- The process of administrative reform and the preparation and implementation of its program is the responsibility of everyone without exception, and therefore all ministries and agencies must be concerned in formulating and designing this program and following up and monitoring its implementation.

The administrative reform program must address mechanisms for dealing with the causes of widespread administrative diseases, such as corruption, the decline in the level of services, the high costs of services, the dominance of red tape and complex procedures, mediation, favoritism, and so on.

We also believe that it is appropriate for the Syrian reality to work to focus the role of the state in some production and service sectors that may not be possible for the private sector to carry out in line with the economic and social circumstances and conditions prevailing now, and to work on planning and controlling the performance of production and service units and following up on the private, joint and cooperative sectors within the policy framework. General development for comprehensive development while providing all required development requirements.

5-3-Developing and rationalizing development methods in Syria:

It is necessary to realize the true purpose of the administrative development process in government work and the work of private institutions, which is to serve citizens and customers and achieve their interests in the first place, and that this responsibility does not fall only on the top of the pyramid or the decision maker, but rather it is a shared responsibility by all officials regardless of their ranks. And their positions of those concerned about the processes, tasks and achievement of objectives directed to the target audience.

Among the most important proposals aimed at activating and developing the work of public administration bodies are the following: (Raad Hassan Al-Sarraf ;2002;23-30)

- Developing an action program aimed at easing and simplifying government restrictions and procedures after conducting studies on them
- Adopting the principle of no direct contact between the citizen requesting the service and the government employee (except in specific cases that require meeting and dialogue)
- Allocating an office in every government administrative body that deals with citizens to receive, audit and review requests, collect fees, and complete them within a specific period.
- Seriously thinking about establishing government service complexes that include representatives of all government agencies that citizens frequently deal with in order to provide service in one place.
- Involving some private and civil sector entities in providing some services on behalf of government agencies.

- Unifying documents for certificates and approvals granted to citizens.

Assigning one or more employees in each department to receive the auditors and direct them (accompany them) to the offices concerned with serving their interests and facilitating the task of completing their transactions.

- Involving media institutions in introducing the state's role in preparing and implementing administrative reform programs and obtaining feedback on the opinions of citizens and institutions about the reform programs and their evaluation of them.

- Providing all forms of administrative evidence (administrative guide) to assist citizens in understanding the mechanisms for receiving services and for public employees regarding the procedures and measures for implementing government services.

- Emphasizing the principle of transparency and accountability, which allows for the disclosure of information to achieve more honest and democratic administrative management and to ensure community confidence in the government.

- Unifying administrative oversight bodies and bodies. And work to define its goals, principles and foundations for its work within the framework of strengthening responsibility and stimulating freedom of creativity and innovation.

Developmental structuring of administrative organization: (Ali Hassan Al-Qabbani;1975;5-15)

In line with the new role of the state, which gave the private sector the right to expand the base of its activities in the fields of industry, private education, import and export, etc., and within the framework of international economic or political developments, it has become hoped that the national program for administrative reform will take into account the issue of reconsidering the organizational structure of the state's administrative apparatus. Within the framework of the following proposals:

- Auditing the feasibility and effectiveness of the higher councils or functional committees formed and working to determine their objectives, programmes, principles of work, duration of their effectiveness, and mechanism for evaluating their performance.

- Establishing the rules and foundations that must be taken into account when preparing the organizational structures for new units, or reorganizing existing units to ensure the efficient operation of these units.

- Working to address the issue of conflict and duplication of specializations among administrative units and studying the objectives of these units in light of the new requirements.

- Working to define and unify laws for public bodies, institutions, companies and establishments in a way that guarantees them complete administrative and financial independence.

- Working to find the appropriate formula that enables the state to transfer some of its production and service activities to be carried out by the private and joint sector within the framework of a studied policy to be implemented gradually on companies and institutions that will not be feasible under their public ownership.

- Activating the role of local administration agencies and their affiliated units by reducing the authority of central state agencies. It may be appropriate here to expand the base for involving the private sector in providing these services to citizens within the framework of state policy and its control over these activities.

The activities of administrative reform units in the governorates include reviewing all problems and obstacles that obstruct administrative work and prevent it from providing services to citizens and institutions in the required manner.

- Working to resolve all forms of disputes that may arise between public administrations and citizens and activating the role of popular oversight over the performance of public administration bodies.

- Reforming the financial structures, their policies and tax systems, developing the system for preparing the state's general budget within the framework of pre-determined programs and objectives, and allocated financial appropriations in accordance with the established items, and working to calculate the cost of performance in light of which the efficiency of implementation can be evaluated.

5-4-Suggestions for administrative development in Syria

Administrative development aims to keep pace with the latest models in the organizational structure of various processes to improve the organization's performance, by clarifying roles and raising the efficiency of performance and improving it to reflect on strengthening outputs and enhancing productivity. At the same time, it also focuses on redesigning structures to be able to keep pace with development requirements through their excellence. Clear roles and create a system for correct administrative

succession and optimal employment of employees' capabilities in a way that enhances their ability to deal with internal and external variables, in addition to facilitating the provision of services in a developed, rapid and proficient manner. This process also focuses on developing legislation, strategies, policies and procedures to ensure the continuous growth of the institution, in parallel with the development of employees by first raising their administrative awareness and raising their performance levels as they are one of the most important assets in the institution. This comes through continuous training, development and preparation for advancement to higher job positions.

There are important foundations for the administrative development process, the most important of which is that its operations proceed in a harmonious manner with higher policies, with the importance of proper planning, optimal use of available resources, employing modern technology, creating qualified human cadres and enhancing knowledge accumulation among leaders, with the necessity of developing new organizational guides detailing policies. Procedures and define duties and responsibilities, and the latter is done through reviewing and developing regulations and legislation.

It is also important to strengthen teamwork mechanisms based on integration in thinking and performance, develop plans to develop employees and even participate in planning for administrative development, and link recognition and rewards to innovation, productivity and excellence, with the necessity of adopting permanent evaluation as a basis for improving the work environment and increasing development opportunities, as the latter is the more diligent employees feel its presence. It opens the doors to progress and personal development for them, as the idea of leaving the workplace for another location will no longer be present.

The administrative development process must also include all procedural policies and regulations, as well as all employees and clients at all levels, and realize the importance of involving everyone in this development process, as they are the main driver for continuing it as an important tool for improving and advancing work environments.

Human Resource Development: (Diyal Al-Hajj Arif ;2003;8-14)

The administrative reform program is associated with the process of developing human resources through education, training, and qualification, so that it includes the following elements:

- i. Raising the level of performance efficiency among employees in government departments and candidates for senior positions by

- paying attention to administrative training and qualification in order to improve their skills and provide them with the necessary knowledge.
- ii. Rationalizing the use of the workforce, identifying actual needs and combating its inflation.
 - iii. Preparing an annual plan for training at the Syrian level that takes into account contemporary training requirements.
 - iv. Preparing and developing training curricula in terms of content and providing a wide base of training institutes, centers and qualified trainers.
 - v. Designing integrated programs to develop the experiences and skills of candidates for leadership positions at various levels, so that these programs include topics and training materials to adopt contemporary management methods.
 - vi. Designing an annual program for short-term distinguished training to enhance the skills and capabilities of the administrative leader.
 - vii. Preparing special training programs for senior, non-leadership positions and for middle and executive management positions (second and third levels).
 - viii. Providing financial funds and the material and technical requirements required to implement training plans and programmes.
 - ix. Establishing relationships and exchanging experiences with international training institutions to benefit from their experiences in this field.
 - x. Preparing an objective and ambitious plan to rationalize the methods and systems of selection, preparation and qualification for occupants of leadership positions in accordance with the principles of merit, competence and integrity.
 - xi. Reviewing the system of wages and incentives for senior administrative leaders.
 - xii. Encouraging the exchange of leadership employees between ministries, public bodies and institutions in the country.
 - xiii. Working to develop educational programs and curricula at all stages in the service of educating, qualifying and training the human element.

- xiv. Benefiting as much as possible from the experiences of retirees.
- xv. Implementing transformational training programs to rehabilitate and use surplus labor in second departments.

5-5 - Obstacles to administrative development in Syria at the present time:

Economic obstacles:

- i. Low levels of income, resulting in a low level of health, nutrition, education and administration.
- ii. The deficient concept of financial control, as it focuses on disbursement and the procedural aspect without studying the work before implementing it or verifying that the goal has been achieved.
- iii. Failure to arrange priorities when allocating financial resources for development work.
- iv. Focus on one commodity production in most Third World countries.
- v. Social obstacles:
- vi. Poor geographical distribution of housing and disparity in prosperity between areas of society.
- vii. Decrease in the level of health with the spread of diseases among individuals.
- viii. Social customs and traditions play a role in resisting change.
- ix. The absence of human relations at work and the lack of mutual trust between the boss and the subordinate.
- x. Organizational conflicts arise between the employee and the expatriate due to differences in cultures and customs.
- xi. Evaluating job performance lacks justice and is governed by personal whims.
- xii. Administrative and political obstacles:
- xiii. The instability of the political system, the most important manifestations of which are the frequent changes in public policy, which leads to a lack of clarity in development goals.
- xiv. Political dependency through developed countries having clear influences on developing countries.

- xv. Mismanagement of facilities, which prevents achieving the maximum benefit from available resources.
- xvi. The absence of conscious leaders who bear full responsibility for achieving development.
- xvii. Attention to securing inputs and immersion in procedures without focusing on results.
- xviii. Appointing incompetent individuals for subjective personal considerations.
- xix. Dependency and reliance on foreign expertise.
- xx. Random growth of administrative agencies with the spread of diseases.
- xxi. Weak civil service systems and the absence of material and moral incentives.

5-6-Obstacles to administrative development in Syria

Administrative development focuses on developing and improving the capabilities and skills of administrative leaders responsible for public administration. This is because achieving the goals of administrative development depends primarily on the human element, which represents the cornerstone of the production process. No matter how much capital, machinery, and sound systems are available, the efficiency of using these means depends primarily on the capabilities and skills of the working individuals, and their desire to use them to achieve development goals. .

One of the most important obstacles facing the administration is the inability of administrative leaders to carry out their leadership role and solve the complex problems they face in light of the stages of change and development that the administrative apparatus is witnessing at its current stage.

These problems and obstacles are divided into three main types:

(a) Administrative obstacles: (Ayman Hassan Diop;1999;13-14)

The administrative obstacles that obstruct administrative leaders and limit their effectiveness are numerous and varied, and the most important obstacles revealed by practical applications are:

- i. Extreme centralization and lack of delegation.
- ii. Improper administrative planning

- iii. Lack of information necessary to make decisions.
- iv. Bureaucracy, variation and complexity of procedures.
- v. Organizational status of administrative bodies.

(b) Environmental obstacles:

Most of the environmental obstacles facing administrative leaders stem from political, social, and technical considerations, and personal pressures and influences exerted by pressure groups or professional organizations, all of which prevent leaders from being able to carry out their duties, or from committing to objectivity in making their decisions.

(c) Obstacles stemming from the status of administrative leaders:

One of the most important obstacles facing the administration, which is reflected in the administrative leaders, is the inability of the administrative leaders to carry out their leadership role and solve the complex problems they face in light of the stages of change and development that the administrative bodies are witnessing at their current stage.

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Economics of Innovation

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1. Introduction:

The socialist economic system began in Syria in 1963 and lasted until the 1990s. After that, the government partially liberalized prices for some products, liberalized private property and encouraged investment with Investment Law No. 10 of 1991. In 2000, the Syrian economy began to transform into a social market economy as the amount of foreign investment increased by 70% in 2009. The Syrian economy is based on raw materials, especially oil. Oil contributes more than 50% of the national income, and the increase in oil revenues increases income, employment opportunities and investment in infrastructure, health and education. After 2011, the economic reality changed significantly and rapidly.

Innovation has become the focus of interest for economic researchers in recent years because it is a key factor for sustainable economic development, industrial renewal and increasing the competitiveness of national economies. Peter Drucker (1985) said that labor has two legitimate functions: Innovation and marketing. It is now well known in economic literature that innovation is becoming a core competence of the economy and the new wealth of nations, and that the true wealth of nations can be embodied in their creative intellectual capital.

Innovation economics is one of the economic fields that demonstrates the role of innovation in social welfare and economic development. It examines how creative ideas, new technologies and Innovations can provide creative opportunities that improve the economic level of the economy and the business sector. This includes investing in R & D and Study the impact of innovation on companies and society in general.

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Innovation has a decisive influence on the economy in many respects: it serves to increase productivity, develop production processes, improve economic efficiency, create jobs, consolidate the competitiveness of the economy, develop new products and services that meet new consumer needs and increase sustainable economic growth.

2. Economic Joseph Schumpeter's theory:

Keynesian economics studied the phenomenon of innovation according to the linear model: academic papers, professional research, and developing innovations. According to Keynes pointed out that R & D activities are the key of innovation processes in Keynesian economics. On the other hand, Joseph Schumpeter has shown that there are several models of innovation, and this model is based on the trilogy "invention - innovation - diffusion" in the innovation processes in the economy. Schumpeter used innovation to explain the nature of economic cycles (Schumpeter; 1947). In his writings about the theory of economic development and business cycles he published the "invention-innovation-diffusion" trilogy, which is known as Schumpeter's trilogy, which determines the phases of technical change in three phases: (1) The process of invention: which includes generating new ideas. (2) The process of innovation: which includes transforming new ideas into commercialized outputs. (3) The diffusion: Where new products and processes are introduced to the market (Godin; 2017; 28).

3. Concept of innovation:

Provides Penguin Dictionary is a useful starting point in defining innovation. According to this dictionary, innovation is providing markets with new products, new methods of producing them. Innovation is preceded by research that may lead to invention that maybe developed later to serve the market (Bannock et al.; 1992; 215). Innovation is the introduction of new products or methods for those who use or adopt them.

Indeed, there have been many studies and researches that have dealt with innovation by different groups of researchers and scholars. Schumpeter (1934; 1939; 1942) is considered among the first economists who emphasized the importance of innovations and their role in advancing economic development. Innovation has been shown to be a combination of new production tools that are applied intermittently, and he distinguished between five types of innovations (Schumpeter; 1934; 66):

- i. New products.
- ii. New production Process.

- iii. New sources of supply.
- iv. New markets.
- v. New way of organizing the business.

Most of the studies focused on the first and second types, The reason for this is that the impact of innovations in the economic and social sphere is greater than for other species. While new products have a positive effect on increasing income and profits by increasing the number of customers on the one hand and increasing their level of satisfaction on the other hand, innovation in the process leads to increased efficiency by improving operational processes and reducing waste of resources. Innovation defined as a change in the value desired by the customer, and a change in the extent of satisfaction that he can obtain from resources, so innovation is an economic or social expression, not a technological expression (Drucker; 1988; 35). While Rogers stated that innovation is practices that are perceived as new by individuals or any other unit of adopters (Rogers; 1983; 135). In the same context, Damanpour understands innovation as the adoption of new ideas about production, organizing, systems and outputs provided to the economy. (Damanpour; 1991; 555-590). It focuses on adopting new things, and without the adoption, there is no innovation. There are three types of innovations based on the extent of the impact that innovations can have on adoptees' behavioral patterns (Robertson; 1967; 14-19):

3.1. Continuous innovations:

They have a slight impact on the current behavioral patterns of adopters, continuous innovations provide improvements in a product, process, or market, such that it no longer resembles what already exists (Bennett; 1988; 329).

3.2. Dynamically continuous innovations:

They cause a greater change than continuous innovations in the behavior of adopters, but they generally do not fundamentally change existing behavioral patterns. Discontinuous innovations include making changes that big and clear in the product, process or market.

3.3. Innovations Discontinuous (Radical) Innovations:

These innovations include the creation of completely new products and business ways, and this requires establishing new behavioral patterns for adopters. The radical innovations include completely new and better ideas than These innovations can dismantle the structure of an industry or market

(Dundon; 2002; 10). Using innovations that adopters are not familiar with before requires new actions and behaviors that are appropriate for this type of innovation.

4. Process of innovation

The view of innovation as an action is characterized by insufficiency, because it conflicts with the phased nature of innovation. Innovation is not a single event within the organization, but rather a series of interconnected activities with each other in a specific way (Trott; 2005; 26). Therefore, it should be a process not action. The result of this view is that it goes through several stages in an organized logical sequence. Many researchers and practitioners have been interested in the innovation process for a number of years because of its economic importance and its unpredictable nature. The innovation process expresses the set of activities designed to reduce the risk resulting from the possibility of failure of innovations. Structural integration between the components of the economy (research and development centers, venture capital, regulatory, legislative and social structures) is a key factor in the success of innovations. There are several models of innovation can classify them into seven different categories (Saren; 1984; 11-24):

- i. Departmental -Stage Models
- ii. Activity-Stage Models
- iii. Cross -Functional Models (Teams)
- iv. Decision -Stage Models
- v. Conversion-Process Models
- vi. Response Models
- vii. Network Models

Network models are considered the latest in this field, it focuses on the coherent external connection with internal activities which achieves the success of innovations (Trott; 2005; 403). External interconnectedness can facilitate the flow of additional knowledge into the economy and thus improve the innovation process. Network models assume that the innovation is a process of knowledge accumulation that requires inputs that include a number of diverse internal and external resources as shows in figure-1.

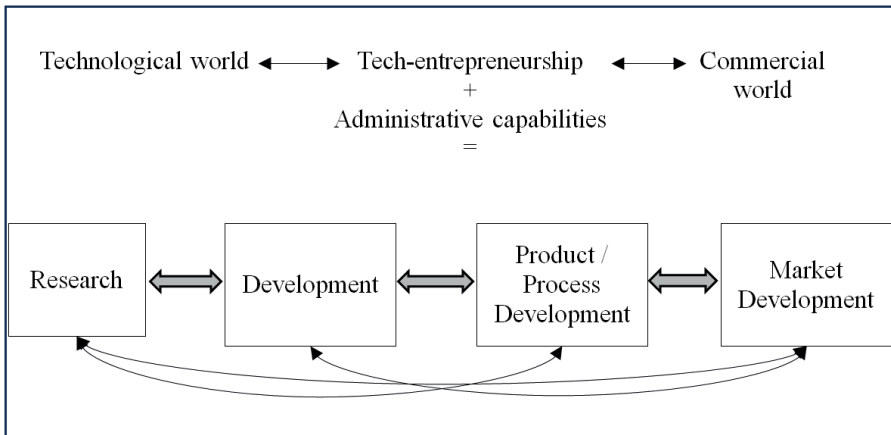


Figure-1: The dynamic innovation model

5. Index of Global Innovation GII:

GII is a periodic ranking every year that evaluates countries' ability to innovate and develop. It contains several criteria such as research and development, infrastructure, education, etc. It aims to measure countries' ability to produce new ideas and transform them into innovative products and services. GII contains the following inputs and outputs (WIPO; 2023):

5.1. Institutions:

5.1.1. Institutional environment:

- i. Good operational performance for enterprises.
- ii. Effectiveness of public sector.

5.1.2. Organisational environment:

- i. Quality of Instructions and Regulations.
- ii. Respect of law.
- iii. Cost of redundancy terminations.

5.1.3. Market environment:

- i. Policies facilitating enterprise operation.
- ii. Entrepreneurship success factors.

5.2. Intangible assets and scientific research:

5.2.1. Teaching:

- i. Education spending as a percentage of gross domestic production.
- ii. Government funding per secondary school student as a percentage of GDP.
- iii. Expected years of schooling.
- iv. PISA scores in math, science, and reading.
- v. Number of secondary school students assigned to each teacher.

5.2.2. Tertiary education:

- i. Gross tertiary enrollment ratio.
- ii. Percentage of graduating from science colleges to the graduates.
- iii. Inbound student mobility percentage.

5.2.3. Scientific Research Activities (R&D):

- i. Number of researchers per million population.
- ii. Total spending on R&D as a percentage of gross domestic production.
- iii. Top global corporate R&D investors (in millions of USD).
- iv. Top 3 universities in QS World Rankings.

5.3. General facilities:

5.3.1. IT Information technologies and communication:

- i. Access to IT & communication.
- ii. IT & communication usage.
- iii. Online public services.
- iv. Electronic participation.

5.3.2. Public facilities:

- i. Electricity generation per million population (GWh)
- ii. Logistics performance
- iii. Accumulated capital ratio of GDP.

5.3.3. Sustainable Environment:

- i. Gross domestic production per unit of energy use
- ii. Efficiency of environment.
- iii. ISO 14001 certifications per billion.

5.4. Market attractive:

5.4.1. loans:

- i. Financing availability for startups and scaleups
- ii. Percentage share of private sector loans in gross domestic production.
- iii. Microfinance contribution to GDP.

5.4.2. Investment:

- i. Contribution of market value to GDP.
- ii. Risk capital RC deals per billion of gross domestic production.
- iii. RC recipients' deals per billion gross domestic production.
- iv. Contribution of RC funding received to GDP.

5.4.3. Commerce, diversification and market scope:

- i. Weighted average tariff rate.
- ii. Domestic industry diversification.
- iii. Domestic market scope in billion.

5.5. Organisational maturity:

5.5.1. Knowledge employees:

- i. Employment in knowledge-intensive sectors as a percentage
- ii. Firms offering formal training as a percentage
- iii. Contribution business-performed R&D to gross domestic production.
- iv. Contribution business-financed R&D to gross domestic production.
- v. Employment of females with advanced degrees as a percentage.

5.5.2. Collaborative innovation:

- i. University-business R&D partnership.

- ii. Cluster development status.
- vi. Contribution R&D funded by foreign sources to gross domestic production.
- vii. Strategic partnerships per billion gross domestic production.
- iii. Patent clusters per billion gross domestic production.

5.5.3. Learning acquisition:

- i. IP payments as an expenditure of total trade.
- ii. Contribution advanced-tech imports to commerce.
- iii. Contribution IT services & communication imports to commerce.
- iv. Contribution of foreign direct investment to total domestic production.
- v. Percentage of workforce in R&D roles within businesses.

1.1. Knowledge and electronic outcomes:

1.1.1. Producing knowledge:

- i. Original patents per billion gross domestic production.
- ii. Country-originated PCT patents per billion of gross domestic production.
- iii. Country-originated utility models per billion of gross domestic production.
- iv. Number of scientific and technical papers of gross domestic production.
- v. H-Index of referenceable publications.

1.1.2. Effect of knowledge:

- i. Productivity of workforce percent.
- ii. Assessment of unicorn valuation percent of gross domestic production.
- iii. Computer programs expenditure percent of gross domestic production.
- iv. Advanced-technology industry percent.

1.1.3. Knowledge sharing:

- i. IP property income as a percentage of overall commerce.
- ii. Manufacturing and export problems.
- iii. Advanced-technology sales percent of overall commerce.
- iv. IT services and communication sales percent of overall commerce.
- v. ISO9001 certification density per billion of gross domestic production.

1.2. Outcomes of creativity:

1.2.1. Intangible outputs:

- i. Percentage of intangible outputs intensity among top 15.
- ii. Country-originated trademarks per billion of gross domestic production.
- iii. Top 5000 international equity of brandpercent of gross domestic production.
- iv. Country-originated industrial designs per billion of gross domestic production.

1.2.2. products of creativity:

- i. Creative services sales as percent of overall commerce.
- ii. National film production per million residents.
- iii. Entertainment and media sector per thousand residents.
- iv. Creative sales of overall commerce.

1.2.3. Internet creativity:

- i. Standard top-level domains per population.
- ii. Country-specific top-level domains per population.
- iii. GitHub changes per population.
- iv. Development of mobile applications per population.

International reports showed a significant decline in several economic aspects (ESCWA; 2019):

- i. Exchange rates: The inflation rate in Syria increased significantly, reaching about 90% in 2013, and the value of the lira decreased from 50 liras per dollar to 1,000 liras per dollar (2019).
- ii. Standard of living: 83% of the population suffered from poverty in 2019 compared to 28% in 2010
- iii. Domestic and foreign trade: Domestic consumption has declined due to population shifts, loss of purchasing power and high unemployment. The level of exports and imports fell by 89% and 60% respectively between 2010 and 2014.
- iv. Agriculture: A decline in the total area under cultivation, which led to a 60% drop in agricultural gross domestic product.
- v. Health: The level of healthcare has fallen due to the damage to numerous hospitals and healthcare facilities, as infrastructure losses in the healthcare sector amounted to 1.8 billion dollars in 2016.
- vi. Education: The percentage of learners dropped to less than 75% in 2015. Due to the destruction of schools, around 6,000 have ceased to operate and losses in education infrastructure amounted to around 1.2 billion dollars in 2016.

2. Science, technology and innovation indicators in Syria:

In December 2017, the High Commission for Scientific Research issued the national report on scientific research, which included the following topics (High Commission for Scientific Research; 2017):

2.1. Human resources in the Syrian science, technology and innovation system:

The number of employees in Syrian science and research institutions amounted to 12,139 people in 2015, According to the Supreme Commission for Scientific Research report, of which 8,878 were engaged in scientific research, representing 73.1%. This puts the number of researchers in Syria at 474 researchers per million inhabitants. The report also shows that the number of PhDs in engineering is 22.9%, in basic sciences 22.8% and in law 2.9%. The majority of doctoral graduates are between 41 and 54 years old (46.9%), followed by the largest age group of over 55s (36.7%), while the proportion of under 40s is only 16.4%. The crisis in Syria has had an impact on the number of people working in scientific research., as the number of employees who left their jobs in the period between 2011-2015 (3,298) This constitutes approximately 34% of scientific research workers.

2.2. Expenditure on scientific research and technological development:

Scientific research expenses amounted in Syria to 0.1-0.2% of GDP before 2011. The report of the Supreme Commission for Scientific Research shows Scientific research costs in 2015 amounted to about 900 million Syrian pounds, which is 0.02% of the gross domestic product. Note that the government budget for scientific research in the same year amounted to 1,600 million Syrian pounds, which means that half of the funds allocated for scientific research were spent. So, there are several problems other than poor funding, like the inability to invest the money due to weak research plans and projects.

3. Scientific publishing:

Syrian scientific publications in international peer-reviewed journals are considered few compared to publications from neighboring countries. In 2012, they reached (578) publications, while in Lebanon they reached 3,961 publications in 2019, in Iraq they reached 12,127 publications in 2019, and in Jordan they reached 5,279 publications in 2019 (Maarouf; 2019).

4. Intellectual property indicators:

The World Intellectual Property Organization report showed that Syria ranked 96th globally according to the number of patent applications registered for residents and non-residents in 2018 (WIPO; 2019).

5. Syria on the GII:

The GII report showed that Syria ranked 134 out of 142 in the Global Innovation Index (WIPO; 2013). However, although Syria ranked 105th globally according to the innovation input index, it was 140th globally according to the outputs, which indicates the low efficiency of the science, technology and innovation system. The efficiency index reached 0.45 and it ranked last, 142, among the countries classified according to the efficiency standard. Other indicators such as: Syria ranked 108th for infrastructure, 114th for institutions, 117th for market structure, 130th for ease of establishing a business, 141st for technology and knowledge, and 128th for creative outputs. It is worth noting that Syria's ranking was not much better before the start of the war, as Syria ranked 115th out of 125 countries classified according to the Global Innovation Index in 2011, and 132nd out of 141 countries in the 2012 index (WIPO; 2013).

6. Diffusing innovation:

The process of innovations diffusion refers to the process through which innovations are accepted and used by target entities, whether individuals or organizations. The efficiency and effectiveness of the dissemination process will Explain the failure of innovations and their adoption. Therefore, the process by which innovations spread and adopted have to be analyzed and clarified, the factors influencing this process must be known, and thus the success of the innovation development process can be judged. The beginnings of the theory of the innovation's diffusion date back to the beginning of the last century, and the seeds of this concept go back to the study he conducted Researchers about the spread Use Hybrid corn seeds among farmers in the US state of Iowa (Ryan & Gross; 1943; 15–24). The theory of diffusion of innovation has covered many fields of science, such as sociology, geography, education, health care, communications, and business. It is one of the first researchers to apply this theory in the sociology, he studied the role of influencers in the social system on decisions to adopt or reject innovations (Rogers; 1962). While it has been used in communication studies that view innovations as new information, and that the dissemination of these innovations consists of transferring this information either using mass media or interpersonal communications, This theory explained the speed and direction of transmitting the message, and showed the effect of variables in the spread process, such as the sort of message, the channel of communication, and the mechanism of exposure to the message. Rogers defined the process of diffusion of innovation as a process of communication between individuals and the transfer of innovations in specific channels over time within the social system. There are a group of factors influencing the innovations' diffusion (Rogers; 2003; 11):

6.1. Relative Advantage:

Benefits-Costs of adopting new technology We need to understand users' perceptions of benefits versus costs.

6.2. Compatibility:

Similarity / familiarity to existing ways of doing things, compatibility with cultural norms, innovators must educate customers if compatibility is low.

6.3. Complexity:

Difficulty of use of new product, try to simplify use; easier to learn; offer training and education.

6.4. Trial ability:

Provide the opportunity to try the product convincingly, reduces perceived risk, design products as independent modules or offer on trial basis.

6.5. Ability to communicate product benefits:

Ease and clarity of communicating benefits to prospective customers, talk in terms customers understand and that meaningfully convey the compelling reason to own the new technology.

6.6. Observability:

Customer's ability to assess benefits, Ability of others to observe customer's benefits obtained from using a new product, if benefits are elusive to both the users and their friends, adoption will be slow.

7. Adoption of innovations:

The adoption of innovations does not happen at the same time, but is influenced by the characteristics of the adopters. Figure-2 shows the five categories of adopters according to the time of adoption (Rogers; 2003; 22):

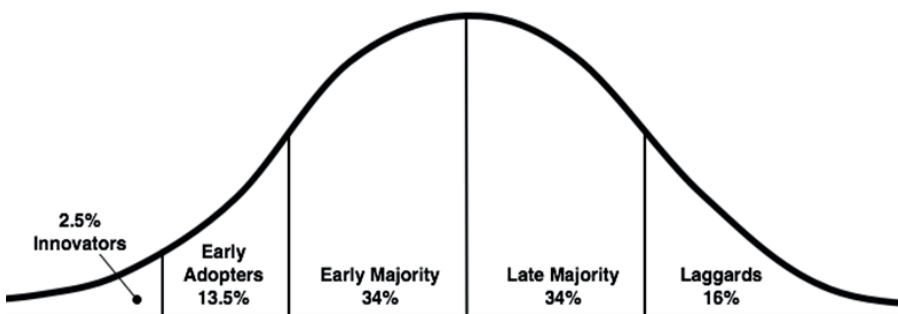


Figure-2: Categories of adopters

Source: ROGERS, 2023.

7.1. Innovators:

They are adventurous and bold. They represent 2.5% of the total adopters. They enjoy special importance in the process of spreading innovation. They are always eager to try new ideas. This stems from their desire to control and acquire. They are the first to adopt innovations in the targeted social system. The result of this tendency to adopt innovations, they need financial resources to bear the risks of innovations that may not meet their aspirations, or which the market test shows to be a failure. They are well convincing and cosmopolitan, they have friends outside the specific social system, have their own sources of information and have close relationships with other global and local innovators.

7.2. Early Adopters:

They are less adventurous compared to innovators, and they constitute 13.5% of adopters. They are respected and more integrated with the group, and are more likely to be opinion leaders. Therefore, the conviction of early adopters will affect the success or failure of the diffusion process.

7.3. Early Majority:

This category represents a large percentage of adopters (34%). They do not wait a long time to try innovations, enjoy a moderate degree of risk and adventure, and are considered to have medium incomes.

7.4. Late Majority:

This category is characterized by skepticism and suspicion, and they represent 34% of the total adopters. They adopt innovations after they have been adopted by the majority of adopters, and they often belong to the middle and even lower classes, and this is what makes them hesitant to accept innovations.

7.5. Laggards:

The percentage of laggards constitutes (16%) of adoptees. This group is considered a member of the lower class, and they can be considered among the isolated individuals who have very superficial connections.

8. Entrepreneurship:

Joseph Schumpeter believes that the entrepreneur is the cornerstone of capitalism, the source of creativity and the vital force that drives the capitalist economy. He thinks that the creative demolition process is the fundamental

truth about capitalism (Schumpeter; 1947; 83). Drucker (1986) believes that “Schumpeter insisted that ‘innovation’—that is, entrepreneurship that moves resources from obsolete jobs to more productive ones—is the essence of economics.” the talk. Schumpeter wrote in his book *Capitalism, Socialism, and Democracy* that the task of entrepreneurs is to bring about a radical change in production patterns by exploiting a technological invention. New ways to produce new products, produce existing products in a new way, open a new source for supplying raw materials, a new distribution outlet for products, or reorganize the industry according to a new structure. Schumpeter continues by saying that entrepreneurship has begun to lose its importance after innovation has become easier than ever before. Innovation itself has turned into a routine, and technological progress has become work carried out by specialized teams trained to implement innovation plans. Schumpeter pointed out in his book “*The Creative Response in Economic History*” that entrepreneurs differ from inventors. An inventor produces ideas, and an entrepreneur accomplishes new things (Schumpeter; 1947; 149-159).

9. Innovation and Economic Growth:

In his explanation of the economic growth process, Schumpeter assumes perfect competition and full employment in a recurring equilibrium without net investment and population growth (Schumpeter; 1939). Where the entrepreneur creates opportunities to fund new profitable investments, a number of new projects are being launched to support these innovations, new factories are being built, and new goods are entering the market. The prosperity phase begins with an increase in bank credit, which leads to an increase in production and income, and the economy enters the peak phase. Expansion in production leads to a decrease in prices, and old institutions become unable to compete with new institutions, so they are closed and a state of pessimism prevails among businessmen, so the movement of creativity and innovation declines and the economy enters a stage of recession, but it does not last long as the economy returns to recovery with the emergence of new innovations and the development of production methods.

Schumpeter believes that the path to production and economic growth lies in innovation. Innovation theory asserts that the main task of the entrepreneur is innovation which Schumpeter defined as any new action that reduces the total cost of production or increases the demand for products and generates significant returns. The creation of innovations was the basic to success and economic gains for the entrepreneur. The economic growth caused by innovation, which is determined by the creative demolition process. Formal

economic models have been created that activate Schumpeter's concept of creative destruction (Schumpeter; 1947).

10. Innovation and Competitiveness:

Most studies agree that the concept of competitiveness is seen as an extension and further development of David Ricardo's theory of comparative advantage in international trade. In 1817, he emphasized the need for specialization and international trade as a result of the comparative advantages of these countries result from the relative abundance of one of the production factors.

10.1. Levels of Competitiveness:

The idea of competitiveness began to emerge and expand in the 1980s when this concept appeared in Porter's writings on competitive strategies (Porter; 1985; 1991). Despite the wealth of literature that has addressed the issue of competitiveness, no specific definition of competitive advantage has yet been developed. This literature has examined the issue of competitive advantage on three levels:

10.1.1. National Level:

The competitiveness of nations is the ability to create products that can withstand external competition and at the same time maximize real domestic income (Noyer; 2002; 5). The American Council on Competitive Policy defines a country's competitiveness as its ability to introduce products that can compete in global markets while maintaining a stable long-term standard of living. While the OECD links the competitiveness to the increase in the state's real domestic income, the American Council for Competitive Policy links it to the state's ability to improve the life quality of individuals over the long term.

10.1.2. Industry Level:

Industry-level competitiveness defined as the ability of companies in the same industry in a country to continuously succeed in Global markets without state support and protectionist policies, and this leads to that country's distinction in this field (Al-Tayeb; 2005; 4). The focus here is on creating a common competitiveness for all organizations that is specific to a particular industry in a particular country.

10.1.3. Organizational Level:

The so-called competitive advantage has become the most important goal that organizations strive for. Porter's (1991) view of competitive advantage revolves around the organization's competence to be productive within its industry at minimum cost or to be unique in some characteristic. Competitive advantage defines competitive advantage as the organization's competence to create a distinct position over its rivals that it can defend (Li et al.; 2006; 107-124). Competitive capabilities can be embodied in the form of low cost or unique advantages as there are two groups of competitive capabilities (Khalil; 1998; 85):

10.1.3.1. Low-Cost Advantage:

This is the competency of an economy to provide lower cost products compared to other economies, which ultimately leads to higher profits. It is necessary to understand the critical activities in the value chain in the economy that are an important source of the lowest cost advantage.

10.1.3.2. Differentiation advantage:

It means the ability of the economy to offer different and unique products that create higher value from the market's point of view (higher quality - product specific features - marketing services). Therefore, it is necessary to understand the potential sources of product differentiation through value chain activities and utilize the capabilities and competencies of the economy to achieve aspects of differentiation.

10.2. Approaches of Creating Competitiveness:

The approaches that enable business to create competitiveness differ, as the external approach depends on the external environment, while the internal approach depends on the competencies of business (Al-Bakri; 2008; 198):

10.2.1. External approach:

This approach relies on the external environment for creating competitiveness as it is created and implemented in the external environment. According to this approach, the economy relies on attractive market opportunities to choose the appropriate competitive strategy. These opportunities include information, raw materials or government facilities, in addition to the (political, economic, demographic, social and cultural) conditions of the external environment.

10.2.2. Internal approach:

This approach depends on the assets that the economy possesses (advanced machinery, a brand, an excellent location) and the resources (human skills, practical know-how, financial resources) This can create a competitive advantage that is difficult to imitate. Therefore, this approach is based on strengths or remedy the shortcomings that characterize some economic activities.

10.3. Competitive Advantage:

Economy is a combination of resources and competencies required to produce and compete in the market. Resources are the physical capital, human capital and organizational capital that an economy possesses and can use to understand and apply competitive strategies. As for capabilities, they reflect the economy’s ability to integrate and utilize resources to perform better despite the resistance arising from competition and environmental conditions. There are two main differences between resources and competencies (Makadok; 2001; 387-401): First, Competencies are a special kind of resource peculiar to the economy not transferable. Second, the goal of competencies is to improve others’ resources within the economy. The development of capabilities of the economy depends on the resources available. The difference between resources and capabilities and the interaction between them explains the performance level of the economy, as the effective combination of the economy’s resources and competencies leads to create core competencies which are a combination or a set of particular capabilities, tangible or intangible assets. Material objects of a particular nature, cutting-edge technology and regular practices (routines) that together form a good foundation for the competitive capabilities of the economy and thus increase its competitiveness in the market (Khalil; 1998; 31). The mechanism for creating competitiveness according to the resource-based approach as figure-3:

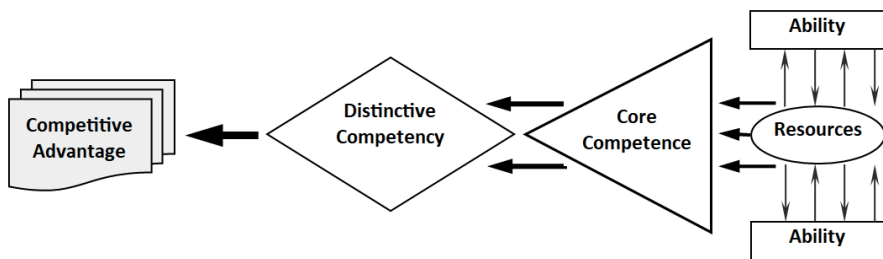


Figure-3: Competitiveness by Resources-Based Approach

11. Conclusion:

Formulating a comprehensive plan to build the innovation system in Syria requires working to develop strategies related to the governance of the national innovation system and preparing for the reconstruction phase, and a plan to rebuild the higher education system to secure the economy's need for scientific personnel and enable them to contribute to scientific research activities. As well as developing mechanisms to link companies and organizations in general with higher education institutions to enhance entrepreneurship in these sectors in order to achieve advanced rates of global innovation indicators and move the Syrian economy forward.

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Environment and Economics

Adnan Sennuo¹

1. Introduction

Environmental economics is the study of using, allocating and protecting the world's natural resources in a cost-effective manner. Economics, in general as known, is the study of how humans produce and consume goods and services. And environmental economics focuses on how to use and manage limited resources in a way that serves human while meeting concerns about environmental impact. This helps governments evaluate the pros and cons of alternative measures and design appropriate environmental policies. Understanding Environmental Economics, the basic theory underlying environmental economics is that environmental amenities (or environmental goods) have economic value and that there are costs to economic growth that are not taken into account in traditional models. Environmental goods include things like access to clean water, clean air, wildlife survival, and overall climate. Although it is difficult to put a price on environmental goods, there can be a high cost when they are lost. Environmental goods are usually difficult to fully privatize and subject to the tragedy of the commons (Maureen et al, 1992).

Human existence depends on Nature, to obtain sources of livelihood such as food and water. The environment provides biotic and abiotic factors, such as the appropriate climate temperature to sustain life. Maintain nutrient cycles and oxygen production; And factors that help maintain health. The environment helps get rid of various forms of pollutants, such as carbon dioxide, plastic, sewage and other forms of waste, including pollution. Nature is therefore an asset, just as productive capital (roads, buildings, factories) and human capital (health, knowledge, skills) are assets. However, nature, like education and health, is more than just an economic good: many

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appreciate its existence and recognize its intrinsic value as well. Biodiversity enables nature to be productive, resilient and adaptable. Just as diversification within financial assets reduces risk and uncertainty, diversification within natural assets increases nature's ability to withstand shocks, reducing risks to nature's services. It can say: we have collectively failed to engage with Nature sustainably, to the extent that our demands far exceed its capacity to supply us with the goods and services we all rely on (Greenstone, et al., 2015).

2. Essential Concepts of Environmental Economics

The environment sector is concerned with studying the necessary needs of living organisms in general and humans in particular for the continuation and safety of the existence of man, who is considered the successor of God on this earth and charged with preserving it and establishing justice in it. This sector includes vital environmental components such as human social relations on the one hand and his relationship with other living organisms such as plants and animals, Non-living components also include all the environmental factors necessary to sustain its life, such as food, water, air, energy, etc. Also, the concept of the environment expanded with human awareness and knowledge, and it now includes all of the following: "Economic environment: It includes aspects of economic development and the costs of protection from damage Natural.

- **Technical environment:** It includes aspects of industrial development and the use of technology to provide Energy and natural resource use.
- **The natural environment:** It includes aspects of protecting natural resources and preventing natural damage.
- **The cultural environment and the social environment:** It includes the customs, traditions, principles and values prevailing in the society.
- **Regulatory environment:** It includes environmental goals and legislation. (Soliman, 2019).
- **Ecological Economy EE:** The term environmental economics, which emerged in the 1980s, refers to the economy as only part of the subsystem in order to preserve natural capital., it differs of Environmental Economics which concerned with the sustainability of natural capital and does not accept that man-made capital replaces natural environmental resources (Maureen et al, 1992).

Due to the increasing environmental warnings in the 21st century, environmental economics has been studied as one of the most important

topics. “Conducts theoretical or empirical studies of the economic effects of national or local environmental policies around the world. Special issues include the costs and benefits of alternative environmental policies for dealing with air pollution, water quality, toxic substances, solid waste and global warming.” (Banzhaf & Spencer, 2023).

3. Correlation of Environmental Economics with other fields

There are two similar terms associated with the company, some of which are environmental economics and ecological economics, but there are differences. The term environmental economics refers to economists who want to train primarily in the field of economics, but use tools in the economy and marketing, especially in cases where there is no confidence in the reasons for working in the market. This term also refers to some extent and its relationship to simple stability in making accurate decisions. Ecological economics refers to experts who have chosen environmental matters primarily and research the impact of human activities on the natural environment. From the point of view, this field is an essential part of economics, and it researches the sustainability of natural resources for their use in systems and the market mainly.

Despite the similarity of lines, the two terms have joined in many issues and finding the four-way ways to realistic solutions to small urgent problems, but in some cases, they conflict, which is difficult, especially in explaining some philosophical problems. There are also external elements that do not always allow the terms to be compatible, as there is competition between advanced fields and economic fields that encourage some. When there are economic fields with profit and loss and competition towards capital growth without the integration of effective elements, it will result in effective natural resources and can produce water and the spread of diseases and stroke and other environmental problems.

4. Sustainable development and environmental economics

Sustainable development is the proposed new method of economic development as an alternative to the traditional development method because it takes into account environmental problems. There are several definitions of sustainable development, but the most accepted is the definition of the United Nations Commission on Environment and Development, known as the Brundtland Commission, which is: (development that preserves the ability of successive generations to secure their needs while meeting current requirements). This means that environmental issues should not be treated in a Partially, it takes each of them into consideration separately,

but confronts it in a comprehensive and integrated manner that ensures economic development without compromising the environment to a degree that prevents its continued contribution. The issue, then, is how do we deal with the natural environment so that it can play its role in preserving the economy as a source of an improved standard of living continuously.

Environmental resource science investigates the optimal ways to utilize natural resources, and was used as a different term from environmental economics. With the spread of focus on environmental resources, officials have become more interested in natural resources and their optimal exploitation (for example, the optimal use of water resources and aquatic fish wealth beyond commercial exploitation). Currently, environmental resource science is closely linked to environmental economics, and seeks economic sustainability of available environmental resources. The interest of decision-makers and politicians in natural environmental resources has led to the emergence of theories of natural capitalism, which call for equality between natural capital and economics capital.

Hardline environmental economists such as Mike Nickerson believe that the economy is three-fifths of the environment, strongly support ideas that support renewable energy, and believe that the new economy must go beyond communist or capitalist ideas and enter into planning and policy so that the greatest benefit is achieved through the interaction between the environment and the economy. These views involve clear changes in the way of thinking about the capital available in the market and thus transcend environmental, political and economic boundaries, changing the differential equation of capitalism. Kelsey Jack, in his research paper, has defined environmental economics as a developing field that is primarily concerned with investigating the causes of poor environmental quality in developing countries and is one of the emerging sciences related to development economics.

Understanding the relationship between environmental quality and the gross domestic product of any country must include an analysis of a number of basic pillars of the environmental economy, for example: market problems, payment methods, form of capital, and other factors. In developing countries, these factors increase due to political issues facing them or due to weak infrastructure or insufficient financing in these countries and other complex problems (David, 2019).

Sustainable development has recently been viewed through concepts in a number of sciences, such as environmental sciences, sociology, and economics Figure 1, and it examines the possibility of investing in these

different sectors for the longest possible period in the most appropriate ways. Cooperation is necessary between experts and officials in these different fields to reach a balanced economy and sustainable infrastructure.

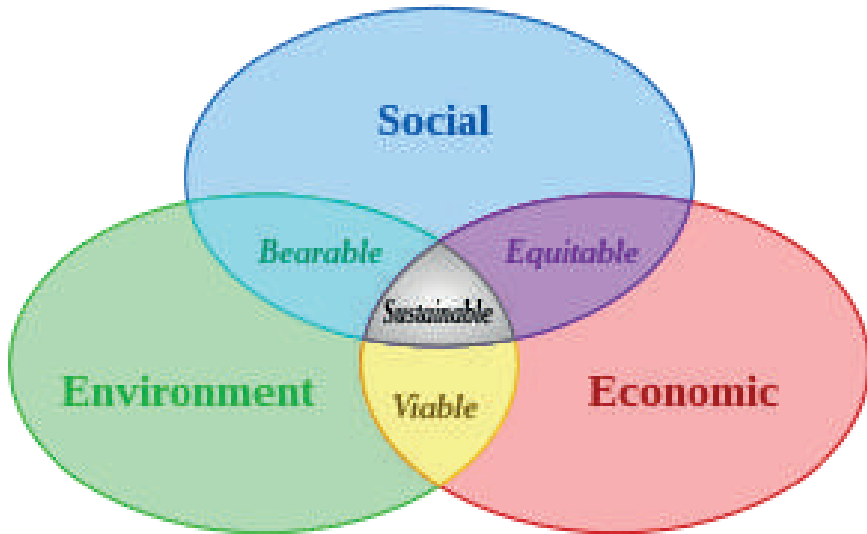


Fig.(1)The three pillars of sustainability

4.1 Dimensions of sustainable development:

Sustainable development properly includes three basic dimensions: the economic dimension, the social dimension, and the environmental dimension, and helps the economic development of the individual and society

4.2 Economic development can be defined as a “process” through which the real national income (the total national product of final goods and services) of a country increases over time, resulting in an increase in the average per capita share of this income. The following must be taken into account when defining economic development:

- i. It is considered a “process” that means the interaction of a specific group of forces that differ according to the circumstances of time and place, resulting in fundamental changes in some variables of the national economy, the most important of which are changes in the supply of production factors and changes in the structure of demand for various products.

- ii. The focus of attention in the development process is on real national income, not monetary national income. The reason for this is that changes in monetary national income reflect changes in society's production of goods and services and also reflect changes in the general level of prices in society.
- iii. Increasing the real national income is necessary to be accompanied by an increase in the average per capita share of this income. This is because the development process occurs over time, and with it at that time there is a growth in the population and an increase in the population growth rate at a rate that exceeds the rate of increase in the real national income, which is the essence of the economic development process. As a result, the interest in the development process is not only focused on increasing real national income, but rather it must take into account the growth of the population and the growth of their needs and requirements.

5. Environmental resources

In light of the scarcity and limitation of resources and the increasing risk of their depletion and pollution, and given that they are not limited to one generation, but are the property of all successive generations, for all of this it has become desirable and desirable. It is necessary to use what is available in a way that does not lead to its waste, but rather ensures its protection and increase Whenever possible, so that its giving continues from one generation to another, and so on. It requires protecting resources, and to preserve it, it is necessary to inventory it completely and comprehensively to determine the potential for its current exploitation In the future, plans and programs should be developed that include not using it excessively (Soliman, 2019).

There are several types of economic resources, where resources are divided into several divisions, depending on their origin, locations, and nature, as follows:

- a. **Types of resources according to the origin of the resource:** In this regard, there are three types of resources:
 - i. **Natural resources:** This includes the land and what is on it and other resources inside it Pastures, forests, etc.
 - ii. **Human resources:** It includes manual, mental, technical, organizational and administrative work.

- iii. **Capital resources:** These are the resources produced by humans using natural resources such as minerals and energy sources and others to become economic resources that in turn contribute with other resources to production goods and services.
- b. **Types of resources according to the locations of the resource:**
In this regard, the resources are divided into the following:
- i. Resources that exist everywhere, such as air and sunlight: These are resources for which there is no competition and it does not cost anything to obtain them, which makes them free goods, and therefore they are not included among economic resources, due to their lack of an element of relative scarcity, for examples:
 - ii. Resources found in many places, such as agricultural education and livestock: They have a price and costs because they are rarer than resources found everywhere, and their prices and costs of obtaining them increase in places with a high population density.
 - iii. Resources found in a few places, such as minerals and energy sources: They are more expensive than resources found in many places because they are rarer and their price is determined by demand and price, and their market is subject to imperfect competition.
- c. **Types of resources according to the chronological age of the resource:** In this regard are divided into:
- i. **Renewable resources:** These are those resources that are renewed automatically and on their own, such as water from rivers, seas, and oceans. They are also called flowing resources. •
 - ii. **Exhaustible resources:** These are resources that exist in nature in limited quantities, and their use leads to a reduction in their reserves, which leads to their depletion, examples of which are minerals.
- d. **Types of resources according to the nature of the resource:** In this regard, resources are divided into tangible resources, such as: Human and natural resources, capital, and intangible resources such as organization, administration, government policies, level

of education, and general culture. These intangible resources are economic resources because they contribute to increasing the effectiveness of tangible resources and increase their benefit, in addition to having costs.

5.1 Classification of resources according to their nature: Natural resources are divided according to their nature into two main parts:

- i. Material resources are tangible resources that can be distinguished by eye and obtained from the surrounding environment. They come in several forms: solid, such as metals, liquid, such as petroleum, or gaseous, such as natural gas, and other material resources that humans depend on to serve them and maintain their survival.
- ii. Non-material resources, which are living organisms, that is, various animals and plants, as they have an impact has a significant impact on the final outcome of the development process (positively or negatively).

5.2 Classification of resources according to their locations: They are divided as follows:

- i. Resources that exist everywhere, and include all natural resources that humans do not find any difficulty in obtaining due to their abundance, such as water, air, soil, and others. The water crisis that scientists are talking about now is nothing but the result of environmental change in some regions of the world, especially the Middle East, as well as a political tool, as Israeli attempts to control water sources in the course of the Nile River and others.
- ii. Resources found in many places, such as plant resources and others.
- iii. Resources found in specific places, such as oil, natural gas, and some minerals.
- iv. Resources present and concentrated in one place, such as nickel, which Canada produces. (Soliman, 2019)

5.3 Classification of resources according to the nature of their composition: Resources are divided into the following:

- i. Organic resources such as forest resources, pastures, and water resources (fish resources). Coal and petroleum, which are sources of driving forces of organic origin.

- ii. Inorganic resources such as water, mineral ores, building stones, and chemical resources found in the air such as nitrate and gene or the ground such as salts of various types.

5.4. Natural resources and their liquidity: Natural resources in a country are determined in their liquidity according to the extent of their continued availability to society. On this basis, resources are classified into three categories, which are:

- i. Permanent environmental resources.
- ii. Renewable environmental resources.
- iii. Non-renewable environmental resources.

There are some natural resources above the surface of the Earth that do not have the quality of permanence and survival. Some natural resources may exist permanently or they may be renewable or non-renewable as following:

5.4.1. Permanent environmental resources: such as air, which is considered the most valuable resource of the natural environment, although it is always available, as no living creature can do without it. As for water, it covers more than 7 tenths of the Earth and its quantity is estimated at about 1.45 billion cubic kilometers. The oceans and seas constitute its main reservoir, as they contain about 97.2% of the total water ocean in the form of salt water that does not benefit humans directly for agricultural, industrial, human, or drinking uses. As for fresh water, which amounts to only about 2.8% of the total water in the universe, about 75% of it is frozen in the form of ice and snow in the poles and some other cold regions, that is, about 2.2% of the total amount of water in the world. Therefore, the percentage of liquid fresh water available to humans and for living uses is estimated at only about 0.8% of the total water on Earth, and this is a very small percentage. However, this water, despite its scarcity, plays a major role in creating the conditions suitable for life, as it makes up 60-70% of the bodies of living things, including humans, and this percentage increases to 90% in the bodies of lower living creatures. As is the case with the components of air, water has a cycle in which it follows various human uses (Soliman, 2019).

5.4.2 Renewable environmental resources: are natural resources that have the property of self-renewal and can be reproduced. It includes living organisms, such as fish, trees, soil and water. Living organisms in all their forms have the characteristic of species continuity. Scientists estimate the number of living organisms on Earth to be about 30 million species, both animal and plant. It may seem at first glance that these resources are not subject to annihilation and remain renewable indefinitely, as was the

common belief in the past, but it has recently become clear that human activity in using these resources can affect the continued supply or renewal of these resources. Indeed, many plant and animal species that were prevalent in the past have been exposed to extinction

5.4.3 Non-renewable environmental resources: These are natural resources that are not renewed during a human's life, that is, those that take millions of years to renew. It is a non-renewable source, and is usually taken from the ground, such as coal, petroleum, mineral ores, or from fossil water. They have limited reserves, and include oil, natural gas, coal, and minerals. These resources are subject to depletion and depletion, because the rate of their consumption exceeds the rate of their replacement, which is so slow that a person does not realize it in his short lifespan. Hence these resources are called non-renewable resources (Rob, 1989).

6. The environmental dimension:

The environment, as a broad term, includes everything that surrounds humans. The United Nations Humanitarian Conference, held in Stockholm in 1972, defined it as: “the stock of material and social resources available at a time and in some place to satisfy humans and their aspirations.”

It is also known as: “It is the field in which a person lives and from which he obtains all the resources necessary to satisfy his needs, so he influences him and is affected by him.” The environment has become a global determinant that imposes itself and affects economic and commercial transactions and contemporary international relations, and attention to it has become one of the most important standards for evaluating the civilization of countries. Environment and development are intertwined, after more attention has been given to it at the global level in order to overcome the pollution of the geographical and political borders of countries. It is transmitted through water, air and living organisms. Reports of the World Bank in the last decade have emphasized interest in the environment as a fundamental pillar of development to preserve natural resources from depletion and deterioration for the benefit of the rising generation and future generations. It has also participated in motivating member states to pay attention to issuing legislation to protect the environment and energy sources and to pay attention to studying environmental sciences. All of this requires rationalization. Using non-renewable resources, not exceeding the ability of renewable resources to renew themselves, and not exceeding the ability of the ecosystem to digest the waste that is thrown into them so as not to become polluted that harms humans and animals. The marriage between

achieving development and protecting the environment established the birth of a new branch of economic science called environmental economics. In general, the most important goals of the environmental dimension in sustainable development are represented in all of the following:

- i. Preserving the natural environment.
- ii. Employing the physical environment away from environmental pollution.
- iii. Spreading awareness of the cultural, social and urban environment.
- iv. Introducing the environmental balance in society.
- v. Protecting the environment from all pollution and depletion.
- vi. Use of clean technology. (Perman, et al., 2003)

6.1. Sustainable development indicators:

- a. Indicators of driving forces: pressures exerted by activities and patterns are classified.
- b. Condition indicators: They provide an overview of the current condition, such as water and air quality.
- c. Response indicators: summarize the measures taken.

7. Environmental resources in Syria

Natural resources in Syria have been subject to deterioration during the last five decades due to population growth and some economic development policies and the accompanying negative human practices on the one hand, and climate change on the other hand. The long-term war on Syria affected not only the wheel of development, but also had severe repercussions and damage to natural resources and the ecosystem, including:

7.1 Agricultural resources

Large areas of agricultural land have been damaged due to oil pollution, and it has also led to increased soil contamination with untreated sewage due to many treatment plants being out of service. The areas salted in sedimentary, silty and saline soils also increased as a result of the destruction of drainage channels or the breaking of suspended irrigation channels. As for the areas planted with fruit trees, they were subjected to significant damage through the unjust cutting of trees, especially almonds, apples, olives, and pistachios, for heating, as a result of the decrease in quantities of heating fuel

and the increase in their prices. The process of cutting trees is considered one of the major damages resulting from the crisis, as it was achieving self-sufficiency and providing a surplus for export.

7.2 Water resources

During the years of crisis, water resources were exposed to various damages to riverbeds, canals, main traction lines, and water facilities, in addition to the difficulty of maintaining drinking water, irrigation, and sewage networks. Many of the invested sewage treatment plants stopped and a number of treatment plants went out of service, which led to an increase in pollution in Water bodies on which liquid waste is discharged. In addition to the cessation of work on constructing a number of dams and vital facilities, and the inability to monitor infringements on groundwater due to the random drilling of wells, and the sabotage of some modern irrigation networks. Large areas of irrigated land have stopped the production process (GLEICK, 2022).

7.3 Desert resources and pastures

Most economic activities in the Syrian desert have stopped since the beginning of the war, and infrastructure has been destroyed, such as: wells and their facilities, various water points, development support units, administration buildings, veterinary centers, pastoral nurseries, pastoral seed production centers, water desalination plants, and most pasture areas have been abandoned. The areas allocated for grazing animals decreased and the demand for concentrated fodder for livestock increased, which is difficult to secure due to its scarcity and high prices, which led to the migration of small herd owners to the profession of herding and the deterioration of their living conditions.

7.4 Forestry and forests

The forest area in Syria has declined significantly as a result of population growth, cutting down of natural forests for agricultural use, urban sprawl, illegal felling, charcoal burning, unregulated tourism, fires, overgrazing, and inappropriate agricultural practices. The number of forest reserves reached (31) before the Syrian crisis. However, during the Syrian crisis, forests and reserves were subjected to significant damage, in addition to an increase in encroachments on forests, cutting trees, charring, grazing, deformation of trees, and fires (GLEICK, 2022).

7.5 Biodiversity in Syria

The tree cover deteriorated as a result of cutting operations and fires that occurred during the period of the war on Syria. The vegetation under the forest, including annual and perennial plants, herbs, and medicinal, aromatic, and ornamental plants, was subject to deterioration. It constituted a rich biodiversity and a source of genetic resources. Many natural habitats were also destroyed, which led to the disappearance of some plant species, such as the Canjak tambourine, and some animal species, such as the northern ibis and the Arabian oryx (OGL, 2022).

8. The energy problem and Economics in Syria:

The decline in the availability of fossil fuels in Syria during the years of war and the increasing difficulty of securing them forces officials to search for alternative sources of energy, which the countries of the developed world are seeking despite the availability of large oil reserves in them. It is better for us to search for these sources and encourage scientific research to facilitate access to them and their sustainability. There are many alternative energy sources, such as making use of solar energy, wind energy, biofuels (food waste, for example), water energy, and other renewable and sustainable sources of energy. At the same time, they reduce the risk of environmental pollution resulting from burning fossil fuels and the emission of carbon dioxide, which contributes to the phenomenon of Greenhouse at the local and global levels.

9. Environmental pollution in Syria:

Environmental problems in Syria are manifested in several aspects, including:

9.1. Air pollution:

Many pollutants can be carried in the air and cause various risks to living organisms, including humans, such as: nitrogen oxides, carbon monoxide, hydrogen sulfide, airborne bacteria such as *Yersina*, *Streptococcus*, *Mycobacterium*, *Corynebacterium*, and the fungi *Pentium*, *Candida*, and *Aspergillus*. The influenza virus is the most widespread virus in the air.

Microbes are used in biological warfare because they spread easily in the air and cause fatal diseases in humans. One of these microbes nowadays is anthrax, which is caused by *Bacillus anthrax*. The air is considered a good conductor of infections, such as the pasture plague Upsets and smallpox, which is caused by the Smallpox virus. Signs of air pollution appear in

humans in various forms, such as a feeling of fatigue, difficulty breathing, ringing in the ears, nervous system imbalance, irritation of the membranes and skin, and acid rain.

9.2. Water Pollution:

Despite the scarcity of vital water sources for water in general and drinking water in particular, these sources face many challenges of chemical, bacterial and organic pollution resulting from the main sources of agricultural and industrial water pollution in conjunction with the low quality of sanitation and the absence of sterilization and treatment, which poses a risk of the possible emergence of associated diseases. Pollution of drinking water, such as contamination with nitrogenous wastes, hydrogen sulfur, and bacterial contamination from human waste (Faecal coliform), may be the primary cause of the spread of diseases of intestinal pain, fever, and diarrhea in hospitals. The simplest thing that can be said is that water pollution with microorganisms destroys human health by causing intestinal diseases, including: Cholera malaria, Schistosomiasis typhoid Liver disease, hepatitis C Dysentery of all kinds, poisoning cases. The absence of a drinking water network in various regions of Syria has increased the chance that drinking water extracted from wells will be exposed to various sources of pollution. In addition, the deterioration of water bodies has been accompanied by a decrease in biodiversity in the water (Goldlücke, et al., 2018).

9.3. Soil pollution

The misuse of agricultural fertilizers and pesticides helps transform fertile agricultural soil into land unsuitable for agricultural use, thus deteriorating food security in the region and destroying vital habitats for many animal species that shelter these soils. Chemical pollutants have contributed to changing the nature of the soil and the spread of Drought: Agriculture policy must be changed to reduce desertification and the risks of deterioration of the agricultural sector and its associated biodiversity.

9.4. Solid waste management

One of the most important problems facing the environment in Syria. The absence of an effective role for local councils in transporting solid waste and collecting it in designated places gives a great opportunity for the spread of harmful insects and epidemics associated with them. Recently, many infections with cutaneous and visceral leishmaniasis, which are diseases caused by parasites, have spread. The single-celled *Leishmania tropica* is transmitted by an insect called the sand fly or Phlebotomus, and these wastes

are also a suitable environment for the spread of common mosquitoes, flies, and other harmful insects.

9.5. Population crowding

The conditions of war and resorting to (less dangerous places) forced a change in the population structure in many Syrian regions and the conflict over natural resources, shelter and food, in addition to the difficulty of providing good health care to all the displaced, which increases the burden on the environment due to population density and the increase in waste resulting from that. Large gatherings. Biodiversity (plant and animal): The presence of a large number of living plant and animal species contributes to ensuring the natural balance in the ecosystem based on the biological relationships that arise between these species, such as predation, competition, parasitism, and symbiosis, and achieves stability in natural food webs. Conversely, the numbers of species decrease. Living organisms and the absence of some species from the Syrian environment means the presence of a defect in the ecosystem and the increase of one species at the expense of another, and later the deterioration of living species in general and the threat of extinction, and the impact of this will be on the humans who inhabit the surrounding environment in the future.

10. Challenges and solutions

The proposed solutions to the environmental and economic problem in Syria are linked to political solutions, which it is difficult for scientific proposals to radically change. However, investment in natural capital resources can be improved in light of the available capabilities by creating a clear vision for environmental investment in the region and environmental education in particular to link it with Economics of available resources

10.1. Future vision in the environment and energy sector in Syria

The future outlook in the environmental sector depends on the commitment of all members of society in general and decision-makers in particular to the environmental directives and guidelines derived from international scientific studies and presented by researchers and specialists in environmental sciences. These directives include:

- i. Formulate serious decisions to protect the environment and biodiversity and demonstrate responsibility for implementing these decisions in accordance with global environmental protection agreements.

- ii. Study the economic budget to protect the decision and spread environmental awareness in all governmental and civil institutions.
- iii. Directing support and attention to alternative energy sources and ensuring their sustainability.
- iv. Supporting small animal breeding and agricultural projects.
 - v. Establishing a government agency responsible for the environment and energy sector with powers commensurate with the implementation of its tasks.
 - vi. Protecting water bodies from overfishing to increase the opportunity for species to reproduce.
 - vii. Establishing sewage and industrial wastewater treatment plants before they reach the soil or groundwater.
 - viii. Activating the role of local councils in cleaning cities and large gatherings in particular.
 - ix. Monitoring air and drinking water pollution by establishing a specialized laboratory staffed by environmental experts.
 - x. Population distribution.
 - xi. Conducting environmental research that suits the requirements of the stage and presents creative ideas.

10.2. Environmental education

It is necessary to reach an educational system that guarantees the development of skills and training of competencies to achieve healthy education that ensures comprehensive education and takes seriously and diligent attention to the environment as it is linked to all aspects of science taught in educational institutions and imposes an obligation on science and social teachers in particular and other subject teachers in general to take an active role in developing And sustainability of the better environment. Environmental education includes several elements:

Awareness: Helping individuals and groups gain environmental awareness and sensitivity in dealing with environmental matters and issues.

Knowledge: Helping individuals and groups acquire diverse environmental experiences and obtain basic information about the environment, its concepts and problems.

Directions: Helping individuals and groups acquire a set of values and principles related to the environment, and motivating effective participation in improving, developing and protecting the environment.

Skills: Helping individuals and groups acquire the necessary skills to enable them to identify and define environmental problems and find appropriate solutions to them.

Participation: Helping develop the capabilities of individuals and groups to participate effectively at all levels in solving various environmental problems and issues.

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Foreign Direct Investment in Syria: Challenges and Opportunities

Salahaddin Aljasem¹

1. Foreign Direct Investment: A Multifaceted Phenomenon

Foreign Direct Investment (FDI) is an essential component of a free and open global financial system, and it contributes significantly to the economic growth of host nations (Alfaro & Chauvin, 2017, p. 5). Foreign investment is referred to as an investment undertaken in a foreign country by an entity (typically a corporation) formed in the home nation in the shape of stock, debt, or a mix of the two (Hintošová et al., 2021, p. 1026). Foreign investment includes the foreign investor's direct possession or management of properties in the host nation, differentiating it from other types of funding (Uddin et al., 2024, p. 2). FDI has been seen as a key driver of economic growth and success (Aderemi et al., 2023, p. 1). FDI may be categorised into three primary forms: greenfield investment, cross-border mergers, and the expansion of manufacturing capacity for established companies (Akyüz, 2015, p. 8). Trade limitations, ownership patterns, and investment regulations are important challenges for the host nation's regulatory body (Nor & Masron, 2018, p. 7). Furthermore, foreign investment is a long-term investment in which the investor has substantial power and authority over the foreign firm's activities. The setting up of a new firm or infrastructure in a foreign nation by a global investor is referred to as greenfield investment. As a result, it entails the construction of new infrastructure as well as the creation of new employment (Tavakol Moghadam et al., 2019, p. 747). Foreign investment, as defined above, is a multidimensional phenomenon that encompasses more than simply basic financial transactions. It denotes the formation of a long-term interest and considerable impact by an investor in a firm located far from their nation.

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2. Classification of Foreign Direct Investments

Investment classifications, due to their reliance on diverse and sometimes overlapping criteria, present a multifaceted landscape. To navigate this complexity, this discussion will explore the most prominent and widely recognized classifications, acknowledging the inherent challenges of strict categorization in this domain (Harun, 2022, pp. 13–14):

2.1. By Type of Asset

2.1.1. Real investments: investments in physical assets, such as land, buildings, equipment, and machinery.

2.1.2. Financial investments: investments in financial assets, such as stocks, bonds, and mutual funds.

2.2. By Distribution of Investment:

2.2.1. Investment in human capital: investments in the development of human skills and knowledge, such as education and training.

2.2.2. Investment in infrastructure: investments in the basic physical and social infrastructure of a country, such as roads, bridges, schools, and hospitals.

2.2.3. Direct investment in production: investments in the production of goods or services.

2.3. By Type of Ownership:

2.3.1. Government investment: investments made by the government, either directly or through state-owned enterprises.

2.3.2. Private investment: investments made by private individuals or businesses.

2.4. By Objective of Investment

2.4.1. Replacement investments: investments made to replace existing assets.

2.4.2. Expansion investments: investments made to expand existing operations.

2.4.3. Strategic investments: investments made to achieve long-term strategic goals.

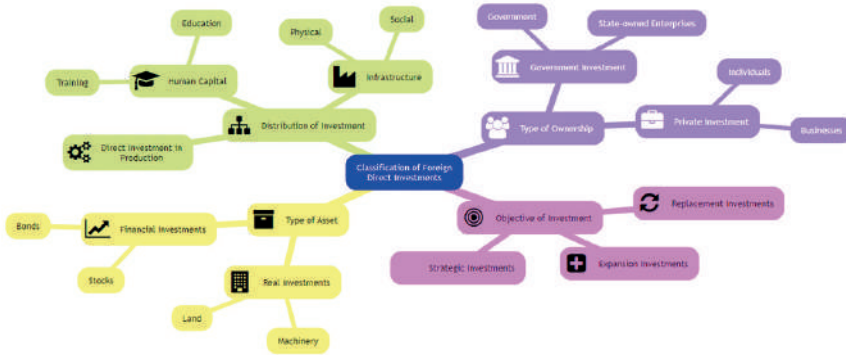


Figure 1: Classification of Foreign Direct Investments

Source: (Harun, 2022)

This is not an exhaustive list, and there are other classifications of FDI that may be relevant depending on the specific context. It's important to note that some investments may fall into multiple categories.

3. Pros and cons of Foreign Direct Investment

The beneficial effects of foreign investment include increased economic growth, additional job possibilities, advanced technology, and integration with main businesses (Alam et al., 2023, p. 42). Foreign investment may help the digital economy thrive by emphasising policy changes and encouraging investment in areas like telecommunications and software information technology (IT) (Stephenson et al., 2022, p. 194). Because foreign enterprises frequently engage in global commerce, foreign investment can help boost export growth (Devadason & Subramaniam, 2016, p. 1420). Foreign investment may help the host nation's economic system diversify by lowering its reliance on certain sectors or enterprises (Kunčič & Jaklič, 2014, p. 172). The function of foreign investment in intrastate conflict is complicated and erratic, and different forms of foreign investment must be distinguished (Beuck et al., 2022, p. 100). Foreign investment can assist in building a positive economic climate by creating jobs and raising the quality of life, which can minimise complaints and possible causes of conflict (Shahin, 2015, p. 2). Troops and peacekeeping operations can affect foreign investments, and donor funding might have repercussions for dishonesty in the context of peacekeeping initiatives (Le Billon, 2008, p. 344). When the government lacks funds to assist some projects, FI ventures might offer an alternate way of economic rehabilitation (Millar, 2015, p. 1703). The greater economic connection between nations due to foreign

investment might lessen the chance of violence (Hasan et al., 2013, p. 35). We can deduce from this that the most important motivations for foreign investment are outlined below:

3.1. Pros of FDI

3.1.1. Market access entails reaching out to new areas and customers.

3.1.2. Obtaining access to natural resources, skilled labour, or technology is referred to as resource acquisition.

3.1.3. Cost savings: taking advantage of cheaper manufacturing costs in the host nation.

3.1.4. Strategic positioning: increasing the firm's worldwide competitiveness.

3.1.5. Diversification is the process of spreading risk across many marketplaces.

3.2. Cons of FDI

3.2.1. Control loss: Host nations may be concerned about losing control of their resources and industry.

3.2.2. Adverse social and environmental consequences: Foreign direct investment can result in environmental degradation, abuse of workers, and cultural homogeneity.

3.2.3. Balance of payments troubles: Substantial FDI can lead to trade and financial account deficits in the host nation.

4. The Crucial Role of Foreign Investment in Economic Development

Foreign investment is critical to a country's economic development, functioning as a catalyst for growth, technological improvement, and job creation. This paragraph examines the multidimensional role of foreign investment in encouraging economic growth.

4.1. Enhancing Productivity and Technological Transfer

One key aspect highlighted by recent research is the role of foreign direct investment (FDI) in enhancing productivity and facilitating the transfer of technology. Studies like (Kalai & Zghidi, 2019, p. 398) underscore that foreign firms often bring advanced technologies and management practices, contributing to the modernization of domestic industries. This technological

spillover effect stimulates innovation and upgrades the skill set of the local workforce, thereby fostering sustained economic development. (Ali et al., 2023, p. 12) reveal that long-term FDI will rise by 1%, while average technical innovation will rise by 0.21%.

4.2. Stimulating Economic Growth

A consensus in the literature (Abbes et al., 2015, p. 288; Fraticiu, 2019, p. 56) emphasize the positive correlation between foreign investment and overall economic growth. Foreign direct investment injects capital into the host country, boosting production capacities, creating job opportunities, and stimulating demand for goods and services (Hansen & Rand, 2006, p. 31). This influx of capital fuels economic expansion, propelling the nation towards higher levels of development.

4.3. Diversification of Industries and Export Promotion

Recent research (Ahmed et al., 2023, p. 3; Bricongne et al., 2023, p. 1268; Krautheim, 2013, p. 1572) have shown the importance of foreign investment in diversifying local businesses and encouraging exports. Foreign investors frequently provide marketing and distribution experience, supporting local enterprises in expanding their reach into worldwide markets. This diversity not only lessens the economy's sensitivity to external shocks, but also boosts its worldwide competitiveness.

4.4. Infrastructural Development

According to recent studies (Abbes et al., 2015, p. 281; Alfaro & Chauvin, 2017, p. 7) foreign investments typically contribute to infrastructure development. Foreign investors, particularly those in emerging nations, frequently work with host governments to upgrade transportation, communication, and energy infrastructure. This not only helps them expand their operations, but it also leaves a permanent legacy of improved infrastructure, which benefits the greater economy and promotes long-term growth.

4.5. Job Creation and Human Capital Development

The generation of job possibilities is an important aspect of investing. Furthermore, FDI has been shown to have a favorable influence on job creation, unemployment rates, and local population income levels. Also, engagement between international enterprises and local talent frequently results in human capital development through knowledge transfer and skill enhancement initiatives.

Ultimately, new scientific publications highlight the critical importance of foreign investment in promoting economic progress. The multidimensional impact of foreign investment cannot be understated, ranging from technical transfer and productivity gains to job creation and infrastructure development. Fostering an environment favorable to attracting and maintaining foreign investment emerges as a strategic requirement for sustainable and equitable economic growth as governments negotiate the complexity of the global economy.

5. Attracting Foreign Direct Investment: Institutions and Government Policies

Institutions and government policies play an important influence in determining a host country's appeal to foreign entrepreneurs. Western enterprises that enter nations with a lower level of institutional maturity suffer greater transaction expenses, like bribery, than those that enter states with more advanced degrees of institutional excellence. Institutional variables such as governance stability, democracy, and the application of law encourage FDI, but others like corruption, taxes, and cultural remoteness discourage it (Bailey, 2018, p. 140). The empirical findings show that the indices of oversight of corruption, government performance, stable politics, and regulation possess a favorable influence on FDI in all groupings of nations (Sabir et al., 2019, p. 12). Those with more political harmony, voice and transparency, and regulatory quality attracted more FDI than those with less developed frameworks (Ajide & Raheem, 2016, p. 331). Environmental agencies of the host country promote FDI, but improved minority investor protection could deter it, due to the impression that it decreases the potential benefit an acquiring business might achieve from an overseas purchase in that state (Choi et al., 2016, p. 121). The successful encouragement of FDI necessitates a stronger link between the innovation approach and domestic investment encouragement (Guimén, 2009, p. 371). The capacity to establish specific economic regions, reduce regulatory costs, and implement flexible labour rules are all desired tools for attracting FD (Tarzi, 2005, p. 507). Previous studies on noneconomic factors revealed that levels of education, while having a favorable influence on FDI flows, were not statistically relevant (Wint & Williams, 2002, p. 367). Lowering business taxes and trade barriers, implementing fixed or controlled exchange rate regimes, and abolishing FDI-related capital restrictions have positive effects. Further, domestic strife and unstable politics have been shown to have a major detrimental impact on FDI (Arbatli, 2011, p. 16). In summary, the institutional variables influencing foreign investment may be divided into the following categories:

5.1. Rule of law

A strong legal system with clear and uniform laws that are efficiently implemented fosters investor confidence and lowers the danger of expropriation.

5.2. Property rights protection

Strong intellectual property rights protection supports innovation and provides an environment conducive to technological growth.

5.3. Governance effectiveness

A transparent and responsible government that reduces corruption and bureaucratic barriers fosters a more conducive business climate.

5.4. Political stability

A stable political climate free of violence and insecurity gives investors the assurance they need to make long-term investment choices.

In the same perspective, and considering the literature on government policies and their influence on foreign investment, the following points might be raised:

5.5. Providing fiscal incentives

Tax cuts, subsidies, and other financial advantages can attract FDI, especially in selected industries or areas.

5.6. Infrastructure investment

Developing dependable and efficient transportation, communication, and energy networks lowers transaction costs and enhances the overall investment climate.

5.7. Encouraging trade openness

Trade liberalization and trade obstacles might attract foreign investors seeking access to larger markets.

5.8. Making investing procedures easier

Streamlining administrative processes and eliminating bureaucratic delays can help foreign investors create and manage enterprises more easily.

5.9. Human capital development

Investing in education and training programs can result in a trained workforce that can satisfy the demands of international investors.

5.10. Environmental protection

Enforcing environmental standards and encouraging sustainable practices might attract environmentally conscious investors.

The relative importance of institutions and government policies varies depending on the context. In some cases, strong institutions alone may be sufficient to attract FDI, particularly for developed countries with established rule of law and strong property rights protection. However, for developing countries, government policies aimed at addressing weaknesses in institutions and creating a more attractive investment climate can play a crucial role. It is important to note that the effectiveness of government policies depends on their coherence and consistency. A patchwork of incentives and regulations can create confusion and uncertainty, discouraging rather than encouraging FDI. Additionally, governments should avoid policies that generate unfair competition or create an environment conducive to rent-seeking behaviour.

6. Brief overview of Syria's economic landscape

Syria's position is dynamic and multifaceted, and the state of the economy might alter at any time. Furthermore, it might be difficult to get reliable and up-to-date economic statistics given the nature of the Syrian conflict.

Syria, formerly regarded as a middle-income country with a varied economy, has faced serious economic hardships because of a protracted and destructive civil war that began in 2011. The violence has resulted in severe infrastructure devastation, population relocation, and a considerable drop in economic production. Syria's economy has shrunk dramatically as a result of the protracted conflict. Damage to infrastructure, such as industries, roads, and utilities, has hampered economic activity. The loss of cities and the relocation of skilled labourers have exacerbated the economic crisis. Similarly, macroeconomic measures such as GDP have fallen precipitously. Inflationary pressures, volatile currency rates, and a decreasing GDP have all created substantial obstacles to economic stability. The Syrian pound has depreciated significantly, reducing purchasing power and aggravating economic misery for the populace. In addition, the violence has caused significant unemployment and poverty. Many enterprises have gone out of business, and work possibilities have shrunk. The worsening of economic conditions has forced a significant percentage of the population into

poverty, increasing the need for humanitarian help. External issues, such as international sanctions imposed on Syria, have exacerbated the country's economic troubles. These sanctions, imposed by a variety of nations and international organizations, have impacted critical sectors of the economy, impacting commerce, investment, and access to financial resources. Furthermore, Syria's economic catastrophe has had serious humanitarian effects. Access to fundamental services, such as healthcare and education, has become an urgent concern. In general, Syria's economic landscape remains deeply affected by the protracted conflict. Rebuilding and revitalizing the economy will require not only significant financial resources but also a stable and secure environment. International assistance and cooperation are essential to address the multifaceted challenges facing Syria.

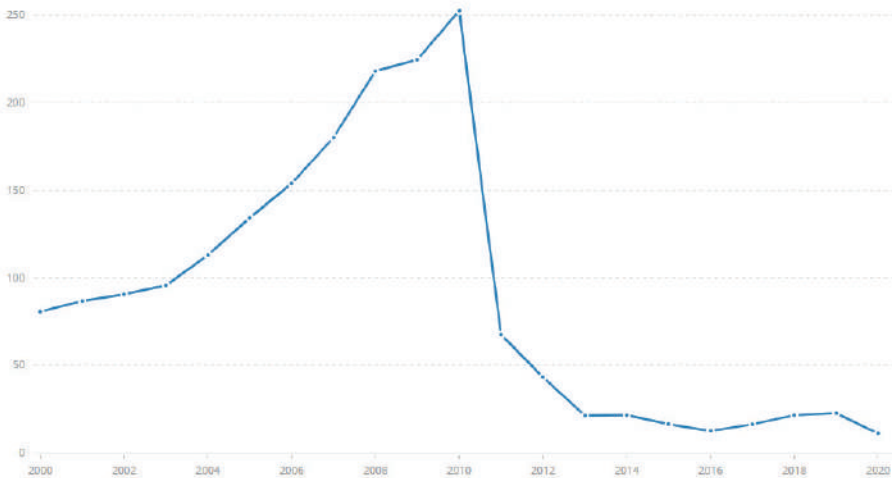


Figure 2: GDP (current US\$) in Syria, 2000 to 2020

Source: IMF, 2024.

7. Key milestones and shifts in foreign investment policies in Syria

Syria's foreign investment policies have undergone notable shifts over the years, influenced by economic priorities, geopolitical dynamics, and the impact of the civil conflict. The focus on reconstruction in the post-conflict period highlights the continued importance of foreign investment for Syria's economic recovery.

Understanding the historical context of foreign investment in Syria is crucial for grasping the dynamics of its economic development. Over the years, Syria has attracted foreign investment for various reasons, and the

trajectory of these investments has been influenced by geopolitical events, economic policies, and global economic conditions.

7.1. Early Years of Independence (Pre-1970s)

In the early years following its independence in 1946, Syria's economy was characterized by state-led development. The government played a dominant role in key sectors, and foreign investment was limited (A. Makdisi, 1971, p. 170). However, in the 1960s, the nationalization of certain industries and the implementation of socialist policies marked a shift in economic orientation.

7.2. Socialist Policies and Nationalization (1960s-1980s)

During the rule of the Ba'ath Party, Syria pursued socialist policies that included the nationalization of industries and a focus on state-led development (Perthes, 1992, p. 45). Foreign investment faced challenges as the government sought greater control over economic resources. The nationalization of key sectors, such as banking and heavy industries, limited the scope for foreign businesses.

7.3. Economic Liberalization (1990s-2000s)

Syria initiated economic reforms in the late 20th century to liberalise its economy. The 1990s saw the opening up of certain sectors to foreign investment, and in 2001, the Establishing Private Banks Law was introduced to attract more foreign capital (Central Bank of Syria, 2001). The government aimed to diversify the economy, reduce dependence on oil, and promote private-sector-led growth.

7.4. Impact of Political Instability (2011 Onwards)

The outbreak of the civil conflict in 2011 brought about a significant downturn in Syria's economic landscape. Foreign investment plummeted due to the deteriorating security situation and the imposition of international sanctions. The conflict not only disrupted existing foreign investments but also deterred new inflows. The destruction of infrastructure and widespread displacement further hindered economic prospects.

7.5. Current Geopolitical Dynamics

Syria sought foreign investment to rebuild its infrastructure and revive its economy. The challenge, however, lay in attracting investment amid continued political uncertainties and the slow pace of negotiations for a

comprehensive peace settlement. International concerns about the risk associated with investing in a post-conflict Syria have also posed challenges. Further, foreign investment in Syria is also influenced by geopolitical dynamics. Ongoing political complexities, regional rivalries, and the broader instability in the Middle East continue to shape the environment for foreign investment in Syria.

The historical context of foreign investment in Syria reflects a complex interplay of economic policies, geopolitical influences, and internal dynamics. From the early years of state-led development to the challenges posed by socialist policies and the impact of the civil conflict, Syria's economic history has been marked by periods of openness and retrenchment. The current focus on reconstruction underscores the ongoing importance of foreign investment for rebuilding the nation's economy.

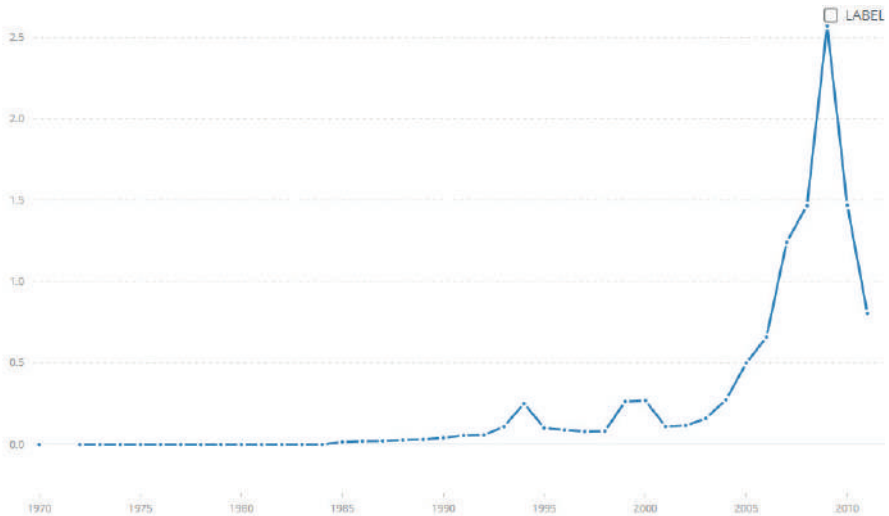


Figure 3: Foreign direct investment, net inflows (BoP, current US\$), 1970 to 2010

Source: IMF, 2024.

8. Analysis of Syria's economic strengths and weaknesses

Syria possesses certain economic advantages and drawbacks. On the positive side, the country has notable economic strengths, including resources and strategic geographical positioning. Conversely, Syria faces economic challenges marked by weaknesses such as a history of political instability, prolonged conflicts, and the resultant damage to infrastructure. These factors contribute to a complex economic landscape, impacting sectors such as trade, investment, and overall economic growth. Analyzing Syria's

economic dynamics involves considering both its assets and limitations to gain a comprehensive understanding of its economic situation. Certainly, let's delve into an analysis of Syria's economic strengths and weaknesses.

8.1. Economic Strengths

8.1.1. Diverse Economy

Syria historically had a diverse economy, with sectors such as agriculture, industry, and services contributing to its GDP. This diversity can provide stability, as shocks in one sector may be offset by strengths in others. Before the conflict, the agricultural sector, in particular, played a crucial role in providing employment and supporting livelihoods (Mohammed et al., 2020, p. 520).

8.1.2. Strategic Location

Syria's strategic location in the Middle East gives it economic significance. It serves as a crossroads between Europe, Asia, and Africa. The country's ports and proximity to major trade routes could potentially boost trade and commerce.

8.1.3. Natural Resources

Syria possesses natural resources, including oil and gas reserves. These resources can be a source of revenue and export income for the country. Before the conflict, the energy sector played a crucial role in contributing to Syria's GDP and providing foreign exchange. In 2010, Syria's gas reserves were estimated to be 8.5 trillion cubic feet and crude oil reserves to be 2.5 billion barrels (Alhaj Omar et al., 2023, p. 1).

8.1.4. Educated Workforce

Syria has a relatively well-educated workforce with strengths in fields like engineering, medicine, and technology. A skilled labour force can be an asset for economic development and innovation.

8.1.5. Historical Trade Links

Syria has a rich history of trade and economic interactions with neighbouring countries and beyond. Re-establishing and leveraging these historical trade links could potentially be beneficial for economic recovery.

8.2. Economic Weaknesses:

8.2.1. Civil Conflict and Infrastructure Damage

The most significant and immediate challenge to Syria's economy is the civil conflict that began in 2011. Between 2011 and 2016, the Syrian civil conflict reduced GDP by 63%, while it is estimated to need roughly \$200 billion in recovery funds. Furthermore, 50% of the healthcare infrastructure has been affected (Ibold, 2019, p. 14). War has led to massive loss of human capital and displacement of the population. This has severe implications for all sectors of the economy.

8.2.2. Humanitarian Crisis

The conflict has created a humanitarian crisis, with millions of Syrians internally displaced and a large number seeking refuge in neighboring countries. By 2022, an estimated 306,887 people have been murdered since the country's armed war began (*Recording Civilian Casualties in Syria*, 2023). Furthermore, since 2011, more than 14 million Syrians have been compelled to evacuate their homes in pursuit of safety (*Syria Refugee Crisis Explained*, 2023). This has strained resources and disrupted social and economic structures.

8.2.3. Sanctions

Syria has faced international sanctions, which have further weakened its economy. These sanctions, imposed by various countries and international organizations, limit trade and financial transactions, making it difficult for Syria to access global markets.

8.2.4. Decline in Oil Production

Before the conflict, oil was a significant contributor to Syria's economy. However, oil production has drastically declined due to the conflict and related disruptions. Oil output plummeted to 9837 b/d in the first quarter of 2015, a decline of almost 97% since the war started at the beginning of 2011. In contrast to the oil industry, the natural gas grid has experienced comparatively minimal damage. It is expected that Syrian gas output decreased by around 45% between 2011 and 2014 (Almohamad & Dittmann, 2016, p. 5). This has led to a loss of a crucial revenue source for the government.

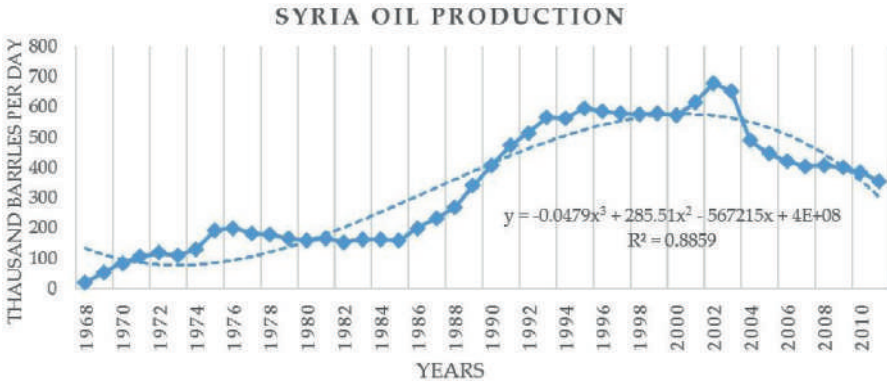


Figure 4: Syria’s oil production, 1968 to 2010

Source: (Almohamad & Dittmann, 2016)

8.2.5. High Unemployment

The conflict has resulted in widespread unemployment, as businesses have shut down or reduced operations. 75% of Syrians are not formally working, and 60% live in “very severe” poverty (Ibold, 2019, p. 14). The lack of economic activity and job opportunities has contributed to a significant rise in unemployment rates.

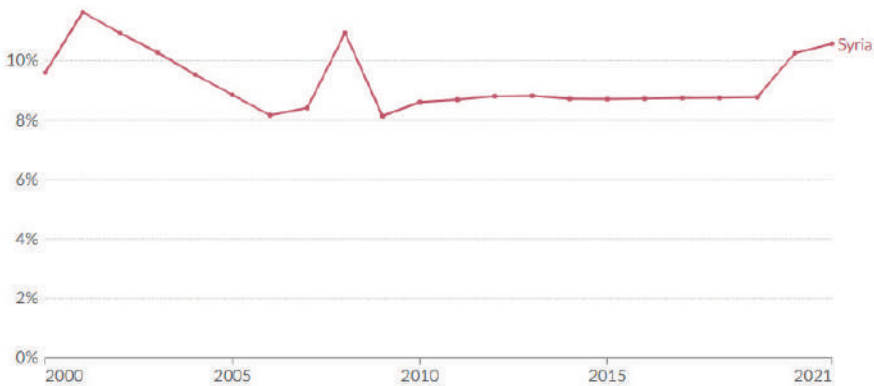


Figure 5: Unemployment rate in Syria, 2000 to 2021

Source: Our World In Data, 2024.

8.2.6. High Inflation

Economic turmoil and conflict have led to high inflation rates and the depreciation of the Syrian pound. The yearly rate of inflation in 2022

exceeded 84.9 % in comparison to 2021, 289 % relative to 2020, and 729% compared to 2019, indicating a condition of hyperinflation (Syrian Centre for Policy Research, 2023). This has eroded the purchasing power of the population, leading to increased hardship for ordinary citizens.

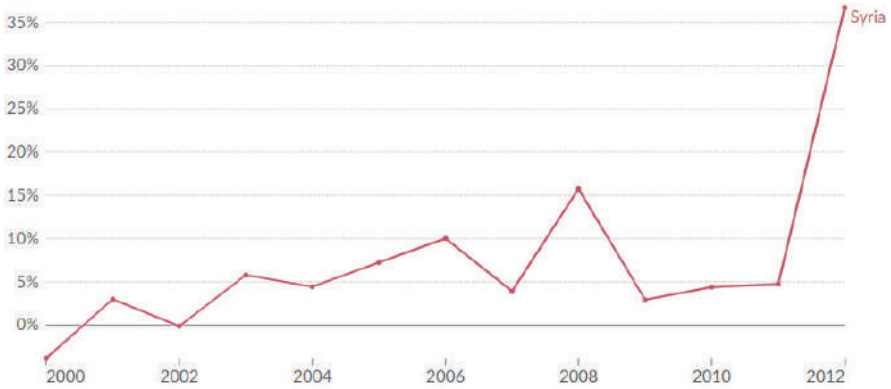


Figure 6: Inflation of consumer prices in Syria, 2000 to 2012

Source: Our World In Data, 2024.

8.2.7. Social Fragmentation

The social fabric of Syria has been torn apart by the conflict, leading to divisions and mistrust among communities. Rebuilding social cohesion is essential for economic recovery, as it affects factors such as labor productivity and business confidence.

Briefly, while Syria has certain inherent economic strengths such as a diverse economy, strategic location, and natural resources, the ongoing civil conflict has significantly overshadowed these advantages. Rebuilding the economy will require not only financial resources but also political stability, social cohesion, and international support. The challenges are immense, and a comprehensive and coordinated effort from both domestic and international actors is crucial for Syria's economic recovery and long-term development.

9. Investment challenges in conflict and post-conflict areas

Investing in conflict and early recovery environments presents unique challenges and opportunities that require a nuanced approach. These environments are characterized by political instability, economic uncertainty, and often, the aftermath of armed conflicts. While the risks are high, strategic investments can play a crucial role in rebuilding economies, fostering

stability, and supporting sustainable development. Investors and decision-makers in conflict-torn countries face several challenges that can hinder the flow of investments and negatively impact the investment environment. Some of the most prominent challenges include:

9.1. Political instability and insecurity

The definition of political risk is the possibility of political forces and happenings that may occur in the host nation or result from variations in the global context, disrupting the activities of firms (Van de Putte et al., 2012, p. 285). Conflict often leads to unstable political environments, which can make it difficult for investors to predict the future course of events and make informed decisions (De Imus et al., 2017, p. 21). The fragile nature of institutions in post-conflict settings can create an unpredictable business environment, necessitating a thorough understanding of the geopolitical landscape.

9.2. Weak governance and corruption

Conflict can be associated with weak governance, lack of transparency, and corruption, which can facilitate the abuse of power and fuel disputes (de Zeeuw, 2001, p. 21). Further, governments in conflict-torn countries may seize foreign investments through regulation or a selective lack of regulation, leading to increased costs and risks for investors.

9.3. Operational efficiency and political capital

Operational flexibility and political capabilities are two of the higher-order heuristics that inform managerial decision-making in conflict-torn countries (Cornwell et al., 2023, p. 15). Investors need to balance operational efficiency with political capital, mastering the art of political spin and hitting the pressure points of local decision-makers.

9.4. Ethical Dimensions

Investors face moral dilemmas when considering investments in conflict-torn countries, as they need to weigh the potential benefits against the potential negative consequences of their investments. To achieve economic results and effects from ethical investments, investors may need to explore alternative approaches, which may be more expensive to implement (Burghof & Gehrung, 2021, p. 152).

9.5. Extensive damage to infrastructure

Armed conflicts typically result in extensive damage to infrastructure. Investment in sectors such as transportation, energy, and communication are essential for rebuilding the foundations of a functioning economy. However, the industries that are most impacted by the severity and lethality of these incidents include banking, insurance, and transportation services (Didier, 2020, p. 43).

9.6. Degradation of the social structure

Investing in education, healthcare, and social programs is crucial for rebuilding human capital and facilitating the reintegration of displaced populations. The building up of human capital, a key component in the methods of economic growth, is one basic way that violent conflict could have an impact on long-term results for development (Justino, 2011). However, addressing the social aftermath of conflict requires a comprehensive approach that goes beyond traditional investment metrics.

9.7. Undiversified economies

Either a reorganization of business assets to grow into new sectors (goods) or an improvement in asset makeup to achieve a stable economic return are highlighted by general economic concerns for diversification (Knoke et al., 2017, pp. 94–95). Many conflict-affected economies may have been heavily dependent on a few sectors, such as natural resources or agriculture, before the conflict. Diversifying the economy through strategic investments is essential for resilience and long-term stability.

To address these challenges, investors and decision-makers need to develop new analytic skills and tools, engage in cross-sectoral alliances, and work closely with local and international partners to navigate the complexities of investing in conflict-torn countries.

10. The key investment sectors that require focus during and after the civil war

Rebuilding a nation after a civil war requires strategic investments in key sectors that can address immediate humanitarian needs, stimulate economic recovery, and pave the way for sustainable development. The identification of these sectors depends on the specific context of the conflict, the extent of damage, and the long-term development goals. Here are some of the most important investment sectors that are often crucial in post-civil war scenarios:

10.1. Infrastructure Development

Rehabilitating and expanding transportation infrastructure is vital for reconnecting communities, facilitating trade, and supporting economic activities. Rebuilding environmental infrastructure, such as water and sanitation systems, and implementing sustainable practices are essential for long-term ecological health and the well-being of communities. Furthermore, rebuilding energy infrastructure, including power plants and distribution networks, is essential for restoring basic services, powering industries, and attracting investment.

10.2. Healthcare and Education

Investments in healthcare are crucial to address immediate medical needs, provide rehabilitation services, and establish a resilient healthcare system for the future. Moreover, rebuilding and improving education infrastructure, training teachers, and providing educational resources are key for long-term social development and economic growth.

10.3. Housing and Urban Development

Rebuilding homes and urban areas that were destroyed during the conflict is vital for the resettlement of displaced populations and the restoration of normalcy. Investments in sustainable urban planning can help create resilient and well-designed communities that foster economic activities and social integration.

10.4. Agriculture and Food Security

Investing in agriculture is critical for food security and economic stability. This includes restoring farmland, providing farmers with necessary resources, and improving agricultural practices. Establishing efficient and reliable food distribution systems helps ensure that the population has access to essential nutrition.

10.5. Employment and Livelihoods

Focusing on sectors that can quickly generate employment, such as small and medium enterprises (SMEs), can help stabilize communities and reduce dependence on humanitarian aid. Likewise, investing in vocational training and skills development programs prepares the workforce for new opportunities and contributes to economic diversification.

10.6. Financial and Banking Systems

Financial Infrastructure: Rebuilding the financial sector, including banking systems and regulatory frameworks, plays a crucial role in mobilizing financial resources for investment during and after the Civil War. It facilitates foreign investors' entry into new markets and helps track investment opportunities, reducing transaction costs and promoting economic growth. Moreover, ensuring that businesses, especially small enterprises, have access to finance is key for their growth and the overall economic recovery.

10.7. Governance and Rule of Law

Establishing robust and lucid institutions is vital for promoting good governance, upholding the rule of law, and fostering an atmosphere that encourages investment and commerce. Furthermore, the security industry cannot be disregarded. Stability is a prerequisite for economic development, and it is achieved via the reconstruction and reform of the security sector.

Conclusion

Finally, there are numerous ways that Syria might address the repercussions of the civil conflict through FDI. It may help Syria's economy by providing advantages such as greater economic growth, job creation, technical breakthroughs, and infrastructure development. However, because of political insecurity, economic hardship, and infrastructural destruction caused by the ongoing conflict, the country confronts difficulties in recruiting FDI. During a civil conflict, Syria might employ a variety of techniques to attract international investment. These methods seek to overcome the obstacles given by political insecurity, economic hardship, and infrastructural destruction, while also promoting a secure and accommodating business climate. Among these strategies are:

1. Increasing the rule of law and safeguarding property rights: A solid legal system with clear and uniform rules that are effectively implemented increases investor confidence and reduces the risk of expropriation.
2. Improving governance effectiveness: A transparent and accountable government that minimizes corruption and bureaucratic hurdles produces a more business-friendly environment.

3. Promoting political stability: A politically stable environment devoid of violence and insecurity offers investors the confidence they need to make long-term investment decisions.
4. Offering fiscal incentives: Tax breaks, subsidies, and other financial benefits can entice FDI, particularly in certain industries or locations.
5. Infrastructure investment reduces transaction costs and improves the overall investment climate by developing dependable and efficient transportation, communication, and energy networks.
6. Encourage trade openness: Trade liberalization and trade barriers may attract international investors looking for access to broader markets.
7. Simplifying investment procedures: Streamlining administrative processes and avoiding bureaucratic delays can make it easier for foreign investors to establish and operate businesses.
8. Human capital development: Investing in education and training programs may provide a skilled workforce capable of meeting the needs of foreign investors.
9. Enforcing environmental regulations and supporting sustainable operations may attract environmentally aware investors.
10. International collaboration and help: Syria should seek assistance from the international community, especially foreign investors, to handle the country's diverse issues. This can contribute to a more appealing investment climate and economic development.

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Inflation Targeting

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1. Introduction:

Inflation is a continuing and sustainable increase in the price level of goods and services in a given economy over a long period, inflation negatively affects the economy and people's lives in general. It could cause the purchasing power of the local currency to deteriorate, economic growth to deteriorate, and financial instability, negatively affecting consumers and businesses. Inflation is a major economic challenge in many countries. .

Inflation targeting is considered essential for many countries around the world, especially in most countries experiencing major economic challenges.

Most countries use inflation targeting as a serious economic tool to effectively address this problem. The aim of this chapter is to introduce the concept of inflation targeting and analyze the measures and policies available to address inflation. To do this, we conducted a study on some countries that targeted inflation and other countries that did not target inflation to find out the difference between them.

Overall goal Analyze inflation targeting strategies, evaluate their effectiveness, and recommend best practices to address this incurable economic disease (inflation). This chapter is expected to provide a deeper understanding of the causes and effects of inflation and provide practical recommendations for improving these policies. By studying lessons learned from successful cases in other countries, we will divide the chapter into three sections. In the first section, we will learn about the concept of [inflation, Simple and weighted index numbers , how to calculate the inflation rate, inflation classifications, the most important types of inflation and its causes, the most important negative effects of inflation, and policies].

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In the second section, we study inflation in the third section how were inflation targeting methods used by countries to confront inflation based on its type. Perhaps this would be useful to those countries who wanted to combat inflation. In the second section, we learn about inflation targeting, and in the third section, we consider the experiences of some countries in targeting inflation.

2. Inflation

2.1. Definition of inflation: It is a rise continuous and the tangible in the level general For prices in nation what , it should be height in prices all goods and services and it must be height _ the prices tangible It is clear (in mostly more from % 5) and that It lasts for a while temporal long (Al-Afandi; 2006; 276)

where that rates inflation that say less more than 5% is considered within the frame Acceptable to increase the prices no leave effect and I won't form a burden For real on money individuals and it won't feel with it general the people.

And it is done account an average inflation in simpler picture on method

$$\text{Inflation rate} = \frac{\text{The general level of prices in a given year} - \text{the general level of prices in the previous year}}{\text{The general level of prices in the previous year}} * 100$$

And in a way general account an average inflation by method numbers standard and which Studied the changes in prices goods and various services and the changes in average during a period temporal certain. (Al-Afandi; 2006; 281)

2.2.1. Simple Index number

$$\text{Simple index} = \frac{\text{Total prices in the comparison year}}{\text{Total prices in the base year}} * 100.$$

2.2.2 Weighted Index number •

Although the simple index is easy to access, it has some notes: it gives all goods equal importance in estimating the extent of change in the general price level, but in fact each good has a different importance compared to other goods, as medicines are more necessary in daily life than clothes, and in order to get rid of this problem, we give each good a number that distinguishes it according to its importance.

2.3. Classification inflation

Classification inflation according to the point its intensity to (Al -Afandi; 2006; 280)

2.3.1. Moderate Inflation:

And it is distinguished this inflation that he is inflation at a acceptable rate, and its increasing slowly so no there is for this type antiquities clear negative on economy the nationalist and he no Summons intervention governmentally to treat it

2.3.2. Galloping Inflation:

It is happening in picture rates inflation increasing from year to year she summons Intervention governmentally to process it with policies Finance or cash deflationary suitable Such as reducing expenses governmental or more taxes or discount an offer criticism.

2.3.3. Hyper inflation:

This inflation is like a wild horse that is difficult to control, and this inflation occurs when the general level of prices rises at huge and rapid rates within a short period. This type is known as accelerating inflation.

It occurs as a result of a crisis that the economy is going through and can only be treated by solving the crisis that caused it.

When this type of inflation occurs, it leads to economic instability, as the value of the national currency decreases, prices rise, and confidence in the economy in general weakens.

In times of hyperinflation, individuals resort to keeping real assets instead of keeping money, and from here individuals tend to buy real estate and real investments and stay away from keeping liquid cash. (Al-Afandi; 2006; 280-281)

2.4. Types of Inflation

There species main for inflation according for a reason his upbringing which. (Shamoon; 2021)

2.4.1. Inflation from the demand side

This type of inflation arises because of an increase for money while the amount of goods and services available in society remains constant. It is said here that there is (a lot of money chasing a few goods), which causes prices rise continuously and increasingly. One of the most important reasons that lead to inflation a deficit in the state's general budget due to the increase in government spending over government revenues, when the state issues money through the central bank, which causes an increase in the money

supply without an accompanying increase in production. Therefore, the treatment is by following contractionary monetary and fiscal policies with the aim of reducing the money supply and thus reducing aggregate demand. (Shamoon; 2021; 234-240)

2.4.2. Cost Push Inflation

Cost push inflation happens because of more costs production, which is represented in more wages workers because of the existence of strong unions workers and capable on to lift wages laborers she has, as produces inflation because costs on import material raw or material primary at prices high. It causes inflation in costs to reduction the offer Total from goods and services and he what lead _ to appear Inflation.

2.4.3. Mixed Inflation

And here arises inflation from side the demand and he arises too because the rise cost , meaning that arises because of more size money in circulation without change in size production, to combat this inflation no bad from following blend from Policies Struggling monetary expansion and seek to more productivity and production in that one .

2.4.4. Imported Inflation

It produces because of resurrection countries developing by importing goods and services final their prices high in her country original.

Species Other from Inflation:

2.4.5. Open Inflation

Open inflation represents inflation it appears in height continuous in the prices response for surplus the demand without intentional intervention by the government. Any that the prices rise automatically to achieve tie between the offer and demand without hindering it any impediment from before the authorities. And for this type from inflation many from the names are known by inflation the frank one or the free one. (Shamoon; 2021; 240-241)

2.4.6. Repressed Inflation

This is a kind of hidden inflation under which prices cannot expand or rise due to the presence of direct government restrictions imposed to control price increases, such as forced pricing, card system, etc

2.5. For inflation a lot from archaeology negativity the most important of them what the following (Al-Afandi; 2006; 288-289)

2.5.1. Effect Inflation on are distribution Income The nationalist between Categories the society Different:

There are people a segment whose incomes are characterized are do not increase when the inflation happens, for example wage earners, the incomes of government workers, and when their are not change incomes, affects the purchasing power of their incomes. Hence, their share in incomes in real national income decrease.

and on the opposite from that there are slice other change entering it quickly and in direction my expulsion with change in the level general for prices and it includes this is amazing sector acquired profits, professionals, craftsmen the escalation in the prices includes goods and services this is amazing slide despite non escalating costs their production with the same lineage, with what lead to escalation their profits or their revenues, and from then the share this is amazing sector in Income the nationalist real will It increases and that on First tranche account.

2.5.2. Leads Inflation to distribution random for wealth:

That is a result its effect on valuable wealth finance and materialism so some Riches its value the real one and some others increase its value due when Inflation increase disparity in change value the real one for money.

The category which is exposed for a loss part from her wealth a result for inflation she that incarnated her wealth and her savings in appearance financial assets and cash different and that like friends hoarders cash and friends deposits Savings and campaign documents and creditors in amounts cash for the other two so what? He takes it back friends that riches from sums he is with the same nominal value but in units cash self value real low due to rise the prices and it won't he compensates them in that's a price benefit that they get on him from this is amazing savings if what he was an average inflation higher from an average interest rate.

However, category the other that you benefit from happening inflation she is that it is represented her wealth in origins in kind certain like lands and real estate and minerals precious like gold and silver

2.5.3. Effect Inflation on Indebtedness

Debtor takes advantage of inflation while creditor is harmed by it because the debtor Borrow an amount from the money and he brings it back in a

period suffix with value Real less, consideration a For continuous rise in the prices

2.5.4. Effect Inflation on Balance Payments:

For inflation its effect passive on balance, payments balance of payments where it causes Inflation in height relative in prices goods shop export than decrease from Its competitive strength in markets international and in same the time he encourages Inflation in more imports this is to decrease relative in prices shop import In comparison with with her theory from goods local and leads all this to more Impotence in balance payments and he what lead turn to deterioration exchange rate for currency nationalism and falling in trap increase Indebtedness external

2.5.5. Impact Inflation on the Economic Growth.

I disagreed views around effect inflation on the economic growth. Growth economic sees a team form economists that inflation creates condition from non certainty around situations economic future, the command that impact on decisions Investment and he delays it, as impact on motivation on saving, and productivity Laborers And their enthusiasm a result drop their entry the real one .

And he sees a team last that Inflation may be he is motivation for process the growth economic, where that to rise the prices for a while he works on more profits So it increases investments and increases employment and it goes down the unemployment. And it remains the validity of any from both opinions governed with a kind loneliness inflation, inflation the extreme and the fast without doubt It will hurt with economic growth, while may be he is Inflation slow and moderate motivation to grow if what accompanied with economic policies wise

2.6. Policies Confrontation Inflation (Al-Afandi; 2006; 288-289)

To treat Inflation must from following policies cash and financial deflationary with a purpose reduction the demand total, it is represented this policies in brief and in a way specific while the following.

2.6.1. Tools Politics Cash to treat Inflation:

2.6. 1. 1. To lift price benefit.

2.6. 1. 2. To lift rate the reserve legal.

2.6.1.3. *the bank central seller for bonds governmental.*

2.6.2. Tools Politics Finance To treat Inflation:

2.6.2.1. *To lift an average: Tax and this decrease from consumption and from then the demand the kidney.*

2.6.2.2. *reduction spending government: which he causes loss direct and fast in the demand the kidney.*

2.6.2.3. *The two policies together.*

3.1. Inflation targeting, its concept, definition, reasons, and adoption

3.1.1 The concept and definition of inflation targeting

The concept of inflation targeting is a relatively recent concept in the economic dictionary, as it first appeared in the early 1990s. Inflation targeting is considered a modern method for managing monetary policy through which the central bank seeks to achieve price stability as an ultimate goal to bring the economy to the stage of full employment by targeting. The inflation rate directly instead of traditional intermediate targets. Accordingly, the Central Bank officially announces the target inflation rate to the public, which it is committed to achieving within a specific period of time, after which the Central Bank compares this target rate with inflation expectations, and based on the result of the comparison, the Central Bank decides the monetary policy that it will follow) expansionary or contractionary(, and the Central Bank has complete freedom to use its monetary tools. Which he deems appropriate according to the state of his local economy, focusing on the primary goal, which is the stability of the level general prices.

Inflation targeting includes setting a main target for the acceptable inflation rate and taking measures to reduce it accurately. Inflation targeting works to reduce the inflation rate by focusing on monetary and economic policies to combat inflation. This includes raising interest rates, regulating government spending policies, and reviewing taxes and monetary policies. By controlling the inflation rate, which enhances economic stability and enhances confidence in the local currency. Inflation targeting contributes to attracting foreign direct investments, promoting sustainable economic growth, and creating new job opportunities

3. 1. 2. Definition of inflation targeting

I have touched many from economists to define targeting inflation, and it this is amazing definitions we mention what next targeting inflation: That he is framework a job new for monetary policy works on solution problem an old she inflation by targeting an average inflation as a goal mediator instead on targets intermediate that the other failed in solution this is amazing the problem, as targeting price exchange and targeting complexes cash. (Debelle; G & others; 1998)he sees) Hazirolan; U; 1999) Inflation targeting is not only a method (methodology) for reducing inflation rates, but rather it is considered itfor monitoring and controlling price stability in an economy, after a period of declining inflation rates.

That is, it can be said that Harrison, that is, it can be said that Harrison divides the inflation targeting policy into two stages

- Reducing inflation rates, as an intermediate goal.
- Stability of the general level of prices, as an ultimate goal (Hazirolan; 1999).
- (As for Mishkin; 2000) , he defined inflation targeting in terms of the necessary elements necessary for the success of its application. Considering inflation targeting as a modern monetary policy, its application requires five elements.
 - i. An official announcement of a digital inflation rate in the medium term.
 - ii. Institutional commitment to the priority of price stability as a main goal to achieve which other goals are employed.
 - iii. Comprehensively secure all variables necessary to put tools cash, and not complexes cash and price exchange just. Increase- Disclosure
 - iv. Increased monetary policy disclosure, through communication with the market and the public regarding monetary authorities' decisions, plans and setting targets.
 - v. The amount of accountability of the bank Central about investigation his goals Inflationary.

As for (Tutar; 2002) sees targeting inflation that he is advertisement official on an averageinflation to the public , it is evident in a point certain or area specific For inflation , for a while temporal specific) year or more

(with taking in account that stability the prices he the primary goal of the policy cash on term the long

4. Experiences of some countries with inflation targeting.

4.1. The experience of Chile

4.2. The experience of Brazil

4. 1. 1 Inflation and its causes in Chile: (zhujiworld.com)

In the second half of the twentieth century, Chile experienced fluctuations in the general price level and exchange rate due to the lack of harmony and coordination of macroeconomic policies. However, the significant increase in inflation rates was more of an economic problem that had been worrying the Chilean government for decades, especially when inflation reached high rates. In the middle, the financing of inflation led to “hyperinflation” of the budget deficit. The government began to restrict its monetary and fiscal policy, accompanied by discipline in its implementation in light of a long-term reform program, but the result was unsatisfactory in its implementation for a number of reasons, including external shocks, the formulation of inflation expectations in an unsystematic.

(<https://www.bcb.gov.br/en/monetarypolicy/committee>

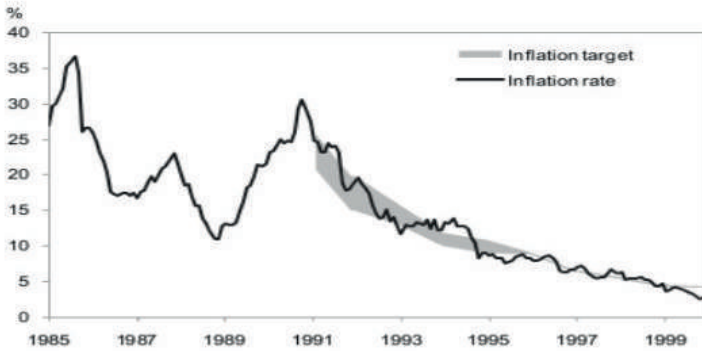
<https://www.imf.org/en/Home>)

A first step towards achieving low inflation rates was the independence of the Central Bank of Chile in 1989. In the post-independence period, a series of economic programs were put in place to combat inflation and the Central Bank’s objective was focused on stability domestic price achieving, when in 1999 the Central Bank gradually targeted inflation through a target inflation rate of 3 percent with a fluctuation band of 1 percent. This led to a decline in the inflation rate from 20 percent at the beginning of the phase to 3 percent at the end, and the growth rate of output increased significantly, reaching more than 8 percent annually in the period from 1991 to 1997, before declining to 4.3 percent in 1998 and registering a contraction of about 2.9 percent in the first half of 1999. (Moneim; 2020)

In a study on a method for controlling inflation in developing countries on its application in Syria, by the researcher Mais Tawfiq Muslim.

During the convergence phase of the inflation control policy, the Central Bank of Chile was able to reduce the annual inflation rate from around 30% at the beginning of 1990 to less than 3% at the end of 1999, after the rate

had been subject to strong fluctuations in previous years due to the inflation financing policy it had pursued. The country was strong at the time, and these achievements of bottom-line inflation targeting were considered quite impressive. (Jabbari; 2014)



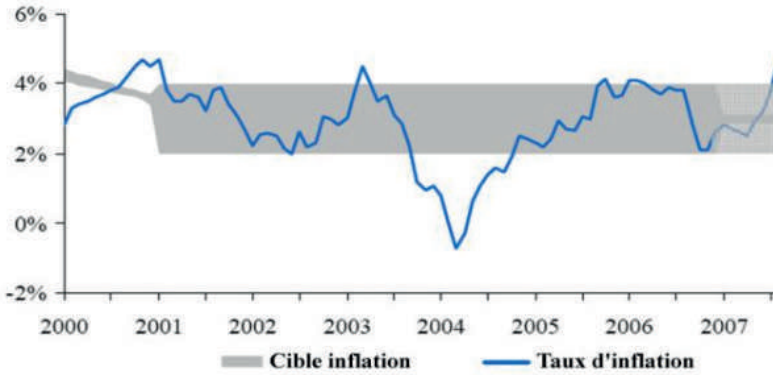
Source: Idem, P74.

Figure-1: Actual and target inflation rates in the period 1987-1999

In the second half of 1999, the second phase began. The authorities worked to implement many amendments within the framework of the actual adoption of the inflation targeting policy, perhaps the most prominent of which lies in the floating of the exchange rate, the deepening of the foreign exchange of derivatives in the markets, and the overall liberalization of the capital account. These measures resulted, after the tangible decline in inflation rates, in providing an atmosphere appropriate to embody politics; The gradual adoption of the policy enabled it to continuously reduce the high rate of inflation and maintain its stability (Jabbari; 2014)

Table-1 Changes in the inflation rate in Chile during the period (1925--2006)

Period	Average	standard deviation
1925-1989	47.5%	99.1%
1990-1999	10.8%	7.5%
2000-2006	2.8%	1.1%



Source : Bureau National de Statistiques du Chili

Figure-2: Actual and target inflation rates during 2000-2006

It is noted from Figure No.2 that the second phase, according to the available information during (2000-2006) is the least dispersed and most stable in terms of results, as the average inflation rate reached 2.8%, while the deviation reached a small degree of 1.1%, which confirms the extent of the success achieved by the Concerned authorities.. By distributing the results of the previous period in the form of a normal distribution, we find that: 19.4% of the period studied)2000-2002(witnessed changes of more than 4%. 70.8% of the period)2002-2004(had changes in the inflation rate between 2% and 4%, while 9.7% had changes of less than 2%. The figure also highlights the extent of the Chilean Central Bank's commitment to reaching the target inflation rate and addressing any Deviation from permissible limits)Jabbari; 2014)

Also, considering the inflation rate achieved in 2009 of 1.5%, it becomes clear that the implementation of the inflation targeting policy in Chile continues to be successful. It should be noted that this stability witnessed in Chile has reflected positively on all macroeconomic variables, such as the growth rate of the domestic product, the stability of the exchange rate of the Peso, the Chilean currency, compared to the dollar, as well as the decline in inflation rates. In sum, the monetary authorities have relied on implementing a number of measures within the framework of actually adopting an inflation-targeting policy, the most prominent of which are floating the exchange rate, deepening foreign exchange derivatives markets, and liberalizing the capital account of the balance of payments. These measures created an appropriate climate for targeting inflation, which enabled the monetary authorities to limit the rise in inflation rates and maintain its stability.

4. 1. 3. Mass targeting results

Chile's experience indicates that the inflation targeting strategy enabled the central bank, over gradual periods of time and through trial and error in policy implementation, to reduce inflation when it reached high levels above 20 percent. The absence of a large fiscal deficit following that period and the existence of a favorable legislative framework supporting the independence of the central bank contributed to the successful implementation of the inflation targeting strategy. The good results achieved by the central Bank of Chile when it adopted an inflation-targeting policy won the admiration of international institutions and researchers, as the central bank was able to reduce annual inflation rates from 30 percent in 1990 to about 3 percent at the end of 1999. Despite this, studies show that the strategy the inflation targeting applied in Chile was not complete, despite its success in achieving its goals, as this strategy did not include issuing inflation periodicals or future forecasts of inflation rates and its future path . (Moncim, 2020).

4. 2 Brazil's experience

4. 2. 1. Implementing inflation targeting policy in Brazil

In July 1999, the inflation targeting policy began to be implemented in Brazil, six months after the exchange rate floated. This was accompanied by the Central Bank raising the short-term interest rate to absorb the resulting shocks

On the decline in the value of the currency, this had positive and rapid results, as that year ended with a decline in the inflation rate to a single-digit number, in addition to a good and rapid improvement in the exchange rate (Arestis; et all; 2008)

Inflation targeting in Brazil are set by the National Monetary Council, which consists of three members - appointed by the Brazilian President and without a fixed term - the Minister of Finance, the minister of planning and the Governor of the Central Bank. The Council sets inflation targeting targets in accordance with the proposals of the Minister of Finance and based on the expanded inflation index for the next two years in July of each year, in addition to permissible inflation targeting margins) Arestis; et all; 2008)

Monetary Policy Authority] (COPOM) Monetary Policy Committee [affiliated with the Central Bank. It is the body responsible for achieving inflation goals. The authority meets once a month by managing the short-term interest rate. The Commission meets once a month. The implementation of inflation targeting in Brazil has been characterized by

some flexibility by setting tolerance ranges within which the target can move , usually ranging between 2 to 2.5% above and below the rate in reaching the target inflation rate, and for the targeting to absorb The supply shocks to which the economy was exposed during that period. In addition to a ruling mandate by the Monetary Policy Authority to adjust the interest rate of the Central Bank

Between the Authority's periodic meetings without referring to them for the purpose of achieving the targeted inflation rate and quickly responding to urgent economic changes.

And longer goal to reduce Inflation realized if what ranged I_t its value the actual within area the goal. as for if went out an average Inflation Actual on my limit area the goal It is considered goal Inflation not investigator and it is necessary then On Hakim _ The bank central guidance message open to minister finance Show for him In which Reasons exit on the goal and procedures the duty take it to achieve the goal And period temporality necessary so .and in achieve it for process disclosure And transparency and advertising on objectives for the public, and for the market get up body Politics cash with a contract conference Journalist after he went on eight days on her meeting monthly show in it most important discussions and decisions that I finish to her the meeting . as publish Content of the conference on the site electronic the official To the bank central and from during the press. (Arestis, et all, 2008)

like that complete to publish a report Inflation my quarter all three months She explains in it commission expectations Inflation gesticulate builds on her from changes in price benefit selic and the situations economic

It is noted that the inflation rate has gone out of range in 3 consecutive years (2001-2002-2003).

In the remaining years, the inflation rate was within the target range, even if its actual value was not exactly the target point.

The inflation target was stable from 2006 AD until 2010 AD at a point of 4.5% and a tolerance margin of 2%. The highest achieved inflation rate in the same period was 5.91% in 2010 AD and the lowest was 3.14% in 2006 AD .

Comparing inflation performance in the period before and after inflation targeting, the find that it is relatively acceptable, especially after 2006

4.2.2. The impact of implementing Brazil's inflation targeting policy on some economic variables:

In a study presented by researcher Mays Tawfiq Musallam, which was entitled (Using the inflation targeting method in developing countries and the possibility of applying it in Syria). In this study, we find a comparison of some of the variables studied before and after implementing the inflation targeting policy. The variables studied are inflation rate, GDP growth rate, foreign reserve and external debt. To provide a picture of economic performance before and after applying inflation targeting (Musallam; 2015).

- i. Inflation rate: Regarding the inflation rate, the study found that the inflation rate has fallen from its throne - so to speak - since 1994 AD, when the implementation of the Brazil Plan began, and its rapid and sharp collapse until it reached the point of 66% in 1995 AD after it was 2075.89% a year ago. Brazil's plan was based on stabilizing the exchange rate and increasing trade openness. It is noted that the inflation rate has maintained its relatively low levels in light of the inflation targeting policy through the central control of the interest rate as a tool to control the inflation rate and the unity of the goal regardless of other goals, which is what the monetary authority aspired to by following this policy.
- ii. The exchange rate: The monetary authority in Brazil sought to stabilize the exchange rate in the eighties until the mid-nineties, but international changes and the widespread spread of globalization, especially trade openness, prevented this goal from being achieved in light of the effort to improve the economic situation. Internal stability and economic growth) Musallam ;2015; 57)

As the researcher found that there has been a radical change since 1993 and its downward trend has begun since then. This is due in large part to the decline in the inflation rate at an accelerated pace compared to the same period of time. In addition to the implementation of the Brazilian plan since 1994 and its explicit goal of stabilizing the exchange rate as an anchor for the economy, which continued until 1998 AD before moving to undeclared inflation targeting

The researcher also noted that starting from the year 2000 AD, which was the date of official implementation of inflation targeting, there was almost stability in the exchange rate despite the move to floating the exchange rate

in mid-1999 AD, where it ranged between 0.54 and 0.32 dollars during ten years, which reflects a positive situation for the national currency of Brazil and the Brazilian economy.

From the above, the inflation targeting policy has succeeded in reducing the inflation rate and controlling it at relatively low levels. Compared to previous periods of time, this policy aims to restore confidence to the Brazilian economy and instill confidence in the Brazilian economy and economic growth, and this is what was reflected in Brazil's progress, and this is what was reflected in Brazil's clear progress in the global economy and its occupation of advanced ranks with stronger competition, as it ranked seventh in the world. According to World Bank statistics, it is ahead of Italy and Russia with a gross domestic product of 2,492,908 billion US dollars.

5. Conclusion

After we learned about inflation, which is the continuous and tangible rise in the general level of prices, and we learned about the method of classifying inflation, its types, its negative effects, and the policies to confront it: it can be said that inflation is unavoidable in most countries of the world.

We have learned about inflation targeting as an excellent tool in combating inflation, and we have learned about the experiences of some countries in targeting inflation, we find that countries that followed inflation targeting achieved good results in combating inflation. Therefore, we advise countries that have not adopted an inflation targeting policy to follow this generally successful policy.

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Public Administration and its Implications for the Economy in Syria

Abdel Salam Zakaria¹

1. introduction

Administration has now become one of the most important pillars of political, economic, social and military life in all societies.

Management reflects the prevailing conditions and ideas in society, not to mention the prevailing behavioral patterns, values and conditions.

- The trend of the modern active state or (welfare state) led to the expansion of the scope of government work and the extension of state activities into various fields to organize and direct economic activities and achieve social justice, the purpose of which is to provide for citizens. While providing necessary services such as education, medical care, housing, etc., to achieve well-being and prosperity in all fields.

This requires the government to be strong and advanced to achieve this goal, leading to comprehensive development, speed and efficiency in the economy.

2. Definition of public administration:

He introduces the American professor Leonard White Public administration in its broadest sense: "It consists of all operations aimed at implementing public policy. This definition covers various operations in all fields, such as delivering a letter or selling public property; Or concluding a treaty, or granting compensation to an injured worker, or placing a sick child in a hospital...etc. The field of public administration includes military matters, civil affairs, and much of the work of the courts. It also deals with all

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aspects of government activity such as the police, education, health, public works, etc. (AlMaghribi; 2008; p.10-11).

The French professor confirms Marcel Waline said: “Administrative sciences are the discipline that studies the means to ensure the best return for public administrations.” (Bassiouni;1992; p.31).

This is even the professor Maurice Duverger tries to give two complementary definitions of administrative science, saying that: “Administrative science, which is a branch of political science that studies the policy of organizing and working administrations...” and that “Administrative science - which is a branch of political science - studies the activity of administrators, and its subject is similar to the subject of administrative rights. But instead of just studying the legal system of administration, he studies the work of administration in reality. (Alahmad; Ismail; 2015; p.27).

While Prof Roland Drago defines the science of public administration as: “a human science concerned with describing and interpreting the structure and activity of the state apparatus based on providing its general policy with the aim of discovering the rules leading to the best operation of this apparatus.” Public administration is an activity related to “implementation” and implementation of the state’s general policy. In this regard, Professor Muhammad Tawfiq Ramzi says that public administration: “the activity of cooperating groups in serving the government in the executive administration specifically to achieve established general goals expressed in public policy.” Since the general policy of the state is established by the legislative authority; Some people have mistakenly understood that public administration is a branch of political science. (Ghanayem; Sharqawi; 1982; p.32).

The truth is that public administration is an organization that includes central authorities represented by the head of state, ministers and governors, in addition to regional and regional decentralized authorities consisting of local administrative units and public bodies and institutions, including.

The organic concept of public administration differs from the functional concept, which is concerned with the activities and activities carried out by these institutions and groups and creates relationships between them and individuals because of the services provided to them by public facilities, or the activities carried out by administrative agencies (Bassiouni;1992)

The country’s public policy is reflected in the objectives that the government has decided to implement in the various areas of activity in which the state intervenes, and the objectives that public administration has to achieve are diverse and not necessarily essential. Kindness or humanity.

Health care, education and social security are among the goals that public administration usually seeks to achieve, as well as the maintenance of public order. Waging aggressive wars can also be a goal that public administration seeks to achieve. Therefore, the process of formulating the goals that the public administration is committed to implementing and achieving is a process outside the activity of this administration, and is carried out by an authority higher than the administrative authority (i.e. the political authority). In other words, in addition to being different from political work, administrative work must also be subordinate to political work. It is known that the state system begins to decay and distort when the political authority leaves its work to the administrative authority, which leads to what is called technocracy, which is the loss or merging of the public administration itself with the political authority, which is one of the characteristics of authoritarian regimes. (Hassan;1997; p.22).

Based on the above, it can be said: “Management is concerned with achieving goals by leading, directing and coordinating work among a group of individuals, developing their capabilities, planning, organizing and controlling implementation processes to ensure their direction towards achieving goals.” (Assaf; 1972; p.18).

Ultimately, the science of public administration can be defined as “the science that aims to organize and manage human and material energies in order to achieve and implement the general policy of the state.”

3- Public administration and other sciences:

3.1. The relationship between public administration and business administration:

- Business Management It is: managing the activity performed by projects of an economic nature that work to satisfy the material and moral needs of all society or sectors only, with the aim of achieving profit.
- Public Administration It is based on implementing the state’s general policies and translating them into public services through coordinated collective efforts. (Fahmy; 2003; p.50)
- Distinctive features of both public administration and business administration:

-

Business Management	Public Administration	Theme
Employees are subject to the decisions of the Board of Directors and the instructions of managers (a degree of flexibility in work).	Workers are subject to the rules and procedures specified under the state system and its legislative bodies (lack of freedom to work).	The legal framework
Speed and freedom of action when changing and amending regulations, as this only requires the approval of the board of directors or the owner of the capital.	Slowness and inflexibility in changing and amending regulations by virtue of referring to the legislative body.	
Employees' actions are subject to the supervision of the administrative head only.	The actions of employees are subject to the oversight of the legislative authority and the judicial and supervisory bodies.	
To maximize profits and expand market share, the business is evaluated on the basis of material standard.	Providing public services, and work is evaluated based on the satisfaction of the public benefiting from the service.	the goal
Activities of a predominantly economic and commercial nature.	Activities that achieve the public interest, such as security, defense, and international relations.	Nature of the activity
Decisions are influenced by rationality and objectivity to achieve more profits.	Decisions are influenced by political and social considerations	Degree of maturity
Activities governed by competition by virtue of pluralism.	It is rarely exposed to competition.	The competition

3.2. The relationship of public administration to political science:

Political science examines the development of public policies of the state, the form of government, and the prevailing intellectual beliefs. Administration is affected by the political ideology that the state follows. Under a democratic system, the capitalist system takes on a broader scope than under socialist systems or systems that adopt a mixed economy. Under democratic thought, decentralized planning or central planning and decentralized implementation prevail, while under the socialist system, central planning prevails. Senior management in state agencies and public projects is affected by the degree of political ambiguity. It is noted that the intellectual trend that calls for separating politics from administration has been subjected to much criticism due to the impossibility of such separation in practical reality. (Fahmy;2003; p.55-56)

3.3. The relationship between public administration and sociology:

Sociology focuses attention on issues related to human society and is considered one of the main tributaries of concepts related to behavioral sciences and administrative behavior.¹ The study of society, groups, the foundations on which they are based, and mutual relations is of great importance, because groups have a significant influence on the thinking of administrations, their policies, programs, and activities. (Hallie;1955; p.287)

Sociology aims to study and know the rules and traditions that govern the relationships between individuals within an organization, so it is easy for managers to know a lot about what governs the work of groups and individuals, especially about the relationship between organizations and informal organizations, as well as about organizations and other related concepts. (Dwight;1955; p.52-54).

3.4. The relationship of public administration to psychology:

- Psychology aims to study the human being as a complex human being with diverse needs and carrying many impressions and feelings that play a positive or negative role in his production, activity and functional work. The functional environment has an effective role in influencing these matters.
- The psychology of public administration has presented multiple concepts, such as the concepts of leadership, measuring competence, recruitment and promotion tests, and the incentive system. (AlSawat;2011; p9-10).

3.5. The relationship of public administration to the science of law:

The truth is that public administration, with its functional and organic meaning, represents the pivotal point in the study of both the science of public administration and administrative law. This is because the science of public administration includes a set of scientific principles and methods that are applied to the management of an organization or activity. That is, according to its organic and objective meaning, such as the principles of organization, leadership and control. (Harlow; 2005;279-294)

Administrative law also includes a set of legal rules that apply to the administration itself, whether it means its organic or objective meaning. It deals with the set of legal rules related to the structure of the administrative apparatus in the state, whether at the central or decentralized level, as well

as the set of legal rules related to the administrative activity itself. This is in addition to a set of legal rules related to judicial oversight of management activity. (AlTahawi; 1969; p.49).

The truth is that administrative law deals with the legal side of administration, while public administration science deals with its technical side.

It should be noted that the administrative law's great interest in preserving the principle of legality and its urgent desire to achieve a balance between the effectiveness of administration and its privileges on the one hand and the public rights and freedoms enjoyed by individuals on the other hand has weakened the effectiveness of this law with regard to technical issues. (Masoud; 1981; p.22).

The science of administration searches for the best technical methods that must be followed in implementing the tasks assigned to public administration. It studies administration as it actually exists, even if it violates the provisions of the law, with the aim of increasing its production and raising the level of performance of its workers by preparing them scientifically and addressing their economic and social conditions. In doing so, it does not neglect administrative law, but examines how to apply its rules in practice. In order to evaluate and evaluate them in terms of their effects on the effectiveness and efficiency of management. (Ghanayem; Sharqawi; 1982)

It follows from the above that the science of public administration and administrative law are complementary, each affecting and being affected by the other, and they aim for public administration to achieve the goals set for it by the political leadership in the best possible way and implement them.

It can be said that the position of public administration science in relation to administrative law is similar to the position of political science in relation to constitutional law.

3-6- The relationship between public administration and economics:

* The economy identifies the factors of production and analyzes the relationships between them to ensure the maximum possible return, and to provide information about the distribution of this return among the various factors of production. (AlSawat;2011; p.10).

* Economics is also concerned with economic development, especially since it is the administration's responsibility to promote the achievement of economic development and comprehensive development in general.

* The presence of common topics between administration and economics, such as the budget, final and financial accounts.

* Relevant topics include selecting employees, setting salaries, and using different experiences and the latest technologies.

5- Stages of development of the study of public administration:

Management as a field of research has a long history dating back to ancient times, when Pharaoh tried to teach the principles of correct management in ancient Egypt and China, but the beginning of the study of management in its current form occurred during the Middle Ages. (Hassan; 1997)

The emergence of camera science in Prussia, which preceded the administrative sciences, is considered the beginning of a real development in the study of management. When the feudal lords felt the need for funds, the importance of sound management and the need to study the basis for practicing the management profession became apparent to them. This is government work. (Al-Najjar; 1980; p.32).

Then, in 1727, the Prussian Emperor Friedrich Wilhelm I established a head of public administration, and since the time of Muhammad Ali, development has continued in Germany, France, Belgium, Spain, Italy, Yugoslavia, Turkey, Brazil, the United States and Egypt, where administration as a field of research and investigation is what we know today. The company's focus on management has grown to where it is today.

The establishment of the Department of Public Administration in the Department of Economic and Political Sciences at Cairo University represents a natural development in the field of raising the level of interest in management sciences. Universities are the largest ships that nourish and develop the management discipline, and this is a common trend in most university systems in the United States

Here it should be noted that management as a research field has recently entered the "Arab region". The first research course was offered in 1954 by Dr. Muhammad Tawfiq Ramzi, who entered the Faculty of Law program in 1955, but from the point of view of administrative law, some administrative law jurists recognized its distinction shortly thereafter, and it was introduced into the Faculty of Commerce program in the late 1950s. 1950, then in the program of the Department of Political Science. Today, some Arab universities have specialized departments, while others include them in the programs of the Department of Business Administration and the Department of Political Science.

Management has expanded as a field of science and research and has developed to include various branches, the most important of which are the origin and principles of administration and organization, work methods, human resources management and development, planning and management of financial resources, behavioral research, municipal and municipal administration, comparative administration, research methods in administration and regional planning, crisis and disaster management, public policy analysis... and others. (Al-Najjar; 1980; p.23).

currently There are no universities that do not specialize in management studies, and the question arises as to whether it will be an independent school, a graduate school only, or a department within the school. It used to be that it became part of larger public colleges with the concepts of economics, political science, statistics, and computer science - the most important related fields. In public administration.

6. Administrative organization in Syria

Organization is considered an important element in the administrative process and represents a means of contributing to achieving the goals of organizations and administrative bodies in general, as it clearly defines the powers and responsibilities of administrative units and explains their duties and rights, the duties of their jobs, the conditions for exercising positions, duties and responsibilities for employees and coordinating relations with workplaces, with each other and with Other employees working in the administrative units, and there is no overlap in skills between the administrative units or among the employees working there, which leads to avoiding duplication of work and overlapping tasks while ensuring effective administrative control over the implementation of administrative work and ensuring a healthy and appropriate work environment. (Shiha; 1982).

The administrative organization of each state is linked to its political framework and to the political principles of government that characterize the entire state system. This is what distinguishes the administrative organization in Syria, and we cannot talk about it without taking the political framework into account. Syria has witnessed different political systems, including federalism, parliamentary republic, presidential and semi-presidential centralism, and we will shed light on the reality of administrative organization in Syria as a historical process, analytically and descriptively, based on two demands. In the first requirement, we will talk about the emergence of the administrative organization in Syria, and in the second requirement, we will list the historical stages of its development...

the decentralized administrative organization in Syria. Draw conclusions and suggest effectiveness. (Muhammad; 2004; p.67-73).

7- The emergence of administrative organization in Syria

The administrative apparatus arose in Syria, following its separation from the Ottoman Empire in October 1918 AD, the declaration of independence in accordance with the decisions of the Syrian General Conference in 1919 AD, the installation of King Faisal as its king, and the requirements of the 1920 Constitution. The organizational apparatus at that stage was characterized by all manifestations of backwardness and weakness. Whether it is in the organization of administrative units, in the methods of work flow, or in the level of qualification of workers. But Syria had barely got back on its feet, until it was placed under the French mandate according to the "San Remo" agreement in April 1920 AD. England occupied its south after dividing it into two parts: Palestine and Transjordan, and France occupied its northern part, following the entry of its armies led by "Gouraud sent the capital, Damascus, in July 1920 AD, after his victory in the Battle of Maysalun, announcing the end of royal rule there and its occupation. It was divided into several parts with the intention of tightening control over it by weakening it. We briefly explain many of these parts, as follows:

- i. The State of Greater Lebanon was established by Gouraud's Resolution No. 318 dated 8/31/1920 AD, after Gouraud annexed four districts to it from Syria, namely Hasbaya, Rashaya, Baalbek, and the Bekaa. (Muhammad; 2004)
- ii. The French High Commissioner established the State of Aleppo by his Resolution No. 330 dated 9/1/1920 AD.
- iii. The French High Commissioner also established the Alawite state, by his decision No. 1470 dated 7/12/1922 AD.
- iv. He also established the State of Jabal al-Druze by Resolution No. 1461 dated 10/24/1922 AD.
- v. On 6/28/1922 AD, the High Commissioner issued Resolution No. 1459 bis, which included the establishment of a union that included the state of Damascus, Aleppo, and the Alawites, which he called the "Union of Independent Syrian States." The union was given a president and a council supervised by the High Commissioner, and Jabal al-Druze remained independent from the Union. (Almajzoub;2005; p.38).

- vi. The Alawite state separated from the federation in December 1924 AD by decision issued by the High Commissioner No. 22979, and the Alawite state became independent from the beginning of 1925 AD.
- vii. The states of Aleppo and Damascus became, as of the beginning of the year 1925 AD, a single state called the "Syrian State" in accordance with the decision issued by the High Commissioner No. 2180 dated 12/5/1924 AD.
- viii. France held elections for the Constituent Assembly, which was held on June 7, 1928 AD, and drew up a constitution for the country, after the Syrian revolution that lasted from 1924 - 1926 AD, but the High Commissioner dissolved this assembly and issued the constitution after introducing amendments to it that lost its content, by Resolution No. 3111 dated 5/14/1930 AD, and made the constitution limited to internal Syria and subjected both Jabal al-Druze and Jabal al-Alawiyya to independent political and administrative provisions by its Resolutions No. 3113/2114/ issued on 3/14/1930 AD.
- ix. Negotiations took place between the French government and the Syrian government in France, which led to the signing of a draft treaty on September 9, 1936 AD. One of the effects of the draft treaty was that France approved the return of the Alawite region and Jabal al-Druze to Syria, the motherland, except for Lebanon, which remained separate from Syria, and they were actually returned to it by the two decisions issued by the High Commissioner No. 265 and 274 / L.R. on 2 and 12/5/1936 AD. Even if that treaty was not ratified, these two regions remained Syrian governorates, but they retained their financial independence. Until the end of 1943 AD.

The only concern of the mandate in this colonial phase was to harness the administrative apparatus to serve its colonial purposes and to consolidate its roots in the country after it had divided and fragmented it. Since the High Commissioner made himself the source of all powers, whenever he formed a government in a part of the country, he ceded executive authority to it, provided that it is exercised under his supervision, so this cannot be considered a type of confederal or federal rule as some claim, but rather the primary goal is to facilitate the extension and enablement of control over it only for the simple reason that it is occupied. However, the Mandatory State transferred to our country some administrative organizations, which gave some administrative bodies and the way work was done, the character

of a modern administrative organization, such as the creation of the Council of State in 1925 AD, some ministries and departments in 1926 AD, and the Court of Auditors in 1938 AD, which was entrusted with oversight. The state's revenues and expenditures and its public accounts, similar to the system applied to the Court of Accounts in France. (Muhammad; 2004).

8- Stages of administrative organization in Syria

The administrative organization in Syria went through several historical stages, which we summarize separately as follows:

- i. Issuance of Resolution No. 5/L. On January 10, 1936 AD, which included the creation of administrative divisions in Syria on the basis of governorates and districts, districts into districts, and districts into villages. The aforementioned decision stipulated the establishment of local councils and granted them the authority to express opinions and state the wishes of the residents of the local areas and their urban, cultural and social needs. However, this regulation was not put into effect due to its use in continuing the dominance of the French occupation, through the strife that it used to provoke among the components of Syrian society. Several amendments were made to this decision, but it remained in effect for a long period of time until the issuance of Law 496 on December 21. The first in 1957 AD. (Allaw; 2020; p.1-28).
- ii. Municipalities Law No. 172, dated January 23, 1956 AD, which defined the municipality as * a legal entity that enjoys administrative and financial independence and undertakes all work related to the organization of its affiliated organization, supervises the maintenance of public health and ensures public comfort and safety, and is also competent to take all measures Necessary for the region's urban, health and social progress.

It is clear from this definition that the legislator considered municipalities to be a local administration that carries out a set of tasks within its local scope, in addition to specifying its administrative and financial systems, agencies and powers, in accordance with the general principle and not exclusively. The law divided municipal agencies into two main authorities:

A- Declarative authority: The legislator enumerated its powers and tasks and explained its working mechanisms.

B - Executive authority: It is represented by the mayor, whom the law assigns in Article (58) with a set of powers, the most important of which is managing and supervising municipal affairs, organizing municipal budget projects, taking the necessary measures to encourage culture and sports, and carrying out all the powers related to administrative control. And assessing the level of decentralization, under Law No. 172 of 1956 AD, which remained theoretically impossible, as municipal elections were not held, but rather municipal councils were formed by appointment by the central authority. (Allaw, 2020).

- iii. The issuance of Administrative Organizations Law No. 496 dated 12/21/1957 AD, pertaining to administrative organizations. The Syrian legislator was influenced by the French trend, abolishing all other regulations and remaining in effect. It aimed to achieve administrative decentralization in the state through the formation of local councils on the basis of election. However, the reality was otherwise, as the members of these councils were appointed by the central authority, especially the persons of the central executive authority such as the governor, the district director, and the district director. The central authority did not resort to holding actual elections for the local unit councils under the pretext of political circumstances that do not allow this. Some of its provisions were canceled by Local Administration Law No. 124 dated 3/28/1960 AD during the days of unity between Syria and Egypt that took place on February 1, 1958 AD and the United Arab Republic was formed and included two regions (Syrian and Egyptian). However, this stage did not last long, due to foreign conspiracies. And the interior was hostile to the aspirations of the Arab nation and the achievement of its unity, pride and dignity. The bonds of this unity were separated by the military coup that took place on September 28, 1961 AD, and the aforementioned Law No. 496 was re-implemented by Legislative Decree No. 141 dated September 3, 1963 AD.

The structure of the state in Syria during the successive political regimes from the period of national independence until the Baathist coup on 3/8/1963 was based on the principle of separation of powers in its true Western sense. The methods of applying this principle varied in terms of the relationship of bodies with each other. Syria knew a parliamentary system and a presidential system. Based on the decree of 1950 AD, the Syrian state adopted a parliamentary system based on cooperation between the legislative and executive bodies. It

also adopted a republican presidential system based on the Shishakli Constitution from 5/11/1953 to 5/25/1954 AD, except the various bodies that were established on the basis of separation of powers were not able to cooperate with each other.

As for the period extending until the issuance of Local Administration Law No. 15 of 1971 AD, it was punctuated by the internal Baathist coup on February 23, 1966 AD, which was characterized by the duality of authority. The first was the military authority led by Hafez al-Assad, who destroyed it by turning it into an ideological army to suppress the people, so he easily lost the 1967 war. Intentionally to preserve Baath rule, and the second: the civil authority led by Salah Jadid. The authority's interest was focused on establishing the pillars of the Baathist state and centralizing power with its military and civil arms. By the nature of the solution, there was no interest in the administrative system in the state, except what was focused on strengthening the control of the Baathist regime. On the joints of the state.

- iv. Issuance of the Local Administration Law pursuant to Legislative Decree No. 15 dated 5/11/1971 AD.

The Ministry of Local Administration was established pursuant to Legislative Decree No. 27 dated 8/3/1971.

Which announced the end of the effective laws and regulations before its successive issuance, until the executive regulations were issued to implement this law, by Legislative Decree No. 2297 dated 9/18/1971 AD, except that Article (108) of Law /115/ stipulated the following 'Until the councils are formed In accordance with this law, the various administrative units and their heads will continue to apply the laws and regulations in force before its issuance, and the end of the provisions of these laws will be announced successively'.(Allaw; 2020;p.1-28).

Municipal Law No. 172 of 1956 and its amendments remained in effect alongside the new law, although the scope of its application became limited, as its enforcement was limited to small municipalities only, and the rest of the types of municipalities were transformed into new administrative units.

Law /15/ sought to achieve several goals based on constitutional, legal and technical considerations, and from the standpoint of democratic trends in local government. The primary goal of the new legislation was to make matters of concern to citizens, in local administrative

units related to the economy, culture, services, health and social care, in the hands of the citizens of these units are exercised through their democratically elected councils, in addition to other goals that can be summarized as follows:

A- Expanding the scope of administrative decentralization, and devoting the central authority to the basic tasks related to planning, legislation, organization, coordination, monitoring, and rehabilitation.

B- Granting more powers to local administration units in various aspects, especially those related to economic, social, cultural and service affairs.

C- Management of local councils by local authorities at the will of citizens, through direct secret election.

D- Real support for the efforts made to develop the local community, by those with experience, scientific competencies, and high cognitive skills who are able to participate.

The Syrian Constitution, effective on March 13, 1973, agreed with the Local Administration Law regarding the organization of local councils and granting it legitimacy. It stated in its third chapter:

Article 129: Where it states:

- Local people's councils are bodies that exercise their authority in administrative units in accordance with the law.

- Administrative units are determined in accordance with the provisions of the law.

Article 130 stipulates: The law determines the powers of the local people's councils, the method of their election and composition, the rights and duties of their members, and all other provisions related to them.

However, this law was emptied of its contents and the goals it adopted. In fact, they were not achieved as announced, and were nothing more than just media marketing for the regime regionally and internationally. The law came as one of the achievements of the (corrective) movement, the last Baathist coup in a series of coups, which was led by Hafez. Al-Assad against his group and his companions to turn the page on coups in the history of Syria, and begin the stage of hegemony and monopoly of power. He worked from the beginning to strengthen the army, the coup tool, the striking force, and to develop the security services and improve their performance through competition among themselves to gain trust, in order to control

all aspects of life in Syria. Syrian society, and replacing it with the army in imposing security, obedience and loyalty, and supporting this trend of the Baathist party apparatus to impose a unilateral character, in orientation and visions on Syrian society and to reshape public opinion, through the media to consolidate the authoritarian patriarchal system from the bottom to the top, from In order to consolidate the idea of absolute loyalty to the president through obedience and not legitimacy, which contributed to the stability of the regime over 30 years by kidnapping the state, society, and the constitution, and rooting them. To Concept Resurrection Psychologically and intellectually in Syrian society, in parallel with the ongoing security violence and support from religious institutions to reinforce this concept.

As for the social and economic aspect; Hafez al-Assad paid special attention to controlling the necks of his people and their lives, so the regime's policy focused on sufficiency, that is, in the sense of just filling one's livelihood, linking it to the bond of loyalty and obedience, and imposing the Baathist identity on all components of society in addition to the security report. The former Syrian ambassador to Washington, Hammoud, mentioned Al-Shawqi, Secretary-General of the Baath Party during the first Baathist coup in February 1966, said in a press interview, "The regime ran the country in a security manner and not its two states, and its dealings with society took place on the basis of a group of individuals, and not on an institutional basis and a social contract between the state and its subjects." This was determined by the regime Economic relations and the distribution of wealth are based on obedience only, and whoever breaks them, various and numerous punishments, death and deprivation await him. In this case, the individual has been stripped of his moral and human values, and relationships of hypocrisy, corruption and bribery have been allowed to arise and legitimized.

This applies to administrative decentralization, and the Ministry of Local Administration is considered a major security center that controls all aspects of the regulatory, administrative, and economic state, represented by local councils.

- v. The issuance of Legislative Decree No. 107 dated 8/23/2011, which included the Local Administration Law, which repealed the previous laws that dealt with municipal and local administration, at a stage in which Syria was witnessing the outbreak of the revolution, the first spark of which began in Daraa in March of 2011 AD. To demand political and economic reforms in Syria.

In the face of the increasing intensity of the confrontations and the expansion of the scope of the peaceful demonstrations and their inclusion of most Syrian cities, and at a time when the regime sensed danger, it hastened to implement a package of reforms, including the issuance of this decree, which divided the Syrian Arab Republic into administrative units, enjoying legal personality and financial and administrative independence, which is the governorate, City, town, municipality Article (7).

Its objectives were specified in Article 7, most of which revolve around the following:

A - Adopting the method of decentralizing power and responsibility, and concentrating them in the hands of segments of the people, in application of the principle of democracy, which makes the people the source of all authority, by expanding the powers of local councils, to enable them to carry out their tasks and competencies to the fullest extent.

B- Restructuring the administrative units to create administrative units that can develop development plans for the local community and perform their tasks effectively and competently, and make the administrative units at all levels directly responsible for services, economy, culture, and all affairs that concern citizens in these units, so that the task of the central authorities is limited to planning and legislation. Organization, introduction of modern technology methods, and implementation of major projects that administrative units are unable to implement.

C- Work to enhance the financial revenues of administrative units, to enable them to exercise the developmental role in the local community in addition to the service role, and make this community responsible for preserving its resources and developing these resources to improve the standard of living of citizens.

D- Enhancing the local community and providing assistance for balanced growth and equal opportunities between regions by devoting joint cooperation between administrative units through the creation of joint departments that can implement major programs and projects in an efficient and effective manner.

We see the legislator establishing hegemony and an iron fist over the local administrative units through the disastrous articles and procedures it adopted, including:

A- Disrupting the role of local administrative units, as the legislator granted the Supreme Council for Decentralization the authority to decide on all affairs and measures that it deems appropriate for the local population and

not their councils elected by them, and to propose special laws and necessary executive decisions, in addition to setting the national decentralization plan, and issuing the necessary decisions within A specific timetable and supervision of its implementation. Articles (3,4).

B- Disabling the principle of popular control, as Article (121) stipulates:

- The supervisory authorities must ignore all complaints that are not submitted and signed by their owners themselves, accompanied by documents and documents, and a copy of the ID card, whether they are against the head of the administrative unit, the executive office, or the workers in those units.

- Requesting to initiate a public lawsuit against anyone whose claim is proven to be false.

This requirement is impossible and represents a threat to anyone who tries to complain, knowing that in modern administration it represents a main channel of communication between institutions and the public, so it must preserve and support it and provide qualified staff to deal with it, with the aim of identifying errors, defects and deviations, and working to avoid them, which consequently improves its performance and restores it. The gap between them and customers and the environment in general, and thus high-quality productivity increases, reputation improves, and trust and credibility are established, whether the product is industrial or a service is provided. Therefore, it is necessary to encourage individuals to present their complaints by all means and motivate them to do so, and one of the ways to motivate is to provide communication with local councils., via a landline telephone line with the feature of not showing the complainant's caller ID. (Allaw, 2020).

C - The President of the Republic has the absolute authority to dissolve local councils at their various levels. The election of new local councils is called for within ninety days from the date of dissolution without stipulating the cases that permit the President of the Republic to take this measure. Article (122).

However, in the practical application of this law, none of its provisions, articles, or ideal goals were achieved except in a distorted manner and in a way that was contrary to the expected results. It is theoretical in the absolute, and the 2012 Constitution came after it after the pressure of the Syrian street protests on the regime, and in the midst of peaceful demonstrations demanding freedom. And equality and human dignity, as a reformist savior of the deteriorating conditions that shook the foundations of the regime. However, despite his abandonment of Article (8) in the 1973 Constitution,

he also did not bring anything new except the consecration of authority, hegemony, and the exclusivity of rule as a totalitarian autocratic system, and his emphasis on the lack of separation of powers while using the terminology of freedom. Democracy and control of power are under another cover, and the structure of power, as in the previous era, depends mainly on the person of Assad only.

9- Proposal for expanded administrative decentralization in democratic Syria

Given the Syrians' loss of absolute confidence in the central security authority ruling in Damascus, and the secessionist proposals, locally and internationally, led by the Democratic Union Party, with its military (SDF) and political (SDC) wings, and in order to reach a better formula for administrative decentralization in Syria and achieve its adopted goals, which It still needs further reform, development, and effective implementation to suit the Syrian reality, taking into account the years of devastating war and the ethnic and sectarian tension it produced. We suggest the following: (Allaw; 2020; p. 1-28).

- i. Adopting a strong and cohesive democratic political system in the new Syria, based on the foundations and principles of governance and a unified national identity, and including all Syrians and the entire Syrian territory.
- ii. Formulating a new social contract that clarifies the relationship between all Syrians, regardless of their affiliations, and their government, and consolidates the basic rights of the Syrian citizen and human rights in accordance with international treaties and conventions.
- iii. Political consensus, beginning among all components of the Syrian people, on adopting the local administration approach and its expanded administrative decentralization tool, to suit the needs of the post-war phase, and on the distinctive characteristics of all localities in parallel with rational centralization, which relates to some state facilities and central authority bodies, and taking into consideration not Administrative focus within a narrow, influential scope and a specific period of time that does not exceed one electoral phase
- iv. Implementing constitutionally expanded administrative decentralization across the entire Syrian territory that is unified on a geographical basis, in order to establish a state of citizenship in which citizens are equal in rights and duties regardless of their

affiliations, by granting it broader authority to impose its tax policies and determine the budget that suits its local goals.

- v. Re-engineering the structure of the local administration, in line with the aspirations of the Syrians and the goals of expanded administrative decentralization.
- vi. Enabling citizens in the local community to participate effectively and truly in the management of local public affairs, through fair and transparent elections, which are considered a democratic phenomenon and a civilized practice, to affirm the freedom of the individual to choose who he deems appropriate to represent him in power.
- vii. Constitutional guarantees in the powers of local units, in their management of their local affairs.
- viii. Advanced financial control, which guides the financial matters of local units and supports them in the field of necessary community needs
- ix. Modernizing relations between the central administration and local units with regard to strategic planning, in a way that achieves balanced and sustainable development in all fields, which cannot be sustained by the state alone or without it, but must be shared between the government, local units, the private sector, and community institutions.
- x. Adopting the principle of rational judicial administrative oversight, whereby the central authority has the right to dispute the legal actions of local councils before the administrative judiciary (the Administrative Judicial Court of the State Council), with the central authority in this case having the right to request a suspension of the implementation of the legal action until its matter is decided judicially.
- xi. Transferring major central powers to the governor's office and the city and municipal councils in the field of governor's affairs
- xii. Organizing qualification and training courses, seminars and workshops for members of executive offices, members of governorate councils, and heads of administrative unit councils to enable them to carry out their work and maintain the independence of their local units.

the reviewer

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Syrian Family Businesses Amid Establishment Challenges and Survival Struggles

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1-Introduction

Family businesses play a significant and crucial role both economically and socially. In reality, they contribute to employment, development, and investments. Despite their importance, there is a lack of available data and necessary information about them. Most of these businesses start as small enterprises relying on the employment of family members. One characteristic of these companies is innovation and excellence, which stem from individual ambitions. These innovations and creative ideas are passed down from generation to generation, enabling them to withstand challenges and difficulties.

Family businesses possess various advantages and features that lead them to success or, in some cases, to decline and disappear. Therefore, it is essential to investigate this type of business, especially considering that it has not received the attention and care it deserves from experts and those interested in business matters, according to economic activities at both the national and global levels. This is also by legal frameworks and their contexts in different countries.

These businesses often start with small operations relying on family resources. One notable aspect of these companies is their creativity and distinctiveness, which emerge from individual aspirations. These innovations are passed down through generations, allowing the business to stand

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resilient against challenges. Family businesses possess unique advantages and characteristics that can lead to either success or, in some cases, decline and disappearance. Therefore, it is imperative to explore this type of business, given the lack of attention and care it has received from experts and those interested in business matters, both at the national and global levels. This is particularly relevant when considering the legal frameworks and circumstances in different countries.

2-NATURE OF FAMILY BUSINESSES

This chapter addresses the legal forms of business entities, in addition to the general structure of family businesses. It aims to understand how this type of business originated, the stages of its development, and its various types. The chapter also highlights the importance of family businesses, their advantages and disadvantages, along with their distinctive features. Finally, it sheds light on the strategic planning for family businesses.

GENERAL STRUCTURE OF FAMILY BUSINESSES:

The establishment of the majority of companies worldwide is often traced back to the family. The family serves as a source of financing, and its cultural heritage motivates its members to preserve and work diligently for the success and continuity of the company. The family is the primary source and the strongest link for the owner, as it injects the company with new ideas and fresh energy, aiming to achieve success and ensure its sustainability. Initiating a business is considered a crucial matter for the family, as it becomes the primary source of its livelihood. This is particularly significant when evaluating the family at the social level (Samy Taysir Salman;2011;17).

In terms of the value provided socially, society relies on the family as a fundamental element to maintain cohesion between it and the economy and to uphold the social role of business entities. The work environment is influenced by the values and ethics held by the family. This contributes to building credibility in commercial or industrial dealings, both with customers and employees. Such an approach elevates business from a purely material concept to a commitment to the community.

Furthermore, the work environment is shaped by the values and ethics instilled by the family. This, in turn, fosters credibility in commercial or industrial dealings, be it with customers or employees. It contributes to elevating businesses beyond their materialistic understanding, emphasizing commitment to the community. The transmission of these values from one generation to the next is crucial, emphasizing the importance of urging them

to preserve these values, make the most of their heritage, and stay abreast of the developments in their present (Bilal Adnan Hamza;2009;20)

STAGES OF DEVELOPMENT FOR FAMILY BUSINESSES:

The family business involves a series of consecutive stages representing the period required for the company to either thrive and persist or decline and cease to exist. These stages can be summarized as follows:

Foundation Stage: Inception (promotion).

Second Stage: Growth (development).

Third Stage: Maturity.

Fourth Stage: Decline and Regression (sloping) (Rehab Kamal Tawfik;2001; 49-48)

Foundation Stage (Promotion):

In this stage, the company is in a similar situation to any newly established business. The concept is still not fully developed in the minds of the founders, with a focus on offering a single service or product. The company aims to transition from one form to another for improvement. Regarding the workforce, is very limited, and the organizational structure is almost non-existent due to the small number of employees. The company faces various risks that may lead to its collapse. Decision-making is highly centralized, with the owner in control. This stage requires thinking, innovation, and the pursuit of delivering a distinctive new product or service that can elevate the company and enhance its position.

Growth Stage (Development):

This stage extends from zero to five years, during which the company begins to grow and operate. Typically, the founders are between 25 and 35 years old, while their children range from zero to ten years old. This stage is characterized by a significant drive towards expansion, openness to external markets, and reliance on innovations. The company performs swiftly, holding onto advertising and a good reputation that leads it to fame and better growth. All of this is under the supervision of a single individual who is both the owner and the manager. There is a preference for success over profit, especially in the presence of competitors. However, if there are no competitors, the priority shifts to profit, as the focus is on attempting to control markets and offer goods or services. Despite the limited financial resources of families seeking assistance from consultants and experts, there is an effort to introduce new products and work on enhancing success.

Maturity Stage:

At this stage, the age of the company typically ranges between 10 and 20 years. The founders are usually between 40 and 50 years old, while their children are between 15 and 25 years old. The company experiences increased complexity in its activities and operations, as it is considered one of the most critical phases. By this point, the company has established market share, a customer base, and budgets. On the other hand, performance-wise, the company enters a stage of stability, meaning that the basic needs of the family are met at a comfortable level.

However, with the arrival of the next generation, conflicts emerge as they desire to assert themselves as new leaders or successors to the current leader. Growth rates begin to slow compared to the expected pace, and the focus shifts from leadership to routine operations. All activities become repetitive, eliminating innovation and renewal. The most critical phase within this stage is the formation of factions that aim to establish a new company, challenging the consensus within the family. At this point, there is an attempt to distance from the specter of the last stage.

Sloping Stage:

In this stage, the age of the company typically ranges between 20 and 30 years. The founders are usually between 55 and 70 years old, while the offspring are often between 35 and 40 years old. Work in this stage reaches its lowest point, making it the most challenging phase. The company becomes inflexible, and unable to confront external changes due to numerous managerial problems it encounters. During this stage, the previous efforts made in the growth and maturity stages lead to disintegration and factions that may result in the company's dissolution, merger, or sale.

Exiting this stage is only possible by finding solutions to emerging problems, thus preserving the company from dissolution and allowing it to continue its activities as it did during the growth and maturity stages. Another option is forming a new family company with participants from the original or parent company who understand the challenges. Figure (6) illustrates the stages of growth in family businesses and the options they may face after reaching maturity.

3- CONCEPT OF FAMILY BUSINESSES:

Definitions related to family businesses have been created in various aspects, and they have agreed on some points while differing on others. According to the laws and prevailing customs in each region, Dr. Noear, in

his book *The Family Business*” in Switzerland, defined family businesses as follows:

A business in which a single family controls the voting power, focusing on the importance of strategic decisions in the institution or company. This includes decisions such as appointing a new CEO, general guidelines for the company, and the role of the family in it.

Family businesses can be identified as companies in which control and management are expected or transferred to younger family members (the second generation) from older family members after the founders or older family members age and retire. Moreover, the economic market advisor’s assistant in a weekly event in the Kingdom of Saudi Arabia clarified that there is no clear legal definition for family businesses. However, businesses often commence with one or more individuals from a single family and expand to become a family institution through inheritance or collaboration among siblings and relatives.) Jess H. Chua, James J. Chrisman;1999;21)

Most family businesses, especially small and medium-sized ones, are widespread across the globe, exerting a strong and influential impact on the scale of local economic activities. Family businesses can be either closely held, limited to their owners, or fall under various classifications such as limited liability or joint-stock companies. It’s noteworthy that the owner can be an individual or a collective group of family members.

In many cases, the owner employs some of their family members, relatives, and friends. However, what distinguishes family businesses from others is the ownership by a specific individual who controls its management and all its activities. This individual is well-informed about the operations of all departments and divisions, including manufacturing, accounting, and services.

What has been mentioned earlier, it is evident that there are two different systems governing family businesses: the corporate system and the family system. Unless there is agreement and harmony between these systems in terms of thinking and goals, there will be a burden on the company. The corporate system operates to achieve predefined and specific goals, relying heavily on competitiveness. On the other hand, the family system always operates within responsibilities, traditions, and loyalties. When both systems coexist within a single company, there tends to be bias and fluctuations that negatively impact the company’s work style and decisions, especially if wise management is not in place to harmonize the company’s goals while preserving the family, which is considered the driving force as it gave rise to

the company. At the same time, it may contain seeds of some destructive and divisive elements for the company.

It is noteworthy that all definitions agree on certain points, indicating that the company is established by one or more individuals from the same family who seek to pass it on to their descendants. They strive to preserve it regardless of the costs, and they have authority and control in this company.

4- TYPES OF FAMILY BUSINESSES:

There are two main types of family businesses, namely:

Single-Generation Companies:

Such companies emerge when an individual with a business or industrial idea invites family members to participate in its operations, management, and ownership, or when individuals from the same family create a company and work together in it.

Two Generations or More Companies:

This type is an extension of the first one and occurs when single-generation companies have reached a level of growth and maturity where they can accommodate the next generations of the same family members. (Samy Taysir Salman;2011;49-50).

5- Importance and Objectives of Family Businesses

It is essential to understand the international significance of family businesses, along with their goals and what distinguishes them from other companies. Recognizing their shortcomings and planning within these businesses is crucial for their preservation, protection, and continuity.

IMPORTANCE OF FAMILY BUSINESSES:

Family businesses are the backbone of private sector investments and activities, accommodating a vast workforce and supplying markets with significant quantities of products and services. They constitute a fundamental part of the economies worldwide and play a crucial role in their social systems. Family businesses often serve as a successful option to preserve many countries, especially in the face of economic challenges, accompanied by the immaturity of suitable institutions in the early stages of industrialization. (Samy Taysir Salman;2011;54).

Although there is a considerable disparity in capital between large corporations and family businesses, this hasn't led giant corporations or multinational entities to consistently sideline or ignore the role of family

businesses. Instead, they have collaborated with and benefited from their strengths. For example, globally, 85% of registered companies are considered family businesses, and in Saudi Arabia, Italy, and the United States, family businesses represent the majority of registered companies. In these countries, family businesses make up 95%, 95%, and 92% of registered companies, respectively. Family businesses constitute 35% of the largest 500 global companies.

In terms of employment, family businesses have achieved significant success globally, employing approximately 60.5% of the total workforce in various types of companies. In the United States, the percentage is 59%, indicating the substantial contribution of family businesses to employment. Statistics suggest that privately-owned family-managed companies outperform public companies in terms of overall profits.

The economic value of family businesses stands out for its inclination towards long-term strategies rather than quarterly results, a characteristic often associated with public companies. (Bilal Adnan Hamza;2009;65)

Note: The specific figures mentioned in the text, such as the percentage of family businesses in certain countries or the employment rates, are examples for illustrative purposes and may not reflect the most current data. It's advised to refer to the latest and relevant sources for accurate statistics.

6- ADVANTAGES OF FAMILY BUSINESSES:

What distinguishes family businesses from others are the unique relationships among their members, reflected in several key points:

Strength of Family Bonds: The resilience of familial relationships during challenging and changing times, owing to familial ties, makes them more capable of facing challenges and difficulties.

Financial Sacrifices: Family members often make financial sacrifices for the sake of the company, supporting the project's initiator financially and morally. The family's capital and daily strength are frequently invested in the company, with members contributing their efforts and funds to achieve their goals and dreams through the business.

Less Pressure on Family Members: Family members experience less job-related pressure.

High-Profit Margins, Growth, and Sales: Due to the low costs achieved by family members' increased focus on the business, as well as the business's flexibility, seriousness, and quick responsiveness to needs. (Abdulaziz bin Saleh Al-Rabdi;2010;2)

Greater Administrative and Financial Autonomy: Enhanced ability to exercise administrative and financial control.

Ease of Formation: Family businesses are easily established in various fields. Starting small with a few employees, mostly family members, sharing common beliefs and ideas makes it easier for them to focus on work and support each other.

Quick Decision-Making: Quick decision-making and liberation from formalities and procedures imposed by regulations.

Financial Strength: Family members' financial centre is strengthened due to the limitation of returns and profits to family members.

Reliance on Personal Incentives: Relying on personal and special incentives stemming from the family spirit and shared blood partnership. This makes the company more resilient during hardships and better able to face challenges. Trust in company members and understanding their capabilities is crucial in tough times. (Abdul Latif bin Abdul Aziz Khemakhem;2010;15)

These advantages contribute to the success and sustainability of family businesses, highlighting their effectiveness in facing various business challenges.

7- DISADVANTAGES OF FAMILY BUSINESSES:

Family businesses have several drawbacks, though they may not be as severe as the challenges they face. Among the most prominent drawbacks are:

Lack of Defined Decisions on Employment, Promotion, and Penalties: The absence of clear decisions for hiring, promoting family members, and determining penalties for negligence is a significant cause of conflicts in family businesses.

Employee Dissatisfaction Outside the Family: Many non-family employees may express dissatisfaction due to favoritism, where some family members are promoted despite lacking the same qualities and competence as other non-family employees.

These drawbacks, while notable, are not as critical as the challenges faced by family businesses. Addressing these issues through transparent policies and fair practices can contribute to a healthier and more successful family business environment.

8- Characteristics of Family Businesses:

Family businesses exhibit a set of distinctive features that represent their uniqueness and can be crucial advantages in strong competition. Among the prominent characteristics are:

Integration of Different Systems: Family businesses result from the integration of two different systems—the family system and the company system. Each system has its behaviors, standards, and structures. The coordination between these systems takes place within family businesses.

Care for Employees and Recognition of their Capabilities: Family members take better care of workers and employees within the company compared to the attention received by employees in public or private companies. They constantly seek to discover the best among the workers, relying on them highly and generously rewarding them. The focus is on skilled workers who demonstrate loyalty to the company and the employer. The owner of the company is characterized by a high level of commitment, dedication, and the willingness to take risks, leading family businesses to produce most innovations and new designs. In contrast, larger companies are primarily responsible for improvement and development due to their extensive resources.

Cohesion of Family Relationships and Understanding Among Family Members:

Family businesses maintain solid and stable relationships, where each family member knows how to compromise out of respect for others. Family members are aware of each other's weaknesses and work to complement each other. Family businesses are characterized by the cohesion of relationships within the family and the understanding among its members. This understanding is the result of a deep knowledge of each other, mutual trust, care, a sense of belonging, and loyalty. All of these factors enable family members to quickly understand each other, exchange information efficiently, and accomplish tasks more effectively.

4. Strong Relationships with Company Customers:

Family businesses prioritize customer relationships more than other types of companies. They constantly seek to build positive and durable relationships with customers. Increased attention in family businesses surpasses that in other companies. Additionally, family businesses focus on product quality, safeguarding the family name, and meeting customer desires.

5. Fostering a Family Spirit Among Company Employees:

The relationship between family members is characterized by love, understanding, and deep care. This family spirit extends to the company's employees, creating a sense of loyalty, consistent teamwork, and a complete commitment to the company and the family.

6. Sense of Continuity and Connection to Family History:

Family businesses operate with a sense of continuity and respect for the family's history, prioritizing values beyond mere profit. Continuity is a crucial feature of family businesses, and while other types of companies may also possess these feelings, they are fundamentally characteristic of family businesses.

7. Long-Term Thinking and Holistic Perspective:

Family businesses adopt a long-term approach to business management, considering the needs of future generations when implementing any investment. Many family businesses are free from the pressures arising from management structures that characterize many other companies.

8. More Flexible Decision-Making Process:

This flexibility leads to swift progress and seizing opportunities, allowing family businesses to advance and secure a competitive edge.

9- Objectives of Family Businesses:

Family businesses, like any other company or institution, strive to achieve goals and realize visions that are defined and expressive. Some of these objectives include:

Maximizing Revenue from Sales: Family businesses, like all other companies, aim to maximize their profits. The path to achieving this goal involves improving sales figures, provided that the profit remains reasonable for the investment. After reaching a certain level of sales, the expansion process begins by relying on increased production and advertising to achieve the maximum possible.

Freedom in Administrative Decision-Making: The management of a family business seeks personal interests and aims to achieve them through administrative decisions. These decisions reflect the extent of the family's authority and power in making new investments, expanding into certain areas, or reducing sales volume due to specific circumstances. The freedom in administrative decision-making corresponds with the benefit of the

management, ensuring that there is a minimum profit for which the management is responsible.

Maximizing Outputs: Family businesses aim to maximize interaction and collaboration between various activities within the company, such as finance, production, and sales. This is achieved through a strategy that integrates and harmonizes all these aspects to achieve the goal. Therefore, the company must choose investment areas that allow it to expand its production and distribution.

Growth: The company seeks growth through organized strategies for optimal investment. This investment should yield a certain level of profits, a portion of which is reinvested within the company to achieve growth over time.

To achieve these objectives, companies must have careful, thoughtful, and comprehensive planning at all levels. This planning should ensure alignment and coordination among all parties to ensure continuity and the attainment of desired objectives. (Rehab Kamal Tawfik;2001;46-45)

10- COMMITMENT TO FAMILY OBJECTIVES:

The founders of family businesses possess tremendous energy for work and motivation for achievement. They can develop and focus on the company's objectives, aligning them with individual goals, and fulfilling their needs. They have a strong desire to enhance and improve the company they own or manage, making it an asset for themselves and their families during retirement. Company owners seek to cultivate a renewable source of income through the company, ensuring a prosperous and comfortable life without being dependent on others in the future. This commitment guarantees the family's continuity when undertaken and executed properly.

11- PLANNING THE FAMILY ROLE IN THE FUTURE OF THE COMPANY:

The future outlook of the family is often built through a series of family meetings where all matters related to the family are discussed and ideas are exchanged. During these meetings, visions and concepts are developed to organize and manage the affairs of both the company and the family in the future. Additionally, these gatherings aim to anticipate potential problems and variables that may surround them in the future. These family meetings can be consolidated into at least three, according to the following conceptualization:

The first meeting focuses on the family's history, its projects, and the purpose behind its establishment. It delves into the individuals who contributed to building the company and explores the strategies that were employed to achieve the notable progress that significantly impacted the longevity of both the family and the company. The elder family member narrates the family's story, highlighting the sacrifices made by predecessors to ensure the company's survival and preservation. The meeting also identifies key individuals who played a pivotal role in the company's development, accompanied by a review of photographs and catalogs related to projects and products.

In the second meeting, the focus will be on family projects through a comprehensive overview of the company's financial status, supported by data and charts detailing sales and profits. A comparison will be made between the company's achievements and benchmarks in the same industry or economic sector. The discussion will then shift to a detailed breakdown of how profits are allocated, with a mention of the aspirations, whether it involves a focus on purchasing new equipment, investing in insurance, or expanding into other business sectors. Subsequently, an overall strategy for the company will be formulated, identifying the competitive landscape in terms of location and timing. To ensure a productive meeting, it is advisable to seek the expertise of external project managers and consultants, preferably those outside the family. Keeping the door open for questions from everyone, even if they seem simple or bold and touch on sensitive topics, contributes to a more constructive and fruitful discussion. (Manfred Kets de Vries, Randall Carlock, Elizabeth Florent-Treacy;2008;309-308).

12- STEPS FOR IMPLEMENTING THE STRATEGIC PLAN IN FAMILY COMPANIES:

To implement the strategic plan established in family companies, the following is required:

Reveal areas of alignment between the company and the family.

Conduct a balance between the family's vision and mission with that of the company.

Utilize and devise a method for unified planning between the family and the company.

Monitor critical success factors and focus on them.

Exploit the external environment for growth and adapt to changes.

Despite the importance and longevity of family businesses on the social and economic levels and the role they play in the processes of development and progress, it is always mentioned that there are factors that could disrupt their harmony and hinder their advancement. Family businesses face challenges that must be acknowledged, studied, and understood.

13- CHALLENGES FACING FAMILY COMPANIES AND SOURCES OF CONFLICT:

Despite the successes achieved by family companies and their significant importance, only a small percentage, not exceeding 20%, continue beyond the second generation. This is due to numerous challenges and obstacles that these companies face, stemming from the complex relationship between company management, owners, and family members. Often, the saying holds that the first generation creates wealth, the second generation maintains it, and the third generation squanders it. (Ghassan Barra;2010;4).

Hence, there is a set of challenges facing family companies, which can be categorized into internal and external challenges. Additionally, there are challenges related to globalization and the changes occurring in the world today.

Direct Internal Challenges:

These are challenges that impact the company in general, encompassing the internal environment, including employees, management, manufacturing, owners, and the family. Among the most important of these challenges are:

Leadership succession problems and power struggles after the founder's death, especially in the absence of a family charter or controls governing this process. Abdulaziz bin Mohammed Al-Saad Al-Ajlan;2010;9)

Generational succession planning, as one study emphasizes that only 45% of the first generation in American companies prepares a successor from the second generation. (Bilal Adnan Hamza;2009; 28).

Legal division of inheritance (i.e., dividing the founders' wealth).

Weakness in strategic planning.

Lack of separation between ownership and management leads to the intertwining of administrative activities and transactions within the company.

Limited lifespan of family companies, as many studies have shown that the average lifespan of family businesses is around 24 years. (Abdul Latif bin Abdul Aziz Khemakhem;2010;12)

Statistics indicate that three out of every ten companies manage to reach the second generation, and only one out of every ten companies reach the third generation. (Rehab Kamal Tawfik;2001;54)

14- INDIRECT INTERNAL CHALLENGES:

These challenges involve small details that pose a challenge to family businesses. Among the most important of these challenges are:

Weak founder's spirit and fear of accomplishments in the absence of the founder.

A mismatch between the capabilities and experiences of family members and the scale of investments.

Weak commitment to the company from generation to generation due to the new generation not sensing the value of the effort made by grandparents and parents to establish the company.

Conflicts arise from differences in personalities and abilities.

A mismatch between the scope of responsibilities and authorities (failure to grant sufficient authority for task execution).

Leakage of competencies from family members outside the company due to the absence of a conducive environment.

Lack of a fair incentive system.

Conflict of interests between senior managers in the company and family members.

Lack of clarity and transparency in many pieces of information among family members regarding the company, to prevent the company from losing its success secrets.

Inefficiency in job distribution, where family members occupy key positions and do not provide opportunities for competencies from outside the family, acknowledging that a good owner is not necessarily a good manager. (Samy Taysir Salman;2011;10).

Centralization of decision-making and not providing the opportunity for executive levels to participate. Abdulaziz bin Mohammed Al-Saad Al-Ajlan, 2010: 9)

Failure to recognize the need for professional management within family administration and the inability of owners to evaluate the performance of executive managers in the company.

Lack of a clear vision for selecting a manager from family members, relying on the eldest family member without considering competency and capability indicators. (Rehab Kamal Tawfik;2001;54)

EXTERNAL CHALLENGES:

There is a set of serious and challenging external factors that obstruct the path of family businesses, and sometimes cannot be controlled, requiring the identification of appropriate solutions:

Impact of implementing new economic systems (Abdul Latif bin Abdul Aziz Khemakhem, 2010:13)

Reliance on the private sector for development.

Decrease in government spending. (Bilal Adnan Hamza;2009;28)

Dealing with different environments and systems than those of the founding generation.

Failure to adapt to contemporary changes and the requirements of modernization.

Lack of protection for domestic products.

Dealing with markets where competition is extremely strong. (Abdulaziz bin Mohammed Al-Saad Al-Ajlan;2010;10)

CAUSES OF CONFLICT IN FAMILY BUSINESSES:

The most significant conflicts in family businesses arise from various reasons, including:

Weak communication within the family and ineffective leadership style in family businesses.

Resistance to change by the family members.

Lack of a sense of responsibility among some family members.

Issues related to succession and their impact on family matters and divisions.

Transfer of management to individuals from outside the family.

Financial problems and balancing resources among family members and the company.

Interference between the family's role and the company's role and the inability to coordinate between the two roles.

Divergent personal aspirations among family members.

Weak communication among family members, the leadership style adopted, resistance to change, and a lack of a sense of responsibility.

The way conflicts are handled can create problems in companies.

Inheritance disputes.

Lack of agreement among family members on professionals and employees within the company. (Rehab Kamal Tawfik;2001;54)

15- SUGGESTIONS FOR PRESERVING FAMILY BUSINESS ENTITIES:

Family businesses continue to play a significant role in the economies of both developed and developing countries. Most small and medium-sized enterprises are family-owned, and some large companies are still family-controlled. Therefore, the sustainability and growth of family businesses are considered a general national interest that we all must strive to achieve. Families play a crucial role in preserving their companies by leveraging the history, relationships, resources, and capabilities of the business, using these assets for development, and maintaining this type of business. Majed (Mohammed Al-Farra;2005;3)

It is worth noting that family businesses operate through the coordination and harmony of three systems: the family system, the company system, and the ownership system. Each system has a set of problems that govern it and hinder its improvement. Additionally, some problems arise from the inability to achieve harmony and consistency between these systems.

Family businesses are required to be prepared and positively fortified, especially in the era of globalization and economic developments that may cause these companies to lose many of their advantages. To support the continuity of their operations, some organizations provide assistance, advice, and material and moral support.

Arab Organization for Administrative Development (Arab Unit for Family Businesses).

International Finance Corporation (IFC).

International Project Management Center.

Gulf Chambers of Commerce Federation - Family Companies Department.

Gulf Family Business Association.

In addition to numerous conferences and seminars on the topic of family businesses, many research studies and conferences have agreed on six options for the development and preservation of family businesses. Among the most important of these are:

Having a Family Charter. Abdulaziz bin Mohammed Al-Saad Al-Ajlan;2010;5)

Restructuring the Family Company.

Activating the role of governance in family businesses and identifying sources of financing.)Ammar Khedairy;2010;3)

Merging with local companies.

Strategic alliances.

Transitioning to public companies. (The Saudi Chambers of Commerce and Industry;6)

FAMILY CHARTERS

Family charters encompass various elements, including the company's mission, purpose, objectives, the nature of the family-company relationship, employment policies for family members, ownership rights or criteria for leadership positions in the company, mechanisms for dispute resolution in case of conflicts, policies for profit distribution among family members, and methods for preparing the next generation to succeed and take over from the founders in the company.

The effectiveness of the family charter requires the continuous monitoring and implementation of its contents. This is facilitated through a council called the Family Council, responsible for applying the charters in a manner that achieves the family's goals, unity, and stability among family members. The council also reviews the strategic plans, assesses their feasibility, and oversees the preparation of the new generation of individuals to continue the work initiated by the parents, assuming responsibility for the company and resolving potential conflicts among family members.

It is worth mentioning that there are successful models with a family charter that everyone is obligated to follow, such as the company "Sons of Mohammad Al-Saad Al-Ajlan." In this company, a charter was established by the father, emphasizing the importance of committing to virtuous ethics, honesty, and trustworthiness. Additionally, it focuses on fostering love among siblings and family members and training family members in management and all aspects related to the company. This has transformed

the company into a cooperative led by the eldest brother, committed to all standards of respect and dedication to work. Finally, control over the family charter may not be binding on all family members, and those who wish to implement these charters must have loyalty to both the family and the company itself. (Abdulaziz bin Mohammed Al-Saad Al-Ajlan;2010;16-17)

16- CORPORATE RESTRUCTURING:

Corporate restructuring is defined as a set of activities and operations designed to increase organizational efficiency and enhance the competitiveness of the organization through various procedures and policies. These may include, for example, reducing the number of employees or merging certain departments. Some define it as a deliberate process of changing the formal relationships between organizational components. This refers to the total strategic plans and programs implemented by management to improve performance, reduce the workforce, or manage production and labor.

Corporate restructuring focuses on separating some units, liquidating others, or merging them to improve overall performance and enhance the competitive capability of the company. It is considered one of the supplements to rehabilitation, which primarily focuses on developing the internal conditions and capabilities of the organization.

17- REQUIREMENTS FOR THE CORPORATE RESTRUCTURING PROCESS:

Work on rearranging and organizing the company internally in a way that separates ownership from management. Activate the role of strategic planning for the company, encourage teamwork, attract managerial and professional skills and competencies, adopt an internal control system, and define authorities and responsibilities for each individual and department.

Work on outlining and activating the role of strategic management for each activity within the company, starting from institutional building and planning to adapt to changes in the external environment, meeting customer requirements, reducing costs, relying on modern technologies, and promoting innovation and creativity.

Increase focus on transparency in dealings and ensure performance integrity and planning by placing them within a legal framework that works to protect and ensure their implementation.

Select young leadership from among family members based on managerial and operational competence criteria. (Muhammad Al-Jalilati;2007;6)

Establish the family charter.

Establish controls and conditions for ownership transfer and evaluation.

Introduce non-family members to the board of directors.

Attract professional competencies. (Abdul Latif bin Abdul Aziz Khemakhem;2010;18)

18- MERGER WITH LOCAL COMPANIES:

A merger is the amalgamation of two or more organizations, leading to their disappearance together, and the transfer of all their assets to a new organization or the disappearance of only one of them, transferring all its assets to the other organization.

The benefit of merging two family companies or a family company with another private company is to face strong competition and challenges posed by powerful or multinational companies, which could be a reason for the elimination of this type of company.

There are various motives for mergers, including integration, competition, globalization, using mergers as a remedy for small companies, motives of monopolization and the desire for control, or national motives to support local output and development.

Family companies benefit from mergers in several ways:

Establishing a larger and stronger entity capable of competing and having expertise in dealing with variables.

Increasing the number of products leads to an increase in market share.

Applying modern management rules.

Significant growth and technological advancement, striving for greater competition.

Cost reduction resulting from the merger and benefiting from large-scale production. (Muhammad Al-Jalilati;2007;7)

19- STRATEGIC ALLIANCES IN FAMILY COMPANIES:

A strategic alliance is the pursuit of two or more companies to form a mutually beneficial integrative relationship aimed at maximizing the benefit from shared resources in a competitive environment to accommodate the variables of the internal and external environment. This type of alliance is formed to respond to environmental changes, such as seizing specific

opportunities or supporting the investment of strengths in the company. (kenanaonline.com/users/ahmedkordy/posts/263319/15.12.2023)

It is also defined as an agreement between two or more companies to achieve clear objectives for the benefit of the allied companies in both the short and long terms. Typically, such alliances are made with international companies to achieve multiple gains, contributing to enhancing the local company's administrative and technical capabilities.)Muhammad Al-Jalilati;2007;6)

The role of strategic alliances is to optimize the utilization of available resources, turning them into a profit center or entering new markets more quickly and at a lower cost due to the partnership between the allies. Therefore, strategic alliances are considered a valid method for expanding or improving business operations. A family company can benefit from a strategic alliance under the right conditions and with the assistance of suitable consultants. When making such decisions, several points must be considered:

Evaluate and select potential partners.

Develop a plan for joint operations between the allies.

Determine the necessary or obtainable funds.

The First Investor (2010) <http://www.tfi.com.qa/firstinvestor/ar/investment-banking/strategic-alliances> 12.23.2023

The strategic alliance between a family company and any other company, if built based on the appropriate assessment of the company's activities, can be a solution or a savior for the family company, preventing it from disappearing or disintegrating. This alliance allows for compensating for the weaknesses in the company, whether at the technical level, in goods, or managerial personnel, depending on the nature of the company's activities. Despite the benefits of the alliance, some factors continue to affect the company, such as family system issues and increased intervention in the company.

20- TRANSITION TO PUBLIC JOINT-STOCK COMPANIES:

The definition of joint-stock companies is similar in most countries, in addition to the legal treatment. Joint-stock companies are those that have offered a portion of their shares for public subscription. They consist of a specified number of contributing individuals, with shares divided equally. The liability of shareholders is determined by their respective shares. This

option can be applied to family companies, ensuring their continuity and protecting them from disintegration. It can be a means for them to withstand all the challenges mentioned earlier.

Some of the advantages that family companies achieve when transitioning to joint-stock companies include:

Greater potential for growth and expansion for the company.

Desired legal forms recognized by the government, providing more protection for the local economy.

Transitioning to joint-stock companies ensures separating ownership from management.

Establishing an entity with increased competitive ability due to the enormity of capital, along with expanding the production base, enhances the company's ability to continue and compete.

Attracting managerial and professional expertise from consultants.

Preserving the family's name and role in the company. (The Saudi Chambers of Commerce and Industry;24-25)

Avoiding collapse in the absence of the first generation of founders and the transfer of ownership to heirs.

Ease of obtaining financing from banks or other sources.

Achieving a kind of alignment between the advantages of family companies and the positives of joint-stock companies to build a unique system that aids growth and continuity.

Enhancing the ability to face challenges, difficulties, crises, and economic emergencies by developing and providing expertise and competencies.

Benefiting from government support, especially in the tax field.

Conducting annual evaluations of the management's performance and easily incorporating governance principles into the company.

After presenting the advantages achieved when transitioning to joint-stock companies, it is crucial to recognize the importance of this option. It successfully coordinated the positives of joint-stock companies with the strengths of family companies. The transition to joint-stock companies can separate the financial needs of the family from the company's funds and increase the managerial commitment of family members.

Several successful transformations have been observed in a sample of Saudi companies, such as the Bin Laden Group, Al Rajhi Bank for Investment, and Jarir Marketing Company. After exploring the options that family companies can resort to address conflicts and disintegration, it is evident that one of the best choices is transitioning to joint-stock companies. This option offers advantages in terms of capital, managerial competencies, and resolving family disputes.

When these advantages are combined with the characteristics of family companies, a unique system is created that is capable of competing and preserving family businesses. This system becomes the fundamental competitive advantage that ensures the continuity of family companies.

21-Developing the Strategic Plan:

The intricate interplay between the company and the family necessitates craftsmanship and precision in developing plans related to both family and business affairs. It's essential not to separate them but to create harmony and coherence between both plans. There is no direct method to achieve this immediately; rather, it may take many years and concerted efforts for these plans to intertwine and align with each other. It's important to note that each family member or manager plays a crucial role in formulating and implementing the strategy. Some make the mistake of assuming that strategic management is the responsibility of a specific manager or individual. Figure (1) illustrates the action plan that can be followed.



Figure (1) Strategic Business Plan for Family Enterprise

Source: (John Ward, 2004: 211)

22- Planning the Family Role in the Company's Future.

The family's future outlook is often built through a series of family meetings where all matters concerning the family are discussed and various insights and ideas are put forward to organize and manage the affairs of the company and the family thereafter. This includes anticipating problems and variables that may arise in the future. These family meetings can be summarized in at least three according to the following concept:

The first meeting focuses on the family's history, and its projects, and stating the purpose behind its establishment. It highlights the individuals who contributed to building the company, the strategies that were followed to achieve the progress made, and their significant impact on the family and the company's sustainability. Additionally, the family's story is narrated by the eldest member, emphasizing the sacrifices made by predecessors to preserve the company. It also discusses the key individuals who played

a fundamental role in the company's development, along with reviewing photos and catalogs related to projects and products.

In the second meeting, the focus is on the family projects, providing a comprehensive overview of the company's financial status supported by sales and profit data. A comparison is drawn between the company's achievements and benchmarks in the same field or economic activity. The discussion then delves into detailing how profits are spent, mentioning aspirations such as focusing on purchasing new equipment, insurance, or venturing into other sectors. Subsequently, an overall strategy for the company is formulated, identifying the location and timing of competition. To ensure a productive meeting, it is advisable to seek the expertise of experienced consultants and project managers from outside the family. It's also beneficial to keep the floor open for questions from everyone, even if they seem naive or bold, touching upon sensitive topics.

In the third meeting, the family lays the foundation for drafting the family mission statement. This statement encompasses both supportive and opposing views regarding the continuation of projects and identifies important issues the family will face. Expected benefits from projects may vary, and the plan's development may differ from one person to another. Some may view projects as a source of job creation, while others see them as opportunities for boasting and accomplishments. However, some may perceive these projects solely as burdens on the family's energy and resources.

Balancing and reaching consensus in all meetings is crucial for identifying important issues foreseen by the family. These issues may include deciding whether individuals will decide to keep the company within the family or not. The focus revolves around selecting the next president or addressing the inability of some family managers to conduct business properly, among other issues. Additionally, it involves establishing a succession plan between generations, and avoiding the surprise appointment of a new manager, which could sometimes be detrimental and lead to the dissolution of the company.

Creating a list of potential problems serves the purpose of fostering an understanding of future challenges, rather than finding immediate solutions. This approach encourages discussions on difficult topics. To ensure coherence and seriousness, it's essential to utilize various means to facilitate discussions. This includes inviting experts in family projects, specialists in family, legal, and rights issues, attending conferences held by unions and associations, or participating in special conferences where families are invited. These conferences provide platforms to present ideas, problems,

and proposed solutions. Table (1) outlines important topics for discussion regarding the family’s future. (John Ward;2004;208-211)

Table (1) outlines important topics for discussion regarding the family’s future.

Succession	1	How do we ensure financial security for our children for life?
	2	How will we choose the next president?
	3	When will the presidential transition take place?
	4	How will we evaluate the performance of the new president and decide to replace him?
Participation	1	How will we decide which family members can participate in family projects?
	2	What preparations should be made?
	3	How will titles and authorities be determined?
	4	What if one of the family members fails to carry out assigned tasks?
	5	What if one of the family members leaves the job?
Wages and ownership	1	How will we assess the efforts of family members and compensate them?
	2	What are the returns and rewards that family members are entitled to?
	3	How will they be motivated?
The damaged	1	How will we deal with intergenerational conflicts?
	2	How will we deal with conflicts among family members?
	3	How will we teach the next generation the habits and traditions related to the family?
	4	Who is responsible for conveying the customs and traditions to family members?
Responsibility	1	What are the responsibilities of each family member towards the others?
	2	How do we protect the good contributions of employees from outside the family?
	3	What are our responsibilities towards society?

Source: (John Ward;2004;211)

23-THE FAMILY COMPANIES IN SYRIA

Family businesses in Syria are those established and managed by families, where family members have control over their management and decision-making processes. These businesses encompass various economic activities such as trade, industry, services, agriculture, and more. Family businesses play a significant role in the Syrian economy, contributing to job creation and economic growth.

Family businesses in Syria face similar challenges to those encountered by family businesses worldwide but with some specific circumstances and challenges in the country. Although agriculture plays a significant role in many Syrian communities, economic, social, and political transitions can greatly impact the sustainability of family businesses.

Among the challenges facing family businesses in Syria are financial pressures resulting from difficult economic conditions and limited available facilities. Challenges may also arise regarding inheritance and equitable distribution of wealth and assets among family members, especially with increasing needs as individuals age and families expand.

There are also legal and religious challenges, as full respect for Islamic law is required in some cases, such as in matters of inheritance and financial transactions, necessitating a precise understanding of local laws and traditions.

With these challenges, Syrian family businesses must work to build strong organizational structures and develop strategic plans to address current and future challenges. Diversification in investment and business areas may also be a way to mitigate risks and enhance the sustainability of family businesses.

The working dynamics and relationships within a single family necessitate that the family possess assets and a livelihood source, whether commercial, industrial, or agricultural. Given the significant involvement in agriculture, especially in the northeastern and northwestern regions of Syria, many inheritances consist of agricultural land. Consequently, most Syrians grow up learning and working alongside their fathers or siblings within family-owned properties. Everyone originates and thrives from the same income source, evolving their businesses together. Everyone is equally entitled and important in this development. However, this arrangement doesn't sustain indefinitely; problems often arise with increasing life demands and the individual's need for independence in housing and sustenance, particularly after marriage. This is where various specific needs emerge, including those dictated by Islamic Sharia law, prevalent in a country like Syria.

This emphasizes the need for individuals to separate themselves within the household, as living in a state of mingling may not align with Islamic law, customs, and traditions. Additionally, personal needs sought by everyone, such as self-esteem, independence, and family development, further underscore the importance of this separation.

Here we are at the beginning of the emergence of the second generation after the founding generation. This marks the onset of the first challenges facing family businesses, notably the threat of fragmentation and inheritance claims stemming from reliance on a single source of income.

So, everyone strives to obtain their inheritance, disregarding the potential fragmentation of assets that could undermine either the national income source or the income of some families. The reason is that the project, which a group of individuals has dedicated themselves to building, grows and flourishes because of collective effort and the significant amount of time invested by family members to nurture its development. This joint project becomes a source of strength, akin to a snowball that grows and becomes wealthier and more resilient, capable of withstanding various economic challenges and difficult situations experienced by the country as a whole or the family in particular.

However, these efforts quickly dissipate, and shares are divided or sold. After division, the divided project is not economically viable. Instead, selling shares, obtaining funds, and starting a new project from scratch becomes the most suitable solution for each family member.

By law, everything we discussed earlier falls within the framework of the law without the presence of specific legislation protecting these assets from division and loss. It's essential to note here that I am referring to small and medium-sized projects, which are prevalent in Syria.

24- Suggestions for preserving family businesses in Syria:

After outlining the status of small and medium-sized enterprises, which often take on a familial characteristic, it is essential to propose strategies for preserving this type of company due to its significance to the Syrian people. Many Syrians consider These businesses a way of life, and it is necessary to offer some insights to preserve family businesses or extend their longevity as much as possible.

1- Activating the role of first-generation founders by having them provide some plans aimed at preserving the company or assets, ensuring the prevention of fragmentation or waste of family efforts. This can be achieved

by adopting a set of measures related to fair profit distribution to meet the interests and needs of family members by securing housing and ensuring the provision of necessities for a dignified living while considering fairness in distribution based on the effort exerted.

2- It is imperative for first-generation founders to instill a sense of belonging and the importance of preserving the project or company, refraining from relinquishing it. They must emphasize the link between the company's existence and the family's presence, highlighting that the company's reputation is intertwined with the family's reputation.

3- It is incumbent upon the first generation, or what is referred to as the founding generation, to build and solidify certain values and general concepts such as honesty, integrity, goodwill, and trust among partners from the first generation, extending to the second generation after the founding generation.⁷

4- Reinforcing the idea that fragmentation or division of the project or assets could lead to the disappearance of the livelihood source or exposure to the risk of failure if a new project is established. The project, which contains a certain financial stability, along with the combined efforts of siblings or the father with the siblings, could be a reason for the continuation of current activities due to accumulated experience and the ability to understand the occurring changes. Additionally, there are many strengths that distinguish family gatherings, along with a sense of security in investing or embarking on new projects. Family gatherings make the decision-making process more courageous.

5- Instilling the concept of collective impact and working to diminish the sense of individualism, prioritizing the collective interest over individual interests.

6- It is essential to instill in family members the sense that they are undertaking a national mission and that preserving the family is a form of social responsibility.

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The Impact of the Laws on the Syrian Economy After 2011

Ismail Al-Khalfan¹

1. Introduction

Law and economics are two branches of the humanities, each heavily influenced by one another. While the law helps individuals and groups to regulate social life, it is also an important factor in the management of economic activity and an instrument of influence in the economy. Economics is also based on an absolute understanding of the science of law as a tool to promote economic efficiency.

Many countries are enacting binding laws for various types of macro and micro-economy, in order to legally regulate the economy of the country. Although economic power is always the key player in the equation, jurists still play a vital role in the process of interaction between the legal and economic parties.

The Syrian economy has been heavily affected by the laws in Syria since the start of the legalization movement in the middle of the last century, but this impact has increased significantly with the events in Syria after 2011. This led us to devote this research to the impact of the laws on the Syrian economy after 2011, focusing on the laws that have the greatest impact on the Syrian economy, namely Law No. 10 of 2018 on reconstruction, Caesar Law of 20-12-2019, and Law No. 18 of 2021 on investment.

2. the impact of Law No. 10 of 2018 on reinvestment

2.1 In the fourth month of 2018, Law No. 10 was passed in Syria, which provided for the establishment of organizational zones throughout the Syrian Arab Republic, which will be allocated for reconstruction. This law,

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and the timing of its passage, has created legitimate concerns for all Syrians (inside or outside Syria).

In fact, Law No. 10 can only be understood after studying a set of legislations related to expropriation and urban planning, which were issued in Syria more than 50 years ago. These legislations did not include the minimum standards necessary to protect the rights of owners. Our study will be limited to referring to the successive expropriation laws, because Law No. 10 referred to them in some of its provisions, as it considered them a condition for its enforcement.

2.2 The expropriation law in Syria was issued by Legislative Decree No. 20 of 1983. It is still in force today, despite the amendment of the Syrian Constitution in 2012 and the removal of Article 8, which considered the arab socialist baath party to be the leading party of the state and society. The problem with the expropriation law appears to be that it grants the public benefit status that justifies expropriation to implement facilities specific to the arab socialist baath party and popular organizations (in accordance with the provisions of Article 3/Paragraph B).

It also allows for the acquisition and sale of popular housing projects or residential complexes for the military or the families of the martyrs. (Article 3/a), which is contrary to the notion of public utility justifying appropriation.

The law also allows public entities to expropriate free of charge (without any compensation) a quarter of the area of the expropriated property. It also grants a long period for paying expropriation compensation, which is five years from the date of issuance of the expropriation decision, and allows for this compensation to be paid in installments (in accordance with the provisions of Articles 31/1, 25/1, 34/1 of Article 34/A of Law). These texts clearly show favoritism towards the expropriating public entities in the face of citizens who own the properties.

2.3 The aforementioned law also allows public entities, in the event that they acquire real estate and are unable to implement a public benefit project, to transfer these properties to their private ownership, and then they have the right to sell these properties that they have acquired (in accordance with the provisions of Article 35 of the law).

This text has been widely criticized, because it violates the simplest standards of property protection stipulated in the constitution, which is the highest legislative rule in the state, and laws cannot violate it.

Most public entities have actually acquired or placed acquisition signs on a large number of properties in order to increase their revenues for decades.

They then sold them to investment companies. This sale was often done under the pretext of tourism investment and real estate development (Arab reform, 2018)

The legal nature of expropriation decisions, which are concluded and do not accept any recourse to appeal or judicial review, makes the situation worse (article 7/4).

2.4 Going back to the law in question No. 10 of 2018, the depth of the analysis of its articles raises many questions, namely:

2.4.1 No criteria have been established for classifying the region as a regulatory area.

Law 10 of 2018 does not specify criteria for classifying an area as a regulatory area, or a timetable for designation regions. It applies to destroyed and intact areas, organized and built in violation areas, and carried out based on the economic feasibility study: That is, the objective of the speculative law, and the state depends on its wealth, enters this field as a trader, facing the weak citizen. The law will enrich the state citizen's account. Because this law did not require the administrative authority to disclose the reasons for the events

Regulatory area. This allows the authority to forcibly expropriate property in any area it wants and to convert the real estate block into compulsory prevalence and the ownership of the entire property is forcibly transferred to the name of the regulatory area. Until it is done distribute a few arrows to those who provide their proofs. The owner was also prevented from disposing of his property after the events of the area any act of sale or other conduct is absolutely null and void. It is considered the most serious violation of the right of ownership enshrined in the Constitution and the Civil Code. (SNHR, 2023)

2.4.2 Formation of a committee for the inventory and characterization of real estate and the problem of social survey:

According to the law: «The administrative unit shall form, by a decision of its president, within one month from the date of the decree establishing the organizational zone, one or more committees to inventory and characterize the properties of the area and organize a detailed control of its contents, including construction, trees, crops and others, and conduct a social survey of the population in the area. it may use space and aerial imagery to inform the work of the Committee and other committees. The decision on its

composition shall provide for the period necessary for the completion of its work.» (Article 5/paragraph c).

We wonder why the social survey of the population of the region should be conducted. What does this have to do with urban planning? Then why does the law not specify what the nature of the intended social survey is? Will it be based on race or religion? Complicating matters further is the fact that the provision for a social survey is mandatory (Arab reform, 2018).

2.4.3 A very short period of time for owners to claim their rights:

According to the law, «within one month of the issuance of the decree establishing the area, the administrative unit shall invite the owners and owners of the rights in kind in it by an announcement published in at least one local newspaper, in one of the audio and visual media outlets, its website, its bulletin board and the area bulletin board to declare their rights. these persons and anyone who is related to the properties of the regulatory area of origin, trusteeship or agency shall submit to the administrative unit within thirty days from the date of announcement an application specifying his chosen place of residence within the administrative unit, together with the documents and documents supporting his rights or copies thereof, if any, and in the event that they do not exist the application shall state in its application the locations, limits, shares, legal and legal type of property or the rights it claims and all actions brought against it or against it.» (Article 6/paragraph a):

We note through the analysis of the text of the said article that the declaration is made within a month from the issuance of the Juvenile Decree, and the time limit for the establishment of the rights begins within 30 days from the declaration, i.e. the maximum period from the date of the first announcement until the expiry of the period is 60 days. However, this period seems very short in light of the administrative complexities and security approvals that characterize Syria. In addition to the issue of displacement, the death or killing of some owners, and the prosecution of others under the anti-terrorism laws; It is getting harder.

2.4.4 The composition of the value Assessment Committee:

The law provides as follows: «The experts of property owners in the regulatory area shall be elected by a general invitation from the administrative unit of the owners who have determined their chosen home in a daily newspaper at least to elect their representatives, and the election shall be

valid by a majority of the votes of those who answered the invitation, and shall specify in the invitation the place and time of the election.

If the owners of the properties of the regulatory area do not respond to the invitation to elect their representatives to the value Assessment Committee, the President of the first Civil Court of first instance in the province shall appoint the two experts referred to.» (Article 8).

Considering that the current Law 10 is an amendment to Decree 66 of 2012 and refers to it; Reference should be made to article 7 of the latter on the valuation of real estate in the regulatory area, which states:

« The value of the area's real estate shall be estimated according to its current status, including buildings, structures, trees, crops, real rights and claimed rights, and with a fair estimate that takes into account the true value and the bases stipulated in Article 10 of this Legislative Decree, by a committee formed by the Governor from: The Chairman of the Committee is a judge appointed by the Minister of Justice, the members are four, distributed between two experts in real estate valuation, appointed by the Minister of Housing and Urban Development, and two experts representing the owners.»

Thus, the problem with the composition of the assessment committee appears to be that it is composed of a chairman and a majority of members appointed by the governor. There is another problem if the property owners do not participate in choosing the two experts who represent them, because in this case the experts will be appointed by a judge, who is the president of the court of first instance.

It should be noted that this law allows appeals against the decisions of the assessment committee, but the appeal does not stop the implementation of the region: «the Civil Court of Appeal in the province shall decide on the appeals against the final decisions of the committee in the study room by a decision concluded, and within a period not exceeding thirty days from the date of registration of the appeal, and the appeal shall not stop the procedures for the implementation of the area.» (Article 10 of the Act).

The problem with this text appears to be, firstly, the slowness of the litigation procedures, and secondly, that the appeal submitted by the owners does not stop the enforcement procedures on their properties. This results in the fact that the property owners will not benefit practically from the procedures granted to them to defend their rights. (Arab reform, 2018).

2.4.5 The problem of free cuts

Law No. 10 stipulates the following:

A: According to the general regulatory plan and the detailed plan for each city, all lands necessary to complete and implement each of the following buildings, shall be deducted free of charge:

1/ Roads, squares, parks, parking lots and public buildings. Public buildings include public authority centers, schools, police stations, hospitals, clinics, fire stations, places of worship and public libraries, cultural centers, places intended for public monuments, sports fields, social welfare centers, electrical conversion centers, sewage treatment plants, water pumping stations, community support centers. The public construction commissaries are handed over to public entities without allowance and are to be commended by those entities.

2/ the partitions allocated to the administrative unit, for the construction of buildings for people who have been notified of demolition, for people with limited income, and for social housing.

B: The aforementioned deductions shall not result in the percentage of floor area allocated to the owners of the regulatory area falling below 80 percent, for every square meter of land, according to the economic feasibility study, the organizational plan and the construction system certified.” (Article 21 of the Act).

This provision is a form of free confiscation, which is contrary to the Syrian Constitution of 2012 and violates the provisions of the Syrian Civil Code.

It cannot be called appropriation, because the expropriation is in return for fair compensation and is carried out in accordance with specific procedures, where paragraph (c) of the same Article/ 15/ provides: “Private property shall not be expropriated except for the public benefit by decree, and against fair compensation in accordance with the law.”.

2.4.6 6. Change in the nature of ownership of the regulatory area (local unit)

The expropriation law included this change by stating the following:

“A: The regulatory area shall be considered a legal person replacing all its owners and rights holders.” (Article 22)

Under the provisions of this Article, the legal personality of the regulatory area represented by the administrative unit shall replace, at least temporarily,

the owners and rights holders. Such solutions raise the question of the legal basis on which it was built without the consent or authorization of the owners of the legal personality and who represented it. Especially since the option of creating the regulatory zone is not participatory, does not take the opinion of owners and rights holders and does not consult them.

2.4.7 Options for distribution and transfer of share ownership

The Act provides as follows:

“A/ the shares shall be distributed, transferred and registered in the real estate register within three options according to the desire and choice of owners of shares of the organizational shares on the prevalence.

The first option is to specialize in the denominator.

The second option is to contribute to the establishment of a joint stock company in accordance with the Companies Law in force or the Real Estate Development and Investment Law to build, sell and invest the shares.

The third option is to sell at auction.” (Article 27).

This article puts owners, especially small ones, in front of difficult choices. As a result, it puts them at the mercy of real estate investment companies, for the following reasons:

- The owners are unable to fulfilling the conditions of the first option, i.e. specialization in a section (which requires the availability of large shares and is not available to small owners) within a period of one year. In addition, this specialization is subject to the approval of the local unit authority.
- The owners are unable to fulfilling the conditions of the second option, because the conditions and procedures for establishing joint stock companies for small owners are very difficult and complicated. This will force owners to submit to the third option, i.e. “sale by public auction”. This will lead to a significant decrease in the real value of the property. (Arab reform, 2018)

2.4.8 The problem of forming a committee to address issues arising from the application of the law

The Act provides as follows:

“A committee shall be formed under the chairmanship of the Minister of Local Administration and Environment and shall be composed of:

Minister of Public Works and Housing.

Mayor.

Head of the Administrative Unit.

Legal expert nominated by the Chairman of the Committee.

It shall deal with all sub-cases not provided for in Legislative Decree No. 66 of 2012 and the provisions of this Law and shall take all necessary measures to implement them in a manner not inconsistent with their provisions.” (Article 38).

This text reveals the legislator’s inability to protect issues related to the right to property, which is a right guaranteed by the Constitution. Therefore, issues related to the protection of the right to property can only be addressed through a law passed by the legislative authority. While the aforementioned text refers to a committee from the executive authority to address issues that it considered secondary, it did not organize them. In other words, by virtue of this law, the Commission has been empowered to legislate, thereby undermining the constitutionally established principle of separation of powers.

2.4.9 Violation of the international standards and conventions:

Many international covenants provide for the respect of the right to property and consider it a fundamental human right. For example, article 17 of the Universal Declaration of Human Rights states in its first paragraph, «everyone has the right to own property alone or in community with others», which states in its second paragraph, «No one shall be arbitrarily deprived of his property.»

As a result, it can be said that Law No. 10 of 2018 came directly in order to eliminate any hope for the return of displaced syrian refugees to their lands and properties, but this law helped the public authorities to carry out the process of seizing all the properties of opponents, displaced persons and refugees without the presence of anyone to address it.

After studying the impact of Law No. 10 of 2018, we turn to studying the impact of Caesar’s law on the Syrian economy.

3. The impact of the Caesar Law on the Protection of civilians in Syria

3.1 The bill was named «Caesar» after an anonymous person who reportedly leaked information and photos of “torture” victims in Syria

between 2011 and 2014. The US Senate passed the law in mid-December 2019, and the Caesar Act subsequently became part of the National Defense Authorization Act for Fiscal Year 2020.

The “Caesar Act” aims, in its context, to expand the sanctions regime that targeted the regime during the years of conflict (freezing assets and adding to blacklists) by targeting Syrian government institutions and individuals, both civilians and officials, who finance the Syrian regime, Russia, and Iran, whether this funding is related to their activities. Military or reconstruction efforts or human rights violations.

The law also allows sanctions against the owners of foreign companies with links to the Syrian president and his allies. The law excludes humanitarian aid from sanctions by giving the US president the authority not to impose sanctions on non-governmental organizations that provide humanitarian assistance to the Syrian people. (günerigök, 2019)

3.2 Caesar Act Content:

The law includes a set of procedures, penalties and conditions for lifting them:

3.2.1 The procedures: The law stipulates that within a maximum period of 180 days, the US Treasury Secretary shall conduct a study on money laundering operations carried out by the Central Bank of Syria; In addition, any person or entity with knowledge of the law «provides financial, material or technical support or enters into deals with the Assad regime, or with any regime entity or senior regime official.

3.2.2 The penalties: The law clarified that when 90 days have passed from the date of its entry into force, the President of the United States of America must impose sanctions on anyone who deals with the Syrian regime. Penalties also extend to anyone who provides spare parts or goods related to regime aircraft, especially those used militarily, regardless of their nationality. The law also allows for penalties against any entity that directly or indirectly provides services to the regime in relation to reconstruction. <https://2017-2021.state.gov/Caesar-Syria-civilian>).

3.2.3 Conditions for lifting sanctions: It is represented by several conditions stipulated in the Caesar Act, namely:

1. Stop aerial bombardments by the regime or Russia of civilians.
2. The commitment of the Syrian, Russian and Iranian forces and their associated entities to stop bombing medical and hospital facilities, educational homes, and residential or commercial complexes.

3. Stop the restrictions placed by the Syrian, Russian, Iranian and all associated entities on the access of humanitarian aid to besieged areas, cities and villages. Allow civilians freedom of movement.

4. Release forcibly detained political prisoners and grant international human rights organizations access to prisons and detention centers in Syria.

5. Secure the safe and voluntary return of Syrian refugees due to the war in Syria.

6. Hold the perpetrators of crimes in Syria accountable, bring them to justice, and secure entry into the process of reconciliation and dialogue.

If the stated theoretical goal of the Caesar Act is to hold the Syrian regime and its allies, its practical application has shown disastrous results on the Syrian economy. It harmed the Syrian people, not the regime, as we explain in the next paragraph.

3.3 Effects of the application of the Caesar Act

The economic situation in Syria has become very difficult. This is evident from our study of the main aspects of the Syrian economic and living scene according to the following points:

3.3.1 Exchange rate of the Syrian pound:

The price of exchange the Syrian pound is approximately 15000 Syrian pounds per dollar. It was about 2000 Syrian pounds per dollar when the Caesar Act came into force. It seems that the problem will not stop there and the Syrian pound will fall further and further.

In response, the Syrian regime imposed severe penalties on non-Syrian pound dealers, amounting to seven years of hard labor with a financial penalty, and increased the penalty for anyone who broadcast news about the exchange rate other than the official rate. (Decrees No. 3 and 4 of 18 January 2020). However, this has failed to improve the exchange rate of the Syrian pound, which has collapsed so much and is still collapsing.

3.3.2 High commodity prices:

The decline in the exchange rate and the loss of a large number of major commodities contributed to the increase in the price of these commodities. In the first quarter of 2020, tomatoes and potatoes were about 400 Syrian pounds per kilo, while the price was about 3500 Syrian pounds in 2023, and chicken rose from 1200 to about 7500 Syrian pounds. These increases

have, of course, resulted in higher prices for other basic goods and services, including essential goods such as bread and diesel.

3.3.3 Foreign trade

Land borders in many areas of Syria are out of regime control, so land trade is limited. The movement relied mostly on smuggling operations. Although Turkey has kept trade crossings open and allowed the export of some key goods to Turkey, and allowed imports. Lebanon has maintained more land-based trade relations than any other country with Syrian regime areas, smuggling operations have expanded significantly. (Turkawi, 2020).

Official Syrian exports fell by 78% between 2010 and 2020, while imports fell by 94% in the same period. The deficit in the Syrian trade balance reached about \$5764.38 million. (Hadarat, 2023). This decline was caused by multiple factors related to supply chain disruption, including the disruption of the main road network and the exit of most land border crossings from the regime.

3.3.4 Cash reserve

Syrian cash reserves have been severely damaged for several reasons, first, the governments continued attempts to defend the declining price of the lira, and second, its reliance on this reserve to finance high-cost military operations, which have lasted for more than 12 years.

Official statistics show that in 2010, the Syrian cash reserves amounted to \$ 21 billion, and then this reserve was eroded, so Prime Minister Imad Khamis stated in the session of the People's Assembly at the end of 2019 that they have zero reserves (The Middle East, 2020).

To make the situation worse, the Caesar Act sanctions included not allowing access to international loans or even cash donations, which weakened the ability of government institutions to diversify their sources. (Turkawi, 2020).

3.3.5 Poverty

On the basis of the international poverty line of US\$1.9 per day, approximately 80 % of Syrians were below this line, prior to the implementation of the Caesar Act, and this percentage has increased further with the exchange rate falling and the prices of all goods and services rising, reaching nearly 90% of the population. It has also led to more than 15 million Syrians in need of humanitarian assistance (ICRC report, June 2023).

According to a Qasioun study, the average cost of living of a Syrian family at the beginning of July 2023 increased significantly to 6,560,178 liras at the beginning of July (while the minimum cost of living for the family increased to 4,100,111 liras at the beginning of July). These increases in the cost of living are parallel to the persistence of low wages in Syria: while in the first three months of 2023 the minimum wage (SYP 92,970) was unable to cover only 1.6% of the average cost of living, during the next three months of 2023 it was able to cover only 1.4% of the average cost of living (Qasioun, 2023).

3.3.6 It should be noted that the repercussions of the Caesar Law on the living and humanitarian situation were not limited only to the areas controlled by the Syrian regime, but also included the areas of northern Syria outside the control of the regime, and the living situation in northern Syria has become more dire since the last quarter of 2020. As the decline in the exchange rate of the Syrian pound significantly affected the prices of goods and services, and although dealing in the Turkish lira slightly improved the prices in favor of its decline significantly, the Turkish lira quickly also began to suffer a crisis represented by its low price against the dollar, and therefore reflected on prices, for example, the price of a bread tie rose from 300 Syrian pounds in early 2020 to more than 750 Syrian pounds in May 2020 (Talah, 2020). Today it is reaching about 10 Turkish liras, equivalent to 4000 Syrian pounds.

3.3.7 After the deadly February 6 earthquake that devastated southern Turkey and northern Syria, government-held areas experienced a 30% increase in the prices of food and other basic goods, adding to the burden on the Syrian population suffering from the natural disaster, deteriorating living conditions, and a severe economic crisis.

3.3.8 The aid announced by the United States of America to the Syrian people has had very limited impact and has not contributed to saving the low conditions in both the regime and opposition areas, and the gap in the needs of the Syrians is still very wide, and the various figures we mentioned confirm this.

3.3.9 As a result of the consequences of the Caesar Act, it seems that the Syrian government is unable to perform its functions, and this has been clearly demonstrated during the fuel and bread crises that the government has been unable to resolve. The draft state budget for 2023 also highlighted the extent of the financial weakness of the government. The State budget for the fiscal year 2023 was adopted with a total amount of 16,550 billion Syrian pounds.

The value of the 2023 budget is about 2,8 billion US dollars according to the black-market exchange rate at the time of its approval, while it amounted to about 3,8 billion according to the same exchange rate in 2022. That's down about a billion dollars from the previous year. It is thus the lowest dollar value since the outbreak of the conflict in Syria in 2011 (France24, 2022).

It can be said that instead of punishing the regime and its collaborators, as it was theoretically stated in the articles it included, the Caesar Act has contributed to increasing the suffering of Syrians and worsening their economic and living crisis.

After explaining the economic effects on the Syrian economy resulting from the implementation of the Caesar Law, we turn to the study of the effects of another law, namely the Investment Law No. 18 of 2021.

4. The impact of the Investment Law No. 18 of 2021

4.1 On 19/5/2021, the President of Syria issued Law No. 18 as a new investment law in Syria to ensure the achievement of an attractive investment environment for foreign capital, the flow of which to Syria has become very weak since the beginning of events in 2011.

The law aims to establish large industrial and productive projects, achieve justice, prevent monopoly and reserve seizure of projects or impose legal custody on them.

The Syrian Arab News Agency said that “ the new investment law ensures the achievement of an investment environment that encourages foreign capital and protects local capital, and provides it with an encouraging and suitable medium for the establishment of investments, industrial and productive projects, and thus achieve economic growth that raises the financial revenues of the country, and provides new job opportunities based on expertise. the Syrian Human skills” (SANA, 2018)

4.2 The provisions of Law No. 18/a shall apply to the project that is set up by the investor alone or through joint companies with any of the public sector entities and the holder of the investment license, with the exception of banks of all kinds, exchange companies, microfinance banks and all financial institutions that accept deposits. The project that is carried out by public entities to put their own property to invest with the private sector is not subject to the law of participation (Article 3 of Law No. 18).

4.2.1 The law also provides for several investment guarantees, including:

- The project may not be held in custody or guarded except by a judicial decision.
- Expropriation of the project shall be done only for the public benefit and with compensation equal to the real value of the project, according to the price in force at the date of acquisition.
- The project shall not be subject to any new procedural burdens resulting from decisions, circulars and communications issued by any public authority, which are not included in the procedural manual in force at the date of the application for investment leave, except in relation to the environment and public health. (Article 5 of Law No. 18).

4.2.2 The law grants unprecedented customs and tax exemptions for investment projects in Syria, eliminating customs and financial duties on imports of machinery and equipment, production lines and service transport for projects that have obtained an investment license.

4.2.3 The law exempts agricultural and animal production enterprises from customs duties arising from imports of production tools and equipment, as well as from tax on profits. (Article 20 of Law No. 18).

The law also exempted tourism complex projects, hotels, restaurants, entertainment facilities and tourism service projects from all customs and financial duties.

According to the law, development projects will receive 75% exemptions on profits tax for 10 years. (Article 21 of Law No. 18).

4.3 According to the Syrian presidency, the new investment law is a sophisticated economic gateway for the country, whether in terms of attracting foreign investment or activating local investment, and enables Syrians to start a new phase of establishing successful projects at lower financial and operational costs, which will reflect a decline in the prices of materials produced for the benefit of consumers. (Al Ain, 2021).

The Syrian officials considered that the Investment Law No. 18 of 2021 laid the right foundations for creating a competitive investment environment, benefiting from specialized expertise, expanding the production base and employment opportunities, and raising economic growth rates through a wide range of facilities and incentives to attract investors.

The Director of the Syrian Investment Authority, Madin Diab, said in a statement to the Syrian News Agency that the projects that started the actual production (partial and total) since the issuance of Law No. 18 of 2021 amounted to 14 investment projects, 9 of which are in the countryside of Damascus and are specialized in the production of ethylene alcohol, and sanitary pads for children and the disabled. solvents, pesticide feedstocks and paints, renewable energy installations, food appetizers and medical consumables, phosphatic fertilizers and veterinary medicines. (SANA, 2021)

Diab explained that the remaining four projects were distributed in Homs, Latakia, Aleppo and Hama, and included the manufacture of packing bags, production and spinning of acrylic and mixed threads and electricity generation with renewable energies, pointing out that there are 19 projects in various sectors and in several provinces began the construction process and the establishment of infrastructure.

On the polarized projects that were granted an investment license for the current year 2023, Diab explained that it amounted to 12 projects that are expected to succeed in securing 764 jobs, distributed in the manufacture of dry batteries, pasta, noodles, oils, vegetable sesame, extraction of food and industrial alcohol, production of agricultural fertilizers, veterinary medicines, dyeing and preparation of acrylic strands. in addition to the production of human medicines, the project of a solar photovoltaic plant and the manufacture of solar panels. (SANA, 2021)

4.4 Despite the law's provisions encouraging and supporting investment and exemptions and facilities, the law has been criticized many times, as some specialists believe that the law did not come up with a new one, but replaced a number of previous scattered laws. (Enabbaladi, 2021)

Perhaps one of the most important gaps in Law No. 18 was its attempt to clearly define tax and customs exemptions, and not leave them to the supervisory authorities, but it did not specify the mechanism of their work or ensure their response to the implementation of the provisions of the law.

The investment crisis in earlier times has been to give approvals faster to those close to the authorities, and to delay or significantly restrict the granting of similar approvals to foreign investors or Syrians who are far from power, which hinders any desire to invest.

4.5 Several government bodies called for amendments to the new investment law, most notably the "Central Bank of Syria", which called for amending the item of projects excluded from investment to include the banking sector and internal transfers.

The Syrian legislator responded to these demands by issuing Law No. 2 of 2023 amending the Investment Law No. 18 of 2021, which expanded the scope of application of the Investment Law to include real estate development and investment projects that were regulated by the repealed Real Estate Development and Investment Law No. 15 of 2008.

State media described the amendments to the new law as contributing to the revival of the real estate development sector and to addressing the shortcomings of the old laws governing real estate development. (Syria-Report, 2023).

However, these amendments have been criticized many times, as one human rights researcher believes that “the amendments to the Investment Law show that they came to say one thing, namely that the Syrian legislator views real estate development as a purely investment project aimed at attracting capital and, consequently, the abolition of the special law on development. it also removes all the guarantees of property and housing rights provided for in the Real Estate Development Law”. (Majani, 2023).

5. Conclusion

Local or international laws played a negative role that increased the decline of the Syrian economy after 2011, as the figures and statistics contained in this study proved. The study was limited to examining the effects of the most important laws affecting the Syrian economy, because there are several other laws, but their impact was less.

The decline in the economic situation, the decline in the standard of living and the rise in poverty make it necessary to speed up the enactment of new laws that stop the decline of the Syrian economy first, before later contributing to the improvement of the economic situation in Syria, in various regions and at all levels. this will help alleviate the suffering of Syrians and improve their lives, and this task is difficult, given the current tragic circumstances, but not impossible.

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Financial Policy and Public Budget in Syria

Hicham Mohamad Abdulwahab¹

1-Introduction

In the contemporary understanding of finance, the emphasis is placed on the imperative to establish a positive role for the state through the utilization of public financial tools, encompassing both revenue and expenditure. The aim is to influence the dynamics of economic and social phenomena, encompassing the regulation of public spending, equitable distribution of national income, determination of investment and production size and quality, management of inflationary pressures, economic growth rates, and various other aspects. The overarching objective is to enhance the effectiveness of these financial tools in addressing the economic challenges confronted by nations. (Masoud, Drousi, 2005).

Public expenditures, public revenues, and the general budget form the nucleus of a state's economic and financial activities. They serve as primary instruments for formulating and executing the state's financial policy and constitute the central topics within the realm of public finance.

Public expenditures stand as the primary axis of financial and economic activities within the state, encapsulating the entirety of public needs that the state must fulfill.

Public revenues encompass the coverage of public expenditures and contribute to the national income, representing the state's yield from labor, capital, and natural resources.

The general budget is a program designed for a typically annual period, harmonizing public revenues and expenditures, guiding them toward the realization of the state's financial policy, which is an integral component of the broader economic policy of the state.

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2- The comprehensive framework of fiscal policy

plays a crucial and observable role in confronting economic challenges within countries. These challenges are evident in the form of escalating overall price levels, diminishing economic growth rates, a surge in unemployment, and an expanding deficit in the balance of payments across many nations.

2.1 Fiscal Policy

2.1.1 Definition of Fiscal Policy

Fiscal policy encompasses diverse definitions, one of which regards it as the strategic use of public finance tools, including expenditure and general revenue programs. Its purpose is to influence macroeconomic variables such as national income, employment, savings, and investment. The overarching goal is to achieve desired effects while mitigating undesirable impacts on income, national output, employment, and other economic variables. (Alwadi, Mahmoud Hussein, and Azzam, Ahmed Zakaria, 2000;45).

Another definition characterizes fiscal policy as a state-developed program utilizing revenues and expenditures to generate positive effects and avoid negative impacts on economic, social, and political components. The primary objective is to attain various economic goals, with a focus on economic stability and sustainable development. (Al-Husseini, Karima, 2018;67).

2.1.2 Objectives of Fiscal Policy

2.1.2.1 Resource Reallocation

Governments aim to efficiently allocate resources, striving for maximum utilization through policies such as resource development using technological tools and establishing mechanisms to enhance skills in handling these resources. Fiscal policy also significantly contributes to promoting the exploitation of natural resources, including land, mines, waterfalls, petroleum, and gas. Tax policies can stimulate the utilization of these resources through exemptions, and fiscal measures can offer incentives for investment, thereby creating new employment opportunities. (Al-Sayyid Hassan, Sohair, and Ali Taha, Said, 2013;47).

2.1.2.2 Income Distribution

Fiscal policy tools are employed by governments to distribute and redistribute income, intending to eradicate poverty, achieve social justice,

and enhance economic efficiency. This is done through in-kind and cash transfers, market corrections, and the development of the social security system. (Shiha, Mostafa Rashidi, 1993;23).

2.1.2.3 Economic Development

Fiscal policy positively contributes to fostering economic development as states leverage various means and resources to provide necessary funds. They avoid inflationary financing, relying on national savings. Governments encourage individuals to save and invest meaningfully as part of comprehensive development plans. Internal sources, such as government savings, family sector savings, business sector savings, and taxes, along with external sources like official external grants, foreign borrowing, foreign direct investment, and foreign aid, serve as crucial funding sources for economic development. (Ajamiya, Mohamed Abdel Aziz, Attia Nassef, and Iman, 2003;44).

2.1.2.4 Achieving Economic Stability

Governments seek economic stability to address fluctuations in national economies. Various fiscal policy tools are employed to impact wage policies, control overall price levels based on economic conditions, create a balance between supply and demand, influence foreign trade and balance of payments, and protect the interests of specific social groups through tariff policies. (Atlam, Maher, and El-Sayed, Sami, 2005;69).

2.1.2.5 Social Objectives

Fiscal policy endeavors to achieve social objectives through expenditure, whether through transfers to individuals or by providing essential services to groups in need. It also aims to reduce the tax burden on specific groups and distribute national income, thereby reducing social inequality and achieving social justice. The government, through its financial activities, can influence the pattern of income distribution by making changes in the types and proportions of spending that different income groups benefit from. (Musbah, Haraq, 2012;28).

2.1.3 - Financial Policy Tools:

Financial policy tools consist of two main components: general revenues and public expenditure, addressing the following aspects:

2.1.3.1 - General Revenues:

General revenues serve as the government's source of funds to cover its expenses. These revenues vary between state properties, such as public,

private, and financial domains, and matters related to state sovereignty, such as taxes, fees, fines, and levies, in addition to government borrowing policies. Different types of these revenues will be reviewed, with a focus on key tools, especially taxes and borrowing policies. (Qreishih, Sobhi Tadros, 1995;48).

Public revenues comprise:

2.1.3.1,1 - State Property Revenues:

Encompassing all revenues entering the general treasury from managing the state's movable and immovable assets and their investments. This includes resources like mines, forests, and fisheries, along with resources falling under public and private state ownership. Public assets are designated for general use, such as streets, squares, and beaches, while private assets are state-owned, including lands, forests, mines, factories, historical sites, underground resources, and airports, among others . (Lahsen Dardouri, Lakhder Laqiti, 2019;59).

2.1.3.1,1.2 - Fees:

When the state provides certain services to individuals, it imposes fees that vary based on the direct private benefit offered to individuals, in addition to the public benefit. These fees include judicial fees, symbolic educational fees, licensing fees, consular fees, and real estate registration fees. These fees must be proportionate to the service provided to avoid them turning into taxes. (Mohammed Samhan, Hussein, and Ahmed Samhan, Soheil, 2010;37).

2.1.3.1,1.3 - Fines:

Fines serve as deterrent financial penalties paid by violators, with the aim of enforcing penalties rather than generating general state revenue. They cover legal violations, such as traffic fines, making it difficult to rely on fines as a financial source for funding the state's general expenses, in addition to their unpredictable nature (Mohammed Samhan, Hussein, and Ahmed Samhan, Soheil, 2010;76).

2.1.3.1,1.4 - Gifts, Grants, and Aid:

Some countries receive gifts and donations from their citizens to assist in financing public expenditures. Despite the importance of these gifts, countries find it challenging to rely on them permanently due to their limited size and lack of sustainability. Countries may also receive grants and aid from foreign countries in the form of cash or in-kind donations . (Mohammed Samhan, Hussein, and Ahmed Samhan, Soheil, 2010;42).

2.1.3.1.5 - *Monetary Revenues:*

Governments generate monetary revenues by wielding their monetary authority, and the execution of this authority varies across global legal and economic systems, primarily overseen by central banks. In the contemporary era, the significance of monetary authority has heightened, working in tandem with state fiscal policy to achieve economic stability. It acts as a mechanism to influence the financial market and banking sector, impacting liquidity levels and monitoring exchange rates for the local currency.

Key monetary revenues comprise:

i. Treasury Bonds:

Issued by the state to secure funds for immediate expenses while awaiting the collection of taxes and fees, these bonds serve as temporary revenue . (Masoud, Drousi, 2005;43).

ii. Currency Issuance:

Governments, leveraging their monetary authority, bridge the gap between expenses and revenues by requesting the central bank to issue new currency equal to the deficit. The general treasury covers this issuance by assigning a theoretically repayable public debt, yet annual deficits often accumulate without repayment, especially in developing countries, leading to inflation. (Masoud, Drousi, 2005;44).

2.1.3.1.6 - *Quasi-Tax:*

The importance of quasi-tax emerged post-World War II, viewed as general revenue for the state. However, its significance remains limited. Following the establishment of tax and fee concepts and their regulations, states required revenues specifically earmarked for particular goals. These revenues cannot be classified as taxes or considered fees for services. They differ in nature and objectives. Examples include war effort percentages, school fees, and contributions paid by employers to social insurance institutions, allocated for specific activities . (Al-Hourani, Akram Mohammed, and Hassani, Abdul Razzaq, 2011;64).

2.1.3.1.7 - *Public Loans:*

A public loan is an amount paid by individuals, whether public or private, to the state based on a legal contract, including a legislative instrument, involving repayment. Public loans are currently considered important and risky revenues for financing public expenditure. This policy poses risks to

the economy in general, and it is preferable to use it only for financing investment project expenses.

2.1.3.1.8 - Taxes:

Taxes stand out as one of the most significant revenues for the state in the modern era. Their importance extends beyond mere contribution to state revenue. Taxes serve as a critical financial tool for the state to influence its political and economic situations and achieve its general goals.

Taxation is a financial obligation imposed directly and finally by the state, utilized to achieve its general goals. The government adopts tax policy to control the economy, using both direct and indirect taxes as tools to influence the economy based on its current state. Its impact is more pronounced in inflationary conditions, where the state may adjust tax rates, reduce exemptions, or impose new taxes to mitigate individuals' purchasing power reduction due to declining incomes from tax policies. This leads to a decrease in overall demand for goods and services, alleviating inflationary pressures. It's worth noting that the effectiveness of taxation is higher in developing countries, as its implementation does not necessitate advanced financial and monetary markets. However, excessive taxation can lead to negative phenomena such as bribery, tax evasion, and the cessation of some productive projects (Saad Taha, Alam, 2003;46).

2.1.3.2 - Government Expenditures:

The significance of public expenditure policy has surged in recent decades alongside the expansion of the state's role and increased intervention in economic affairs. Its importance lies in being the instrument that the state employs to realize its objectives, reflecting all facets of public activities . (Makid, Ali, and Ashit, Aladdin, 2017;36).

Under the guardian state, expenditures were confined to managing basic facilities like internal and external security and the judiciary. During that period, public spending remained neutral, having minimal impact on the economic and social structure of the state. However, with the evolution of the state from a mere guardian to a major player in economic activity, the importance of public spending has risen.

To counter the heightened state involvement in economic activity, various financial tools have been employed. Economists have delved into studying and analyzing the nature of public expenditures, their divisions and limitations, and the controls on public spending, along with its economic and social effects. Modern financial thought now views public expenditure

in a positive light, recognizing it as an expenditure with goals extending beyond financial implications. Public expenditures aim to achieve economic, social, and political effects, standing out as prominent tools for state intervention due to their effectiveness and diverse forms, such as subsidies, undertaking large-scale production projects, or exerting control over sectors of the national economy . (Adly Nashed, Suzi, 2004;52).

Public spending policy is utilized as a financial tool to mitigate inflationary pressures by rationalizing spending. The goal is to reduce the overall demand for goods and services by reducing public spending, leading to a decline in consumer and investment spending. This, in turn, lowers income levels generated by those expenditures, contributing to relative stability in price levels.

Rationalizing investment spending plays a pivotal role in influencing aggregate demand levels, particularly in developed countries with robust infrastructure and substantial investment projects. These projects contribute to economic development through private sector investments, reducing reliance on government funding. However, reducing spending on investment projects for curbing inflationary pressures is less effective in developing countries due to the scarcity of such projects, especially in crucial infrastructure areas necessary for economic growth. Consequently, developing countries opt for austerity policies, trimming consumer spending to decrease overall demand for goods and services and achieve stability in general price levels.

Public spending is also influenced by state interest payments on loans, whether local or foreign, especially those directed toward providing consumer goods without generating returns to cover obligations. The impact of foreign debt on total public spending increases as the national currency depreciates against foreign currencies. Financing the state budget deficit in developing countries often involves issuing new money, contributing to increased inflationary pressures. Alternatively, deficit financing may occur through an uptick in local or foreign loans, which, if not invested in highly profitable projects, leads to additional foreign inflationary pressures, perpetuating a cycle of more loans and increased inflationary pressures. (Abdul Muttalib, Abd al-Hamid, 2003;53).

2.1.3.2.1 - Economic Impacts of Expenditures:

An examination of the evolution of public expenditures across different countries and economic development levels reveals a continual increase, though not all of it is genuine. To determine the actual increase, factors such

as the depreciation of currency value, variations in government accounting methods, and population growth must be excluded. (Quraisa, Sobhi Tadros, 1995).

The economic effects of public expenditures are contingent on various factors, including the nature of the expenditures, their intended goals, the nature of the revenues required for financing, and the prevailing economic conditions. Public revenues that fund spending are pivotal in determining the economic effects, influencing national income, its distribution, and other economic variables like consumption, savings, investment, and the price level. Nations rely on these effects when formulating financial policies . (Quraisa, Sobhi Tadros, 1995;44).

2.1.3.2.1.1 - Direct Economic Effects of Public Expenditures:

Public expenditures in any country vary based on the state's role in addressing public needs, impacting economic, social, political, and financial variables. These effects are direct and indirect, with the former being primary, linked to the original goal of satisfying essential needs. The latter, indirect effects occur during the income cycle, influencing consumption, production, employment, and the price level through the multiplier or accelerator effect . (Al-Hourani, Akram Muhammad, Hassani, Abdel Razzaq, 2011;68).

2.1.3.2.1.1.1 - Effects on Production and National Income:

Public expenditures exert direct economic effects on the national product by influencing individuals' capacity to save, invest, and create actual demand. This influence operates through:

Impact on National Production Capacity:

Public expenditures, whether on consumption or investment, directly or indirectly enhance the national economy's production capacity by developing factors of production in both quantity and quality. These factors include natural resources, the labor force, and productive capital, collectively constituting society's productive capacity. Expenditures impact these forces through investments in education, healthcare, and cultural services, contributing to an increase in the accumulation of national capital. Consumer expenditures, by providing subsidies to social services, indirectly raise production capacity. Traditional public expenditures in security, judiciary, and defense contribute to stability and elevate individual standards of living, even though their impact on national income takes time to materialize. (Quraisa, Subhi Tadros, 1995;46).

Impact on National Product through Actual Demand: Distinguishing between real and transformational expenditures is crucial to understanding their effects on actual demand and, consequently, national income. Real expenditures amplify national income through indirect effects, known as the multiplier effect. Transfer expenditures, on the other hand, impact actual demand and national income based on the behavior of their beneficiaries throughout the income cycle.

The productivity and efficiency of public expenditures are evaluated from three perspectives: the type of activity, achievement of state goals, and cost-effectiveness, emphasizing the efficiency of producing overhead expenses by analyzing both the expense and the return (Al-Hourani, Akram Muhammad, and Hassani, Abdel Razzaq, 2011;64).

Effects of Public Expenditures on National Income based on Financing Means:

The impact of public spending on national income varies depending on the financing methods employed. Financing through taxes yields different effects than financing through loans or currency issuance. When public expenditures are funded through taxes, a portion of the taxpayer's income is deducted, negatively affecting consumption and savings volumes. (Quraissa, Sobhi Tadros, 1995;49).

2.1.3.2.1.1.2 - Impact on Employment:

Keynesian theory challenged traditional beliefs, emphasizing that unemployment could not be resolved solely through supply creating demand. Instead, it proposed that the cure for unemployment lies in increasing government spending to boost demand, subsequently raising production and employment rates. During economic prosperity, the state limits spending to avoid inflation, but in times of depression, increased government spending can compensate for the shortfall. Financing expenses through loans or currency issuance during recessions is preferable, absorbing idle savings . (Al-Hourani, Akram Muhammad, and Hassani, Abdel Razzaq, 2011;18).

2.1.3.2.1.1.3 - Effect on the Price Level:

Maintaining a stable price level and a certain employment rate is a goal for most countries. Changes in total spending are employed to achieve full employment and price stability, and state intervention plays a crucial role. The state can influence supply and demand, either directly by fixing prices or indirectly through industry support or subsidies. Public spending,

particularly in agricultural commodities, stabilizes prices by protecting producers, especially for strategic goods like wheat and grains.

The effects of public expenditures on the price level depend on the expenditure's size, objective, nature, coverage method, and the current economic situation. If the state creates new purchasing power by redirecting private spending to the public sector, it can increase the national product while maintaining price stability, provided the operating conditions can support this increase. In developing countries, budgetary improvements often lead to increased spending, supporting consumers or questionable investment projects. If these countries face a deficit, reducing expenditures becomes challenging, resulting in increased external debt and a sharp rise in the price level, exacerbating the crisis. (Al-Jalal, Ahmed Muhammad Saleh, 2006;29).

In response to these challenges, developing countries have adopted financial policies aimed at stability, readjustment, and economic restructuring, involving a decrease in high expenditure levels and a reconsideration of expenditure allocation. This necessitates prioritizing efficiency and effectiveness, which, while enhancing public spending's quality, may have a temporary negative impact on the overall price level.

2.1.3.2.1.1.4 - Impact of Public Expenditures on Income Distribution:

The state influences income distribution in both initial distribution and subsequent redistribution stages:

Impact on Initial Income Distribution:

Public expenditures play a role in creating incomes for factors of production through real expenditures.

They also determine the rewards for factors such as wages, interest, rent, and profits, either directly or indirectly by influencing the prices of goods and services. (Al-Jalal, Ahmed Muhammad Saleh, 2006;38).

Effect on Income Redistribution:

Transfer public expenditures directly contribute to the redistribution of national income.

Real expenditures play a dual role by contributing to the primary distribution of incomes and indirectly influencing their redistribution. (Makid, Ali, and Ashit, Aladdin, Arabic, 2017;47).

2.1.3.2.1.1.5 - Effect of Public Expenditures on National Saving:

The impact on national saving is contingent on the state of national income stability:

Stable National Income:

Increased public consumption through spending decreases saving and, consequently, investment, negatively affecting national income.

Increasing National Income:

If public consumption rises more than the increase in national income or if public spending outpaces revenues, it has a negative impact on national saving. (Al-Jalal, Ahmed Muhammad Saleh, 2006;67).

2.1.3.2.1.1.6 - Impact of Public Expenditures on Economic Growth Rate:

Positive impacts on the economic growth rate are anticipated when public investment spending rises, leading to increased capital accumulation. Conversely, a decrease in public investment spending may hinder economic growth. (Al-Jalal, Ahmed Muhammad Saleh, 2006;48).

2.1.3.2.1.2 - Indirect Economic Impact of Public Expenditures:

Public spending's effects extend beyond direct impacts, contributing to successive effects on production, income, investment, and saving. An increase in actual demand components leads to higher national income. The state must expand its expenditures to boost total effective demand, influencing both consumption and investment. The multiplier and accelerator effects come into play, driving national income towards full employment. (Makid, Ali, and Ashit, Aladdin, Arabic, 2017;29).

2.1.3.2.1.2.1 - Multiplier Effect:

Expanding public expenditures results in the distribution of new incomes, with a portion being spent. The multiplier effect, determined by the marginal propensity to consume, reveals the increase in national income relative to the initial spending increase. The multiplier's impact is influenced by the flexibility and expansiveness of the production system. Developed countries often experience a more significant multiplier effect due to the flexibility of their production systems, while developing countries may witness a weaker impact due to production system inflexibility. (Al-Khaikani, Nizar Kazem, and Al-Mousawi, Haider Younis, 2015;38).

2.1.3.2.1.2.2 - Accelerator Effect:

The accelerator effect, an indirect consequence of public expenditures, stems from the heightened demand for investment, often referred to as investment generation. This effect, known as the accelerator, illustrates the impact of changes in national production (total demand for consumption and investment) on the rate of investment growth. The accelerator effect is contingent on the capital coefficient, representing the technical relationship between capital and production.

With increased public spending, national production experiences a surge, leading to a proportionally greater increase in investment. The accelerator is calculated as the ratio of the change in consumption to the change in investment. It's essential to recognize that the accelerator effect varies across sectors, necessitating consideration of the interplay between multiplier and accelerator principles. This interaction generates cumulative effects on economic aspects, influencing income, production, consumption, and overall investment. Additionally, it can precipitate deflationary effects resulting from a decline in initial investment below its typical rate, causing a reduction in total economic quantities . (Adly Nashed, Suzi, 2004;47).

The impact of both the multiplier and accelerator is shaped by numerous factors, including:

- Difficulty in measuring the marginal propensity to save and the marginal propensity to consume.

- Instability of these two tendencies.

- Allocation of funds for hoarding.

- Instances where production fails to match the increase in consumption . (Marwa, Kardosi, and Nazir, Zamouli, 2022;29).

2.1.3.3 General Budget:

Definition:

The term “budget” initially referred to the money bag or public purse and later evolved to denote the finances of the state. In the context of state finances, the “general budget” encompasses both public revenues and expenditures. (Abdul Qader, Marash, and Muhammad Al-Taher, Saudi, 2011;43)

The general budget can be defined from various perspectives, Administrative Perspective It is viewed as a system governing decision-

making responsibilities within the state, regulating relationships and powers across different levels of executive authority, Accounting Perspective

Defined as numerical tables detailing estimated appropriations and expected revenues.

Legal Perspective Recognized as a tool enabling legislative control over the executive authority, legally represented in the budget law through which Parliament authorizes and decides on the state's financial burdens and revenues, Planning Perspective Seen as a unified system representing the state's financial program for a future fiscal year, reflecting the financial plan within the general socio-economic. (Mahrezi Mahmoud Abbas, 2005;61).

In financial and economic contexts, the general budget is typically defined as a comprehensive legislative projection of a state's anticipated expenditures and revenues for a forthcoming period, often spanning a year, outlining its economic objectives. Several defining characteristics of the general budget can be discerned. (Hassan, Awada and Abdel Raouf, Qutaish, 1995;28)

The general budget consists of estimates, not actual figures, detailing projections of public revenues and expenditures.

Issuance of the general budget necessitates approval from a competent authority, providing prior authorization for spending and revenue collection. Without such approval, it remains a draft budget.

Typically, the general budget is linked to a specific time period, commonly a year, making it impractical to estimate revenues and expenditures indefinitely.

Reflecting the increased role of state intervention in economic affairs, the general budget articulates the economic goals of the state, becoming a pivotal tool to achieve economic and social objectives.

Concern for State Finances:

The budget pertains to state expenditures and revenues, not those of the private sector.

2.1.3.3.1 Role and Importance of the General Budget:

2.1.3.3.1.1 Political Significance:

Parliament's approval of the budget serves as a platform for discussing the government's political program. The need for executive approval underscores citizens' exercise of constitutional freedoms and democratic rights. The budget, with its financial indicators, reveals the state's overarching policy towards society.

2.1.3.3.1.2 Economic Significance:

The budget plays a crucial role in addressing economic crises, fostering economic development, and achieving balance. State spending on strategic investments aims to boost national production and support industries against foreign competition. Allocating development projects to less affluent regions promotes balanced growth opportunities . (Mahrzi Mahmoud Abbas, 2005;45).

2.1.3.3.1.3 Social Significance:

Aligned with notions of social justice and welfare, the budget reflects the government's commitment to improving health services, providing free education, enhancing infrastructure, and delivering essential services.

2.1.3.3.1.4 Financial Significance:

As a financial document, the budget illuminates the state's financial position, detailing public revenue sources and expenditure purposes. A balanced budget signals fiscal health, while deficits or surpluses have varied effects on financial and economic aspects (Mahrzi Mahmoud Abbas, 2005;37).

2.1.3.3.2 General Budget Rules:

The rules governing the general budget adhere to five fundamental principles:

2.1.3.3.2.1 Annual Rule:

The budget is prepared and approved annually, aligning with the nature of public expenditures and revenues. The annual cycle ensures oversight efficiency by the legislative authority and accuracy in budget estimates.

2.1.3.3.2.2 Exceptions:

Twelve-Year Budget: In exceptional circumstances causing budget approval delays, a twelve-year budget may be adopted based on previous spending patterns.

Additional Appropriations: Legislative authorities can approve supplementary appropriations subsequent to the initial budget approval.

2.1.3.3.2.3 *Periodic Budget:*

This rule allows adjustments to the general agreement in response to economic conditions. In times of prosperity, certain requirements may be deferred during economic downturns to achieve overall economic balance . (Mehrz Mahmod Abbas, 2005).

2.2 Evolution of the Syrian Monetary System

The monetary history of any country is deeply intertwined with its overall historical narrative.

It clearly mirrors the various factors that interact within this general history, whether these factors are economic, political, social, or even spiritual. This interconnectedness is understandable because human life is an integrated whole, with diverse aspects that are all linked together, influencing each other, and forming a cohesive unit. Each aspect of life is affected by changes in the other aspects.

Our monetary history provides a clear example of this perspective, as it has always been influenced by our various developmental factors.

To understand the monetary history, it is necessary to give a brief overview of the general trend of development in Syria to grasp the extent of its impact on monetary development and its influence on the general development.

There are distinguishing markers in the evolution of our monetary history: economic underdevelopment.

This situation led to Syria's dependency on the Lead country in several respects, including the economic aspect. The Leaders worked to tie the Syrian economy to their own economy. After the end of Other countries leads, the Syrian people endeavored to develop the Syrian monetary system.

Economic underdevelopment, on the other hand, is characterized by a low level of national income and, consequently, a low level of individual income. This underdevelopment is marked by signs such as delayed production and cultural backwardness, and it is often associated with an economy that is primarily based on agriculture. (Al-Hourani, Akram Muhammad, and Hassani, Abdel Razzaq, 2011;74).

2.2.1 The Evolution of the Syrian Monetary System Until World Second War

2.2.1.1 Syrian Currency During the Ottoman Period (1516-1914):

Syria, known as Greater Syria until World War I, was part of the Ottoman Empire. The currency used in the region was the Ottoman currency. The monetary standard was a bimetallic standard until 1888, after which the gold standard became the basis for currency. Auxiliary coins made from metals such as copper and bronze were used for small payments.

Turkish paper money was very limited in circulation, and the privilege of issuing this paper money was granted to the Imperial Ottoman Bank. The issued paper money was covered by gold at approximately 200% and could be exchanged for gold.

Towards the end of the Ottoman Empire, the costs of equipping the army increased significantly. The Ottoman government reduced the gold coverage ratio of the issued banknotes, and during World War I, they suspended the use of gold, stopped exchanging Turkish paper money for gold, and made paper money mandatory. When the Ottoman Bank refused to lend to the Turkish government during the war, the government conducted seven successive issuances, only the first of which was backed by gold, while the rest were backed by bonds issued on the German and Austrian treasuries. However, this issuance without gold backing led to the deterioration of the purchasing power of Turkish paper money. People began to avoid using it and held on to gold, increasing its quantity in the regions of the empire, including Syria (Al-Hourani, Akram Muhammad, and Hassani, Abdel Razzaq, 2011;96).

2.2.1.2 Syrian currency during the French occupation period from 1920 to 1947:

After the French and British allied forces entered Syria in 1918 after the defeat of the Ottomans, efforts were made to abolish the use of Turkish money and replace it with the Egyptian pound, which was given the status of compulsory use while allowing the circulation of gold money. During World War I, the Egyptian pound on the Syrian coast was the country's de facto currency, while in the interior, dealing was limited to gold money, especially the Ottoman lira.

After the occupation of Syria by the French army, until the Battle of Maysalun on July 14, 1920

The first thing the occupation army did was to oblige the Syrians to deal with banknotes issued by the Syrian Bank and to accept the cash issued by it, and during the period of French colonialism two agreements were imposed:

The first was the January 1924 agreement: Under this agreement, the local governments recognized the Syrian-Lebanese currency and approved granting the issuance privilege to the Bank of Syria, which became called the “Bank of Syria and Lebanon,” for a period of 15 years beginning on the first of April 1924. Thus, they recognized the existing monetary situation created by the commissioner’s decision. High in 1920.

The second, the February 1938 Agreement: On March 29, 1937, that is, two years before the expiration of the 1924 Agreement, the French High Commissioner issued a decision extending

This agreement is effective until March 13, 1964.

Based on the dependence of Syria and Lebanon on France, the main headquarters of the Bank of Syria and Lebanon was moved from Paris to Beirut, and the French High Commissioner amended the 1938 agreement.

According to decisions issued by the Board of Directors (which governs Syria), these decisions and decrees dealt with the subject of elements of cash coverage. Thus, the Syrian monetary system was harnessed , established in accordance with the 1924 and 1938 agreements to meet the needs of the French economy primarily, as the price of the Syrian pound was fixed in French francs, and Syria was not able to adjust the price of its currency, knowing that the French franc during this period was a weak currency and the majority of currency reserves, especially the cash coverage, was at The form of assets in the French franc caused the Syrian pound to suffer a significant loss due to the decline in the value of these assets relative to the dollar, gold, or real commodities as a result of the devaluation of the franc and inflation in France.

As for the existing banks, most of them were branches of foreign banks seeking to achieve profits and meet the interests of the bourgeoisie in the first place.

The expenses of the surrounding armies caused a significant increase in trading numbers and bank deposits, and the Bank of Syria and Livan estimated in the report of the Board of Directors from the years 1941-1945 that the percentage of this increase was careful compared to the large quantities of Syrian pounds. (Al-Hourani, Akram Muhammad, and Hassani, Abdel Razzaq, 2011;125).

2.2.1.5 Criticisms of the Syrian Monetary System Between the Wars:

- The Syrian lira was pegged to the French franc, and Syria could not adjust its currency's value, even though the French franc was weak during this period. This pegging caused the Syrian lira to follow the weak franc's fluctuations, adversely affecting the Syrian economy.

- The franc-based monetary system imposed on Syria meant that most of its reserves, especially its monetary cover, were held in franc-denominated assets. This exposed Syria to significant losses due to the depreciation of these assets relative to the dollar, gold, or real goods as a result of the franc's devaluation and inflation in France.

-The freedom to purchase the pound sterling continues for the residents of Syria and Lebanon and does not stop without prior consultation with the governments of the two countries.

- The exchange rate of the Syrian pound to sterling shall not be adjusted before consulting the Syrian and Lebanese governments. After the Damascus Agreement, the French authorities gave assurances that the gold coverage would be restored to the Bank of Syria and Lebanon, and they also pledged to stabilize the value of the assets of the Bank of Syria and Lebanon. (Mehrzi Mahmoud Abbas, 2005;87).

2.3- Syrian Currency During World Second War:

World War II had significant and multifaceted effects on the global monetary system, including Syria. Given France's involvement in the war, the economic and political impacts extended to its colonies, including Syria.

Due to Syria and Lebanon's dependence on France, the headquarters of the Bank of Syria and Lebanon was relocated from Paris to Beirut.

One key change was that the Bank of Syria and Lebanon was authorized to meet the needs of the occupying armies for necessary banknotes. These measures facilitated the issuance of currency without the bank being required to back the issuance with francs or other currencies.

2.3.1 Stages of Monetary Independence

2.3.1.1 January 1944 Agreement:

An agreement was concluded between France and England, followed by an agreement between Syria and Lebanon on one side and France on the other, signed in Damascus on February 9, 1944. The Damascus Agreement stipulated that:

The rate of the Syrian pound relative to the sterling pound would remain 882 Syrian piasters per sterling pound (Mahrzi Mahmoud Abbas, 2005;94).

2.3.1.2 Denunciation of the January 1944 Agreement:

France honored its commitments under the January 1944 agreement when it devalued the French franc on December 25, 1945. This devaluation increased the amount of francs in the coverage of the Syrian currency, accounting for the differences resulting from the franc's devaluation.

On a popular level, individuals continued to convert their assets from Syrian pounds to sterling pounds. This situation concerned France, especially as Syria was on the verge of gaining political independence. In March 1946, France communicated with the Syrian government to abolish the freedom to buy sterling, cancel the parity guarantee with the British pound, and refuse compensation resulting from the devaluation of the French franc.

In December 1946, France sent a new memorandum to Syria, canceling the 1944 agreement, ending the peg of the Syrian pound to sterling, and indirectly re-linking the Syrian pound to the French franc. Given that the reserves were in French francs, the Syrian and Lebanese governments initiated negotiations with France in 1947 to resolve the currency crisis. (Mahrzi Mahmoud Abbas, 2005;87).

2.3.1.3 February 1949 Agreement:

Syria and Lebanon entered into negotiations with France to discuss the independence of the Syrian-Lebanese pound and the liquidation of debts with France. These negotiations continued until January 1948, when France devalued its currency.

Lebanon accepted the agreement with France, but Syria rejected it, leading to the separation of the Syrian and Lebanese currency units. Consequently, on February 8, 1949, an agreement was reached with Syria confirming the separation between the Syrian pound and the Lebanese pound, which included the following:

Each country would implement its own measures to regulate its economy and currency.

Lebanon would adopt a system of economic freedom due to its reliance on foreign trade and invisible exports.

Syria would adopt tariff protection to safeguard its nascent industry. (Mahrzi Mahmoud Abbas, 2005;46).

2.3.1.4 The Policy of Exchange Between the 1944 and 1949 Agreements:

The 1944 agreement allowed Syria to free its currency from dependence on the weak French franc and link it to the stronger British pound.

As a result of exiting the franc zone, Syria gained the ability to follow an independent monetary policy, meaning that only the Syrian government could determine the monetary policy to be followed (Mehrzi Mahmoud Abbas, 2005;74).

2.4 The Banking System under the Basic Monetary System and Subsequent Legislation:

All Arab and foreign banks were subject to the general commercial law, which did not impose specific conditions on banks that differed from the regulations governing commercial companies. Banks were not required to adhere to any limits on the size of their capital or liquidity.

In terms of financing, although banks dominated the finance market, their operations were limited to financing large farmers and merchants. These commercial and agricultural banks dominated the market, contributing between 71 and 928 of the total commercial, agricultural, and industrial activities during the period from 1954 to 1961.

This situation changed with the implementation of the Basic Monetary System, which required foreign banks to meet the following conditions:

When applying to establish branches, they must allocate at least 1.5 million Syrian pounds to their activities in Syria.

They must allocate annually no less than 10% of their net profits to form reserves, which must not be less than 25% of the bank's capital allocated for operations in Syria.

The system required that the accounts of these banks be monitored by the Monetary and Credit Council, All banks were later converted into joint-stock companies. (Al-Jalal, Ahmed Muhammad Saleh, 2006;54).

2.4.1 Nationalization of Banks:

Political developments in Syria had a direct impact on economic life and the strategies governing development. This was evident through the direct intervention of the state in economic activities, particularly in the banking system after the union with Egypt in 1958, when all private and foreign banks and companies were nationalized.

The nationalization was lifted for fourteen Arab and Syrian banks and replaced with a new system that involved the economic institution contributing 35% of the capital of each bank. During the period of separation, financial and commercial sectors demanded complete freedom for local and Arab banks and allowed foreign banks to operate under the supervision of the Central Bank of Syria. However, this demand did not lead to actual steps, and the issue was resolved definitively after the March 8th Revolution, where socialist transformation policies were explicitly adopted, leading to the second nationalization of all banks that had their nationalization lifted during the period of separation.

2.4.2 Mergers and Specialization of Banks:

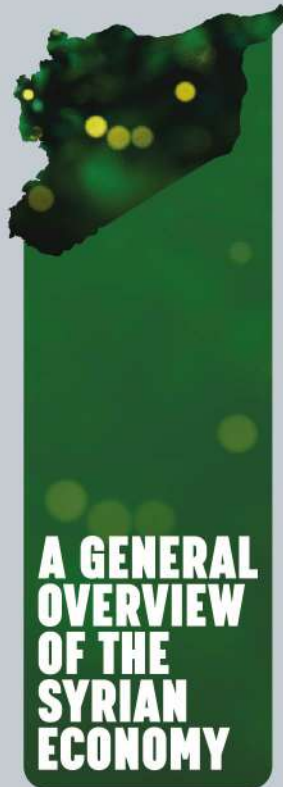
The first bank mergers occurred in 1963, where the entire banking system was consolidated into five main units, taking into account economic and local conditions, the volume of credit, and its type. This was a natural result of efforts to unify the regulations governing banks and their laws, particularly those related to the accounting system, credit granting, and management rules, employee regulations, and others.

Since 1966, the monetary system consisted of the Central Bank and five established commercial banks, in addition to three specialized lending institutions: the Agricultural Bank, the Industrial Bank, and the Land Reform Agency. In the same year, the banking system was reorganized, leading to the establishment of two new banks: the Real Estate Bank and the Cooperative Bank (Al-Jalal, Ahmed Muhammad Saleh, 2006;28).

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