

On Sep 9th 2007, the Syrian American Congress *SAC* in Chicago invited Dr. Osama Kadi, an Economic Consultant, to present to the Syrian expatriates in the United States the Syrian Economy in a lecture titled : “Syrian Economy and Three Perspectives: Government, World and Syrian Immigrants (Expatriates)”.

He expounded on the government perspective by quoting Syrian government statements and using official statistics which described the reason of the failure of Ninth Five Year Plan which came in the midst of turbulence in the economy: lowered economic growth 3.25per cent (Real Economic Growth = Economic Growth – Population Growth : 3.25- 2.5 = less than 1per cent), lowered investment and productivity levels (because more than 66per cent have elementary school qualification or less, Syrian labor productivity in the public and private sectors in average is 2.6per cent, where the highest is in construction, 16per cent, and the lowest -5.5per cent in manufacturing industry) , and aggravated unemployment (per cent12-20 which means 0.5 to 1 Million Syrians Unemployed).

Dr. Kadi gave a credit to the Syrian Economic Decision Makers *SEDM* which addressed - with courage - the Syrian economic difficulties and tried to deal with them instead of the previous state of denial. *SEDM* draw a very optimistic picture and not-easy-to achieve goals in the Tenth Five-Year plan, like:

- 1- modernized, and Democratic Syrian society, engaged in implementing a state based on institutions, rule of law, political pluralism, and respect for human rights;
- 2- raising social prosperity and public welfare;
- 3- achieving social equity and ensure an overall effective participation; and
- 4- having standard infrastructure and social economic services.

SEDM wish to achieve their ambitious goals by implementing a Social Market Economy which consists of four dimensions 1) Stable Macro Economy, 2) Competitive Micro Economy, 3) Global linkage through managed overture and openness toward trade, 4) Investing in people (Human Development First).

Dr. Kadi referred to the National Human Development Report HDR 2005, which mentioned that the enrollment in Syrian public universities declines year after year, and HDR 2005 presented the following facts:

- * It is expected that university enrollment will further decline as acceptance policies, which use a grade-based preferential system, became more rigid and the private sector becomes involved in education.
- * More than half of those accepted go to social science departments.
- * The number of registered students in scientific departments has declined from 10per cent in 1992 to 8per cent in 2002.
- * These departments also suffer from a slow graduation cycle and sustained disguised drop outs.
- * According to ESCWA statistics, the total number of students in Engineering and Science departments has declined by 5000 students from 1990 to 1995, while in the mid-eighties, Syria had the largest number of science and engineering graduates.

Dr. Kadi presented the Syrian economy formation which depends by 28per cent on agriculture, and three sectors, services, oil, and commerce, each one of them hold almost 18 per cent share of the Syrian economy formation.

By looking at the economic growth of the Syrian economy, Dr. Kadi adverted that between 2004 and 2006, the Syrian economy experienced a huge growth of 98per cent in the money and banking sector, 41per cent in transportation, and 25per cent in services. However, two sectors shrunk and have a negative growth - **48 per cent** for industry, and **-20 per cent** in oil sectors, which disserve the SEDM and shows Syrian economic development looks like unbalanced and Arbitrary Development or what Dr. Kadi called “NUTOAT TANMAWYA”. "تنوعات تنموية"

The economic liberal orientation appeared clearly by observing the reduction in the contribution of the public sector in the economy from 2004 till 2006, which decreased from 42 per cent to 32 per cent (from 463 to 382 Billion SP), however the private sector revived, and its contribution for the same period increased from 58per cent to 68 per cent (increased from 642 to 830 Billion SP).

Dr. Kadi highly appraised the Syrian decision maker who issued between year 2000 and 2007, more than 373 Law, 339 Act, trying to prepare the proper institutional frame for liberal economy. Syrian economy suffers, as Dr. Kadi prescribed, from “Saturation on the legislation level, and Indigestion on the executive level” which makes the average Syrian hesitant in believing the validity of the new liberal economy direction.

On the other hand, unfortunately the world perception of the Syrian investment climate so obscure:

- 1- In spite all official liberal economic and commercial Acts and Laws since 1991, Syria ranked 124 out of 141 countries on the **Economic Freedom Index** and came after Serbia, Nepal and Gabon as not free country.
- 2- None of the United Nations Good Governing indicators was emboldening:
 - a) Voice and Accountability: -1.64, b) Political Stability: -0.88,
 - c) Government Effectiveness: -1.03, d) Regulatory Quality: -1.24,
 - e) Rule of Law: - 0.55, f) Control of Corruption: -0.66, g) Corruption Perception Index CPI: 2.9 which considers number 10 to be least corrupt and 0 to be most corrupt. The survey measures the public sector corruption, the abuse of public office for private gain. h) Political rights ratings and civil liberties ratings rated: 7, which mean that Syria was classified as “Not Free” country.
- 3- The German Bertelsmann Transformation Index BTI such as **Status Index** ranked Syria as the country 100 out of 119 in terms of democracy and a **market-based economy**, and the score was 3.63, which means that there are serious obstacles to a market-based democracy. And in terms of **Management Index**, BTI ranked Syria 104 out of 118 countries because of its score of 2.85, which is very humble, because any score between 1.55 and 3.03 means **failure or non-existent management**.

Dr. Kadi offered two options to the Syrian Americans expatriates:

- 1- Ignoring Syrian Economy and its difficulties, and the complications of the Syrian labor force, the attitude that was discouraged by Dr. Kadi or
- 2- Helping *SEDM* by offering economic solutions thru:
 - A- Investing in the Syrian market.
 - B- Attending Investment Conferences.

C- Building communication bridges with *SEDM*, and grasp the opportunity of relatively open door policy, professionalism and acceptable transparency conduct that *SEDM* have, and helping them in their reforming process.

D- Upgrading Syrian labor skills via seminars and workshops, and exchange experiences with the professionals in Syria.

Although the Syrian economy still experiences a lot of complications and hardships on the macroeconomics level which might take time to be straighten, however on the Microeconomic level there is still some hope if Syrian Americans open new communication channel with *SEDM*, through conferences and high level meeting.

Finally, Dr. Kadi concluded by:

- 1) Encouraging the Government to work seriously on enhancing all UN good governing indicators in order for the World perception about Syria to be improved, and to build decent level of trust between investors and the daily governmental economic, financial, and bureaucratic conducts, especially that The Tenth Five Year Plan stated that the total projects which was actually executed declined from 3.7 per cent to 1.9per cent between 2001 and 2003, and the total 121 projects (since 1991) through foreign direct investment (under openness law, number 10) was only \$2.3 Billion.

The only guaranteed mechanism of activating liberal economic policy, harvesting its fruit, and creating appropriate encouraging investment climate, in Dr. Kadi's opinion, is by activating the political compartment of liberal policy too.

For example, freedom of speech via non-governmental free press would act such as an "***early alarm apparatus***" for Syrian decision maker to correct any wrongly doing in the daily economic life, and would rectify any corruption or extortionate conduct that investors and entrepreneurs might experience.

- 2) Encouraging the Syrian Americans to grasp appropriate economic opportunities to contribute positively to the Syrian economy (i.e. Conference in the East region, building factories in the Industrial Cities such as Adra in Damascus, Shikh Najar in Aleppo, or Hasya in Homs), and that would be more feasible thru intensified, continuity and open smooth communication channels between *SEDM* and the Syrian expatriates in general and the Syrian Americans specifically for the welfare of 19 millions Syrian, by creating jobs for them, upgrading their professional skills, and enhancing their standard of living.