

Preface: Syria's road to serfdom

The collapse of Syria's Ba'ath Party marks the closing chapter of a period filled with ideological delusion, economic mismanagement, and uncompromising authoritarianism. What had started as a reaction by large swaths of Syrian society against systemic distortions inherited from the Ottoman and Mandate periods concluded in a tragic cycle of stagnation, inflation, repression, and ultimately, collapse. *Coup in Damascus* traces the origins of this trajectory back to a pivotal moment, when in 1949, Syria's armed forces seized power for the first time against a backdrop of economic turbulence and military defeats. It is then that Syria, and the Middle East more broadly, took its first steps down what Friedrich Hayek so presciently termed "the road to serfdom".¹

Instead of being treated as a distant event, the fall of Bashar al-Assad's regime should serve as a grim reminder of the dangers of State expansion, which always starts with idealism and invariably ends with shortages, mass surveillance, and brutality. Decades of rule under the Ba'ath Party, rooted in the illusions of Arab socialism, culminated in hundreds of thousands of dead and disappeared, a shattered economy, a faltering agriculture, and a fractured society. These failures are not the result of deviations from the "true" doctrines of Statism or socialism; they are the inevitable results of a trajectory that began several decades before the Ba'ath Party's ascent to power, their rule being the culmination of the process.

The seeds of instability

Syria's road to serfdom traces its original path from the closing days of the Ottoman Empire, when deep-seated economic and monetary malaise took hold of the Near East, a process fueled by experimental central banking, currency debasements, massive public borrowing, and rampant inflation. French rule, with its monetary barriers and extractive institutions, only accelerated the process of centralizing economic power in the hands of a

monopolistic urban elite. As a consequence, the countryside became restless, the army became political, ethnic bonds tightened, and radical forms of political and religious practice supplanted bargaining and folkloric traditions. This set the stage for the capture of the State by the armed forces in 1949. Milton Friedman, James Buchanan, and Gordon Tullock had warned, ever since 1962, that economic exchanges are preconditions for participatory politics, and this law knows no linguistic, religious, or geographical barriers.²

The military junta that seized power in 1949 in the hopes of “rectifying” the country’s trajectory did not remedy the ills that had propelled it to the forefront. Quick wins generated through State institutions – rentierism and foreign military aid agreements concluded in exchange for a safeguarding of the financial operations of the Banque de Syrie et du Liban (BSL) – furthered market distortions, leading to an alliance of Syrian and Lebanese bankers, officers, and government officials. As we shall see, such contexts distort political action by impairing bargaining processes and optimal levels of collective decision-making, paving the way for costly unilateral decisions that breed autocracy, violence and instability. The rise of radical contestation, an inevitable consequence, became a justification for greater military spending. One interventionist measure led to another, until Syria’s market was left in shambles and socialism emerged as the cathartic conclusion of the process.

Planned chaos

The Ba’ath Party’s capture of power in 1963 thus needs to be understood as the culmination of this process. The party embraced Arab socialism and a heavy-handed control over economic sectors, supposedly to solve the growing discontent and instability that had been generated by the previous regimes, Soviet advisors poured into the country.³ Forced nationalizations accompanied the expansion of the coercive apparatuses.⁴ Syria descended further into a system that stifled political pluralism, transferred wealth upwards, and, when its obsolescence began to unravel, resorted to the worst forms of State brutality. The chilling images of mass graves that have surfaced recently are not “anomalies”; they are essential features of the process’s design.

By the time the Arab Spring protests erupted in 2011, Syria’s political system had stagnated and shut itself off from the rest of the world, with the “reforms” of the early 2000s being no more than a sequence of privatization that transferred public money to those connected to the regime.⁵ Stagnation brought with it the resentment of a frustrated middle class.⁶ The

violence that ensued and that ended with the collapse of the entire country was a consequence of the absence of bargaining and negotiated political action, conditions that outflow from a functioning market economy. The road to serfdom led those that had embarked upon it to a mass grave.

A cautionary tale

The collapse of Lebanon's economy in 2019 also serves as a sobering reminder of how an entire people's wealth can be destroyed by planners, central bankers, and bureaucrats. Often labeled a free-market success, Lebanon's post-independence economy was characterized by widespread trade restrictions and currency manipulations that granted monopolies to well-connected elites and disallowed the growth of domestic productive sectors. The BSL, based in Lebanon, played a fundamental role in propping up the country's oligarchy and facilitating quick wins for Syria's military regime in 1949, as shall be discussed. The Banque du Liban maintained this system through monetary financing, high-yield incentives and latent seigniorage. Inevitably, the crisis of 2019 led to an upward transfer of wealth and decimated national savings. The calculation problem that ensued made accountability impossible to establish, leaving the people of Lebanon to pick up the bill.

At Davos 2025, EU leader Ursula von der Leyen committed to a dirigiste vision of Europe's future, despite an overtly business-friendly discourse on one hand and the stagnation of European GDP and productivity when compared to those of the United States on the other.⁷ Across the Atlantic, years of excessive credit and government expansion have triggered rampant inflation and an ever-increasing public debt. The new American administration's promise to curtail the slide towards interventionism is being eroded by its unilateralism, tariff wars, and the intensification of executive authority over trade policy. Without course correction, the EU and US risk following a similar trajectory of instability and social discontent, with the unfolding political polarization being a sure-fire sign that we are not far from Hayek's "road to serfdom". This book aims to illuminate parallels and, above all, urges policymakers, citizens and readers worldwide to not fall prey to Statist illusions, to resist attempts at central control, and to embrace a freer, more dynamic economic future.

Notes

¹ Friedrich A. Hayek, *The Road to Serfdom* (Chicago: University of Chicago Press, 2007).

- ² See: Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 2020) and James M. Buchanan and Gordon Tullock, *The Calculus of Consent* (Ann Arbor, MI: Michigan University Press, 1962).
- ³ According to the 1986 report of the United States Department of Defense, “Soviet Military Power,” Syria had the highest number of Soviet advisors of any developing country. United States Department of Defense, “Soviet Military Power” (1986), p.133.
- ⁴ See: Robert Springborg, “Baathism in Practice: Agriculture, Politics, and Political Culture in Syria and Iraq,” *Middle Eastern Studies* 17, no. 4 (1981): 448–464.
- ⁵ See: Eyal Zisser, “A False Spring in Damascus,” in *Orient* (March 2003).
- ⁶ Elena Ianovichina, *Eruptions of Popular Anger* (Washington, DC: World Bank, 2018).
- ⁷ World Economic Forum. “Davos 2025: Special Address by Ursula von der Leyen, President of the European Commission.” *World Economic Forum*, January 2025. See also: European Central Bank. “Developments in Productivity Growth in the Euro Area Compared to the United States.” *ECB Economic Bulletin*, June 2024. https://www.ecb.europa.eu/press/economic-bulletin/focus/2024/html/ecb.ebbox202406_01~9c8418b554.en.html (accessed 7 February 2025).