

Goeconomic Diplomacy Amid Regional Transformations: The Intersection of Interests and the Impact of Neighboring States on Stability Indicators in Syria

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Abstract

This research is a focus on studying the path of transformation of Syria State since 2011 through an international political economy (IPE) lens; however, this will be accomplished by departing from traditional democratic transition theories as they have been unable to address the complexity of Syria's experience. The goeconomic theory has been selected as the theoretical model for this research so that the researcher can assess how the economic and diplomatic tools are being used by other regional actors or states (Jordan, Iraq, and Israel) in order to change the structural forms of the Syrian state and civil society with the intention of advancing their individual national security concerns and interest.

To reach the goals that it has set out, the study is based on an analytical (descriptive) approach to research using quantitative data from trend analyses of the main strategic indicators that can be used as a guide or proxy measure. The three indicators that have been selected are the Kaufman Political Stability Index; the Gini Index of wealth inequality; and the level of military spending per year in relation to each country's GDP. Additionally, this research uses the Case Study Method to break down the comparative weights of both political and military actor roles in the framework of the newly established Transitional Authority.

The outcomes clearly show that changes occurring in Syria are not moving towards a democratic system but instead represent a movement toward an authoritarian regime with the support of regional rents and external funds. As such these changes have led to increased instability within both economic and political systems. Also the data clearly shows that Syria's closest geographic neighbors Jordan and Iraq will continue to employ a “defensive” type of “goeconomic policy” as it relates to Syria to ensure the integrity of their critical “economic & security lifelines”.

Meanwhile Israel appears to be employing a “fragmented entity” approach in Southern Syria to preclude any form of a viable Central State. Overall this research demonstrates that the most probable model for the next stage in Syria will include “fragile authoritarian stability”, whereby the Syrian State will be controlled through a balancing of various regional powers as opposed to being governed through a set of democratic national institutions.

Keywords: Goeconomic Diplomacy; International Political Economy; Stability Indicators; Neighboring States; Regional Transformations; Syria.

1. Introduction

Over time, what began as an intra-state (internal) political struggle and uncertain (democratic) transition for Syria has developed into a much more complicated global geopolitics/geoeconomics situation. For over ten years, Syria has been used by regional and international players as a battle ground where their interests are converging and competing. The transformations that took place throughout the Arab Levant have completely changed the way this conflict is taking shape, changing it from direct combat to the use of geoeconomic diplomacy. Within this frame of reference, borders, trade routes, economic embargos, and rebuilding after conflict will be used by all interested parties to change the basis of how the Syrian government functions politically, economically, socially.

Although a large volume of research has developed regarding the Syrian conflict, most current studies have generally analyzed this subject from both traditional political and security viewpoints; there is relatively little evidence of scholarly research examining how the conflict impacts the role of Syria's neighboring countries who are directly involved in the conflict. Therefore, it is becoming increasingly essential to analyze the changing roles of these neighboring countries. For example, Jordan used geoeconomic diplomatic measures to mitigate the economic implications of the Syrian conflict and maintain the safety of key trade routes and borders. Additionally, Iraq has utilized complex economic and security relationships to exert its influence over the situation. Lastly, Israel has taken actions intended to modify the regional economic and security conditions in southern Syria to further the realization of its long-term strategic goals.

The evaluation of the transformation in Syria is required to go beyond an account of political development. To evaluate the transformation in Syria requires that we assess both the structural dynamics of change inside the Syrian State, as well as the external dynamics affecting it through the broader regional environment. Therefore, this study utilizes the IPE analytical model and international metrics on structural change – such as Gini index of income/wealth inequality, Military Expenditure as a percentage of GDP and measures of political stability - to analyze the structural forces behind what can be considered “externally-supported” authoritarian stability. This analysis also evaluates how neighboring countries and regional powers exploit the contradiction inherent in these metrics as a means to further their geoeconomic interests.

2. General Framework of Study

2.1. Research Problem and Questions

The central issue in this research is that despite the current efforts for a stable political and economic system in Syria, the overall decline in several indicators of stability have been growing due to competitive regional geoeconomic interests. There are large structural changes happening in Syria's governance structure; however, as suggested by trends from the data such as declining income inequality, increased defense spending at the cost of growth, and continued decreasing measures of political stability indicate institutional weakness continue to generate instability, rather than reduce it.

The problem in this challenge has been further complicated by the fact that there have been relatively few systematic studies on how Syria's neighbors (Jordan, Iraq, Israel) as well as other regionally powerful countries (Iran, Saudi Arabia, Qatar, Turkey) are using geoeconomics to influence Syria politically and economically in order to achieve their own foreign policy goals.

Accordingly the study addresses the following principal research question: **“How do geoeconomic diplomacy and the intersecting interests of regional powers and neighboring states influence the trajectory of Syria's economic and political stability indicators amid the current regional transformations”?**

This overarching question is examined through the following sub-questions:

1. How can the results of a quantitative evaluation of the stability indicators - Kaufmann index, gini-coefficient, military spending - be used as indicators for the structural changes in Syria during the last decades?
2. What characteristics and impact have new political and economical actors on the government system of Syria and in which way did this changing structure affect the society of Syria as well as the distribution of the income?
3. In which way use Jordan, Iraq and Israel geoeconomic diplomacies to achieve their strategic interests and how will this change the development of the stability of Syria?
4. To which extend have strategic influences from regional players (Turkey, Iran, Saudi-Arabia, Qatar) influenced the political economy of the new ruling structures in Syria?

2.2. Research Objectives

The purpose of this research is to analyze Syria's development as an International Political Economy (IPE) phenomenon that will move from descriptive to a strategic quantitative analysis for its regional influence. To achieve this goal, this research will attempt to:

1. Analyze trends in economic and political stability indicators for Syria by analyzing long-term trend information on kaufman's political stability index, the gini index, and military expenditure rates over time.
2. Evaluate dominant actors within Syria's emerging structures of governance (political), as well as marginalized actors and evaluate how this relative configuration affects distribution of both authority and resources.
3. Consider how neighboring countries (Israel, Jordan and Iraq), have altered Syrias' geo-economic and geo-security positions and what tools each of them has used as a tool for protecting their own national interest.
4. Evaluate the effects that Turkey, Iran, Saudi Arabia and Qatar have had with regard to the creation of an emerging political structure within Syria, and to its primary indicators of stability.

2.3. Significance of the Study

The findings of this study will contribute to the existing body of literature that focuses on the Syrian crisis. The significance of this study can be viewed as being based on a theoretical and practical basis.

- **Theoretical Significance:** This study goes past the typical assumptions of democratic transition theory and the inability to explain what occurred in Syria after 2011. IPE is used as the basis for an analytical model. This model combines quantitatively measured international data, with a focus on geographically strategic actors, particularly Jordan, Iraq, and Israel; who are generally under studied by scholars. As such, this analysis represents an enhanced explanatory model regarding the effects of external intervention on the loss of political and economic stability within Syria.

- **Practical Significance:** The results provide the empirical basis that policymakers, international bodies and neighbouring countries need in assessing both Syria's changing political structure and what is possible in terms of rebuilding after conflict.

More generally, the research provides additional evidence to inform policy debates on how geoeconomic diplomacy could be used as a tool to promote regional peace and stability.

2.4. Research Hypotheses

This study is guided by the following principal hypothesis:

Economic and political instability in Syria are negatively correlated to geoeconomic interest from surrounding countries and regional players as the intensity of regional competition increases, resulting in greater reliance on geoeconomic tools (diplomacy) and corresponding declines in economic equity and institutional stability, supporting the notion that an unstable government will persist. The principal hypothesis is examined through the following subsidiary hypotheses:

- **Hypothesis One:** An imbalance in the relative influence of actors within Syria's emerging governing structure—characterized by the dominance of certain groups and the exclusion of others—is positively associated with deteriorating development indicators, increasing income inequality as measured by the Gini Index, and rising military expenditure as a percentage of gross domestic product (GDP).
- **Hypothesis Two:** Jordan, Israel, and Iraq have greater influence over Syria's internal economic and security structures through their geoeconomic diplomacy than do other global superpowers in terms of traditional influence.

2.5. Methodology of the Study

This research uses a mixed-methods approach to IPE as it is appropriate for studying such complex phenomena and is limited by traditional qualitative or quantitative methods. The use of both qualitative and quantitative methodologies provides a more robust understanding than would be possible using either methodology alone.

- **Descriptive–Analytical Method with Quantitative Measurement:**

The Study used Descriptive-Analytic method that utilizes Quantitative Measurement for Structural Transformation in Syria during the Long-Term Period. Instead of Just Documenting Events as They Happened, this Study Measures Key Indicators At the Beginning and End of the Study Time Frame to Identify Trends Over Time.

1. **Political Stability Index – Kaufman-** used to document the changes in political stability and compare them using values ranging from +2.5 (the highest level of political stability) through -2.5 (the lowest level of political stability).
2. **Gini Index** - compares the income/wealth distribution prior to and during the Syrian civil war; also used to measure social-economic inequality within the context of the political economy of war.
3. **Military Spending as Percentage of GDP** - documented to provide an analysis of the change in military spending and the potential long term structural impact of this spending upon the Syrian economy including the allocation of public funds from social economic programs toward the cost of defense.

- **Case Study Method:**

The study also uses a case study approach in combination with geoeconomics analytical methods to identify the governance structure that has formed within Syria. The study specifically seeks to assess the degree of political power and economic influence for those who are powerful as well as those who are powerless (minority communities; religious and non-religious armed groups) within the current transitional governance regime.

- **Foresight Method (Scenario Analysis):**

To investigate future developments the study develops an original analytical framework oriented towards foresight using scenario analysis. This framework integrates key variables identified both through quantitative and qualitative components of research and allows construction of coherent scenarios consistent with structural features of Syria.

In addition to the baseline trajectory, three alternative paths of development – optimistic, realistic and pessimistic — have been constructed based upon how a number of regional actors may interact with one another through their geopolitical interests and geoeconomics policy actions; rather than rely upon outside forecasting models, they were generated using the empirical evidence and structural dynamics that were presented in this study.

2.6. Literature Review

In order to evaluate the geoeconomic transition of Syria, the relevant literature was thoroughly examined and evaluated in terms of its critical potential. The current scholarship is divided into two general thematic areas; together they enable us to assess the research gap that is being addressed by this research project.

2.6.1. Theme One: Geoeconomic Approaches and the Role of Regional Actors (Israel and Neighboring States)

1. *Hamdi Mahmoud (2025). The New Syria and the Israeli Challenge: Confrontation Strategies and Future Paths* [1].

The research here explores how Syrian President Bashar Al Assad has responded to the Israeli security concerns such as the occupation of the Golan Heights, the Israeli backing of a number of separatist movements, the weakening of the Syrian Military and Turkish growing presence in Syria.

Using a political analysis, this research indicates that the Syrian government attempted to deal with its problems in managing the challenge of Israel without fighting directly with it. The study shows that the Syrian leadership was able to do so because they were able to comply with the Disengagement Agreement (1974), strengthen internal cohesion and achieve international legitimacy, increase cooperation with Turkey and therefore implement an effective policy of pragmatism at home and abroad.

2. *Ibrahim Abdul Karim (2025). Southern Syria and the Risks of Israeli Control* [2].

This study examines Israel's increasing involvement in southern Syria based on post-December 2024, Hebrew-language publications. The study also assesses whether Israel's influence is solely limited to military/defense issues; or if there are other areas, (political/economic) with regard to creating a framework for the future governance of Syria in its southern region.

The conclusion of the study is that Israel has used recent political trends in order to create regions for establishing zones of geoeconomic influence that will both isolate Syria from its surrounding region as well as produce a demographic/economic reality that will meet the national security needs of Israel.

3. *Gideon Sa'ar and Gabi Siboni (2015). Farewell Syria* [3].

This research offers an Israeli strategic vision of how Israel can engage with Syria as it is now split into various politically distinct entities. Using a strategic analysis methodology, the authors provide an argument that the days of a single unified government in Syria have passed and that Israeli foreign policy should be adjusted to interact with these new forms of governance which are organized on sectarian, ethnic, or geographic lines.

The primary contribution is that it identifies, at an early stage, Israel's long term strategy of using both economic and security tools in order to preclude a new strong Syrian State from emerging. At the same time, it identified Israeli interests as being focused on establishing and maintaining influence in Southern Syria, rather than achieving a total political solution for the country.

2.6.2. Theme Two: Political Economy and Stability Assessment

1. *Daniel W. Bromley (2022). The Confusions of Democracy: The Arab Spring and Beyond* [4].

The focus of this research is on the social economic conditions that caused the start of the Arab spring and evaluate the success of these uprisings in producing democratic transformation specifically in Syria.

Using an analytical comparison of statistical and economic data for five Arab nations, the research study finds that the transition to democracy across the Arab region was in the early stages when these movements occurred; and that high unemployment and increasing cost of living were primary factors motivating protests and other demonstrations during this time. The researchers also conclude that there are no existing institutions or political culture that would support and sustain democratic systems within the Arab World.

2. *Benedetta Berti (2018). Stability in Syria: What Would It Take to Make It Happen?* [5].

The findings of this research show the most important elements necessary to create a lasting period of stability in post-conflict Syria. The research is focused on the three key areas needed for a stable future in Syria; namely; Reconstruction, National Reconciliation and Institutional Development.

This report uses a descriptive case-study method to examine the political, social, and economic aspects of achieving stability. Ultimately, a sustainable peace will require an extensive program of comprehensive political reform, inclusive government (inclusive representation), reconstruction of state institutions based on democratic principles, meaningful national reconciliation, and coordinated international support for reconstruction and development.

2.6.3. Critical Review of Previous Studies

The findings of this research show the most important elements necessary to create a lasting period of stability in post-conflict Syria. The research is focused on the three key areas needed for a stable future in Syria; namely; Reconstruction, National Reconciliation and Institutional Development.

Studies in the first theme— Hamdi Mahmoud (2025), Ibrahim Abdul Karim (2025) and Gideon Sa'ar and Gabi Siboni (2015)—have focused primarily on Israeli strategy and the policies of Syria's new leaders, whereas they have devoted much less emphasis toward the structural economic impact of such a strategy upon Syria's institutional structure as well as its socio-economic systems.

Secondly, while studies such as Benedetta Berti (2018) and Daniel W. Bromley (2022) have recognized the potential for socioeconomic factors—such as unemployment and distributive inequality—to shape economic relations among countries in the region; they are primarily based upon qualitative analysis, and lack the robust quantitative indicators necessary to assess whether or how these conditions may be changing over time.

Thirdly, the current research has given a lot of consideration to the role of both Israel and Turkey within the regional context of this conflict but paid much less attention to the geoeconomic diplomatic efforts of Syria's other neighboring states even though those states have had a great deal of impact on managing and evolving the conflict.

2.6.4. Research Gap

The foregoing review identifies three principal gaps addressed by the present study.

1. Quantitative Methodological Gap

Previous research relies on international politically oriented measures (Kaufman Political Stability Index) and economically oriented measures (Gini Index), in addition to a variety of military spending metrics to measure how long term structural patterns have developed over time during the Syrian Civil War. However, they are all based on some form of a description of the political changes that took place.

2. Gap in Assessing the Distribution of Power

Existing literature has not undertaken a consistent quantitative analysis of how much weight political and social actors including armed groups, minority communities and civil society organizations have in determining the configuration of political power within Syria's developing political structure; nor has it investigated how this configuration affects the manner in which wealth is distributed as well as how public funds are allocated.

3. Regional Geoeconomic Gap

The geoeconomic roles of Syria's neighboring Arab countries have received little or no scholarly focus within the context of Syria's on-going transition. Specifically, there is a lack of scholarship examining Jordan's geoeconomic diplomacy which is important for maintaining regional stability; securing trade corridors and safeguarding economic security. Similarly, there is a comparative dearth of scholarship with regards to Iraq's regional role and Israeli efforts to alter the political economy of Southern Syria.

2.6.5. Contribution of the Present Study

The present study responds to the research gaps identified above and contributes to the existing literature in three main ways.

1. Methodological Rigor: Moving from Description to Measurement

Although most of the previous research in the area have used mostly descriptive methods for the understanding of the data, this study will also include an empirical quantitative aspect. This quantitative dimension is based upon a comparison of internationally accepted indicators (Political Stability Index, Gini Index, Military Expenditure) at different times during the course of the Syrian Conflict. The use of a comparative approach allows for the identification of long term structural trends within the data as opposed to analyzing each event individually or short-term political occurrences.

2. Quantitative Assessment of Syria's Emerging Political Order

A theoretical model was developed to assess the degree to which different actors have real (as opposed to formal) political and economic influence on Syria's transition government from 2024-2025. In addition to assessing who are part of the new political order, it will assess who remains outside the process. Thus, a way to evaluate the extent to which the transition process has become inclusive as opposed to continuing authoritarianism.

3. Focus on the Geoeconomic Diplomacy of Neighboring States

A new factor is represented by the focus of this study on the strategic positions of the states that are directly adjacent to Syria (Jordan, Iraq). In fact, it analyzes how these two states make use of geoeconomic tools to deal with the consequences of the conflict in Syria, as well as to protect their own security and economic interests against a backdrop of larger-scale changes at the level of the region.

3. Theoretical and Conceptual Framework

The study draws on the geoeconomic approach, situated within the broader field of International Political Economy IPE as its principal theoretical framework.

3.1. Conceptual Foundations of the Geoeconomic Approach

The contemporary definition of "geoeconomics" has a strong connection to Edward Luttwak's writings as a strategic thinker and he worked at the Center for Strategic and International Studies (CSIS). In his writing from the early 1990s, Luttwak indicated that there had been an ongoing shift toward using economic tools to further national security interests instead of traditional military force.

In his opinion the economics of international conflict was becoming increasingly represented by trade, investment, resource access and economic dominance. States are also beginning to utilize other forms of military power than traditional warfare, i.e.,;sanctions, control over supply chain logistics, acquisition of critical infrastructure for the state, and conditional financial support as either an alternative to, or a complement to, traditional military action [6].

In terms of geography in the Middle East, geoeconomics is about more than just where economic interests are located on a map. It's also about using your location for economic purposes and using economic tools to alter both the physical space you have (territory) and the politics that control what happens there. The way regional powers and neighboring countries do this is through geoeconomic diplomacy. Regional powers and neighboring countries can protect their national security and pursue strategic goals through geoeconomic diplomacy to affect how trade occurs; how resources flow into or out of conflict affected nations; how investments occur in those nations; and how those nations conduct foreign policy [7].

3.2. Theoretical Variables and Analytical Tools

The analytical framework is organized around the relationship between two main variables.

- **The independent variable:** Geoeconomic diplomacy undertaken by neighboring countries or regional powers. The degree that they have external influences on the allocation of Syria's resources; in addition to transit corridors for reconstruction and/or attempts to create connections between Syria and the regional economies or isolate it from them.

- **The dependent variable:** Economic & political stability in Syria. These variables will be measured using a number of quantitative measures. They include the Gini Index (income distribution); the Kaufmann index (political stability) and, as an indicator of how much national resources are being used for unproductive/developmental uses instead of for production and development, military expenditures.

3.3. Applying the Geoeconomic Approach to Syria, 2011–2025

The Syrian case provides a particularly useful setting for examining geoeconomic competition in practice. Three analytical pillars guide this application.

- **The First Pillar: Economic Fragmentation as an Instrument of Regional Influence**

The devastation of Syrian infrastructure from a geo-economic perspective can't simply be seen as byproduct of war; rather it has to be viewed within the framework of each actor's strategy (including the U.S., Russia, Iran, and Turkey) that is vying for their own respective spheres of influence both politically and economically.

The extended civil war fractured what was once a somewhat unified national economic system. Localized war-based economies were formed by the power of armed factions; local mediators or brokers who dealt with other parties; and international funders. These factors diminished the ability of Syria's government to govern itself autonomously and it now relies heavily upon foreign donations and patronage from regional states. The civil war has also caused an erosion of distributive justice which is exemplified through the increasing Gini index.

- **The Second Pillar: Defensive Strategies of Immediate Neighboring States**

The behavior of Jordan, Iraq, and Israel may be interpreted as a response to the geoeconomic risks generated by the Syrian conflict.

Geoeconomic diplomacy has become an essential aspect of Jordan's foreign policy rather than a discretionary choice. The priority of its focus is to ensure that key transportation lines through the region continue to flow; to manage the socio-economic burdens stemming from refugee populations in the country; to limit the growth of smuggling networks and illicit trade across the Syrian-Jordanian border. Each of these objectives are all directly related to Jordan's larger objective of maintaining economic stability and secure borders.

Israel's approach in Southern Syria is to create fragmented economic entities and Security Buffer Zones. These are intended to undermine efforts toward establishing a single united Central Government which will allow for the restoration of Syrian State Control throughout the entire Region.

- **The Third Pillar: The Priority of Authoritarian Stability over Democratic Transition**

Geoeconomic analysis provides insight into why some of the most powerful nations in the world will express public support for democratization while they simultaneously seek to maintain stability, protect their own access and interests as well as predictability.

While some nation-states will advocate on behalf of democracy at home and abroad, they will typically have an interest in maintaining a level of authoritarian stability that allows them to secure their business transactions with other countries; allow for the protection of transportation and energy corridors and ensure that the reconstruction related costs are paid back.

This helps to show why Syria's new political system is using many of the same tools for controlling society as the old regime did. The fact that Syria is still at the bottom of the Kaufmann Political Stability Index does not just reflect how fragile the institutions are; it also shows there is no lasting political solution. Instead of being supported by general domestic approval, this transitional government remains dependent on international support, local patronage and external rents.

4. The Political Economy of Syria's Transformation: Stability Indicators and the Distribution of Power

This Part proceeds from the assumption that political transformation in conflict-affected states cannot be understood simply by recording changes in governments or leadership. A meaningful assessment requires closer attention to structural changes within the state, the economy, and society.

The Part therefore examines Syria's political economy in two related stages. It first analyzes the long-term movement of internationally recognized stability indicators and then evaluates the relative influence of the political and military actors that have gained power within the emerging order.

4.1. Social and Economic Transformations in Syria after 2011

Since 2011, Syria has undergone far-reaching political, social, and economic change. The uprising, the militarization of the conflict, and the subsequent involvement of external powers weakened many of the institutional foundations of the centralized system that had governed the country for decades. These developments also transformed the relationship between the state and society.

The following portion examines the main attributes of Syria's political system in both the pre- and post-crisis eras. In addition to examining the social and economic effects of the conflict, this section will assess how such an occurrence has influenced the potential for a democratic transformation as well as building institutions that are inclusive.

Drawing from the article "Syria's Troubling New Order" by Zaid Al Ali (Foreign Policy, 2025), the most important features of the Syrian political system are [8]:

- **Before the Crisis:**

Political life in Syria prior to 2011 was controlled by the Arab Socialist Ba'ath Party; it has ruled Syria since 1963. The concentration of authority in the office of the President increased under Hafez al-Assad and continued to increase after his death with Bashar al-Assad. Opposition movements have been consistently oppressed throughout Syria's history as a result of limited political freedoms.

The government's extensive surveillance apparatus suppressed the ability to organize opposition to the state. While there have been some efforts at reform since the 2012 Constitutional Referendum, the reforms did little to redistribute power or promote actual political diversity among parties.

- **After the Crisis:**

Following the fall of the Assad government in December 2024, Syria began to enter a transitional period with Interim President Ahmad Al Sharaa. In March 2025, an initial framework for a new constitution was introduced. The temporary constitutional framework set up a Presidential System and kept Islamic Sharia as one of the primary sources of law. Also within the temporary constitutional framework, it allowed for a provisional People's Assembly.

Institutional reforms in this regard did not eliminate underlying difficulties that are associated with the transitional process. Divisions based on sectarianism continue to exist as do problems related to the role of Islamists in the governance framework; national reconciliation is a challenge, while representation by Kurdish groups in the transition was limited thereby raising serious questions concerning whether or not the transitional process is inclusive and legitimate.

The combination of the above factors clearly highlights the difficulty of implementing democracy when both authoritarian structures continue to be present within state structures, and there is a lack of viable mechanisms for promoting democracy

The political systems before and after 2011 may therefore be summarized as follows:

- **Before 2011:** Political authority was highly centralized in the presidency, while the Ba'ath Party exercised near-total dominance over public life and allowed little meaningful political competition.
- **After 2011:** Despite constitutional amendments, coercive practices continued, internal divisions widened, and a variety of political and armed actors emerged across the country.

The social and economic changes that occur as part of democratic transformations. For example, a severe economic crisis (e.g., unemployment) can reduce the legitimacy of an authoritarian government and increase the demand for reform by citizens. As incomes decline and income disparities become more apparent, citizen's trust in their governmental institutions is reduced and they demand greater institutional responsibility and fairness.

Political culture and changes in social structure are just as important. The higher the level of education and political knowledge that people have, the better they will be able to make demands on government to protect their rights and participate in governmental decision making. As such, political culture based upon a pluralistic or tolerant view is not simply conducive to democracy. It is also a requirement for democracy to become a widespread cultural practice as opposed to a mere constitutional arrangement [9].

The country's economic reform during its years of peace were a product of neoliberalism. This includes an increase in private ownership as well as reduced or eliminated government subsidy of food and other basic products. Together these created greater divisions among the country's social classes which lead to some of the grievance that led to the 2011 uprising.

More recent signs indicate Hay'at Tahrir al-Sham is also likely to follow a similar market oriented economics policy if implemented without proper social protections, this could lead to a further widening of income gaps; an extension of poverty as well as a weakening of productive development. The same structural issues that led to the original uprising are among these.

Democracy can't simply reduce itself to elections; nor can social justice be confined to an economy with unregulated markets. Therefore, in order for meaningful political participation by citizens to occur, they need to have the power of influencing decisions about how the economy is run and living standards which will allow them to become informed and active participants in civic affairs [10].

The available evidence appears to suggest that Syria's social and economic changes have reduced, instead of increased, the chances of a democratic transition. The most significant aspects of these social and economic changes are the following:

- **Social changes:** Sectarian and ethnic divisions in Syria were exacerbated by the war and millions of people were displaced internally or externally as a result of this conflict.
- **Economic changes:** Due to the war that took place in Syria, there has been extensive damage to its infrastructure. As a result, the economy contracted drastically. Poverty rates increased greatly. Employment is now at very low levels.

4.2. Trend Analysis of Economic and Political Stability Indicators, 2011–2025

To transcend the descriptive limits that have defined previous studies on the Syrian crisis this study follows the development of three well-established international indicators of a country's political and geoeconomic transformation from the start of the conflict in 2011 until the establishment of an interim government in 2025:

4.2.1. The Kaufmann Political Stability Index

The Political Stability and Absence of Violence/Terrorism indicator (also known as the PSVT) is compiled through the Worldwide Governance Indicators (WGI) project of the World Bank. This measure of political stability is the most commonly utilized in academic research and it varies from about +2.5 which indicates that there is very little political risk to -2.5 which would indicate a large amount of political risk [11].

- **Trend Analysis**

Syria's relative low score in 2010 (−1.1) indicated the level of authoritarian stability present in the country at that time. The stability itself was based on three factors: central authorities; an extensive security apparatus and a formal suppression of organized opposition.

Once the military took control of a war zone that was at least somewhat violent, the measure dropped rapidly. The Syrian Arab Republic ranked last in terms of the "peace" measure from 2013 to 2023; in addition to being last, the scores ranged roughly between −2.1 and −2.6. This decline is an indication of the extent to which the regime's monopoly on violence had deteriorated along with the breakdown of its legitimacy as well as the fragmentation of its institutions.

- **Geoeconomic Interpretation**

Although the fall of the former Syrian government was followed by the formation of an interim government and although the conditions for the indicator were initially improved, Syria then fell into a period of "negative stability" during which the index remained near -2.4 for some time.

This continued weakness is indicative of how little institutional development (stability) or legitimacy have developed under the emerging governance structure. It has instead used central control and regional political agreements as a basis to maintain at least a minimal degree of authority.

This fragile equilibrium serves the interests of both economic and geostrategic interests better than it facilitates any real political transformation. The equilibrium will maintain a level of administrative continuity and protect the interest of outside actors in maintaining their sphere of influence; however, there is no resolution for the structural factors that create instability within institutions.

Table 1 shows Syria's Political Stability Index in a comparative analysis (2010-2025) with an overview of how it transitioned from being a state with centralized authoritarian governance towards a condition of protracted institutional fragmentation. The information provided here is based on the Worldwide Governance Indicators and will assist in identifying a trend of continued

instability for Syria; this will also help to identify whether or not there are changes within its geoeconomics that have been responsive to evolving conditions.

Table 1. *Evolution of Syria's Political Stability Index, 2010–2025*

Year	Value	Researcher's Qualitative Interpretation
2010	1.12	Centralized Authoritarian Stability
2011	2.13	Initial Destabilization and the Outbreak of Popular Protests
2012	2.46	Escalation of the Conflict and the Erosion of Central State Authority
2013	2.47	Peak of Violence and Open Armed Confrontation
2014	2.35	Expansion of Non State Actors
2015	2.44	Collapse of the State's Monopoly on the Legitimate Use of Force
2016	2.60	Extreme Political Instability amid Intensified International Intervention
2017	2.45	Reconfiguration of the Military Balance of Power
2018	2.42	Continued Regional Competition over Strategic Territory
2019	2.45	Stalemate on the Battlefield
2020	2.35	Persistent Conflict and the Proliferation of Armed Actors
2021	2.37	Institutionalization of the "No War, No Peace" Situation
2022	2.44	Institutional Exhaustion and the Absence of Recovery
2023	2.44	A State of Geopolitical Stalemate
2024	2.37	Negative Adaptation (Fragile Stability)
2025	2.37	Institutional Stagnation (Status Quo)

Source: Prepared by the authors using *World Bank 2025 data from the Worldwide Governance Indicators (WGI)* [11]

The sharp drop off in the score from -1.12 (in 2010) to -2.13 (in 2011), in just one year; as indicated by table one, also indicates significant changes in the trends of Syria's political stability. The most obvious is that this marks a break down of the authoritarianism which was maintained for many years with use of strong central government institutions, and an extreme amount of security control.

A second and perhaps most significant development has been the ongoing presence of the index in a profoundly negative value for nearly another decade. The score did not continue to decrease but rather it stayed at approximately -2.4 and indicated Syria had entered into a long-term period of low level institutional equilibrium.

This trend supports the study's idea of "Fragile Authoritarian Stability." The data available does not show that there has been enough collapse to lead to the removal of the current political structure. It also does not indicate real institutional restoration, or improved governance. Therefore, based on this information, Syria seems to be transitioning from a period of total breakdown into a time of controlled instability.

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4.2.2. The Gini Index and Wealth Distribution

The Gini Index is an index used to measure inequality in the way people are distributed among the income/wealth spectrum within societies. It has a value of 0 at one end (which would be perfect equity) and a value of 100 at the other end (which would indicate total inequity).

• Trend Analysis

By and large, there was some level of moderate income inequality for Syrian regions as measured by Gini values between 1996-2009. The overall Gini values during this time were roughly between 35.2 to 40.4. The fact that there was some evidence of structural issues with regards to income distribution does provide insight into what would appear to be a larger than average middle class within the overall economic structure.

As the conflict became increasingly militarized, and as external involvement expanded, the nature of this structural relationship was drastically changed. As productive sectors declined, and as income in households decreased; the middle-class gradually eroded. Instead, localized war-based economies were created, many times run by armed groups, commercial entities that serve as intermediaries, and politically-connected individuals who have access to resources from outside.

• Geoeconomic Interpretation

Data from the transitional period indicate that economic inequality is entering a new stage. The 26.6% figure of 2022 should not be taken to indicate that there is greater distributional equity. Rather, this represents what is commonly referred to as "equality in poverty," where decreasing income levels and the disappearance of the middle class have pushed most people down into similarly poor standard-of-living conditions.

By 2025, emerging patterns suggest a shift away from this compressed form of poverty and toward class differentiation that is both renewed and more visible than in the past. Subsidy reductions, market-oriented reforms and the concentration of border-crossing revenues and external trade in the hands of dominant political and armed actors have all contributed to this development.

The effects of this are an unstable political climate based on the exclusion from economics. The State has maintained some level of administrative continuity but there is no longer equal access to the economy, as it is now based heavily upon political allegiance, military power, and foreign backing.

This makes the Gini Index a good way to chart such structural changes. It measures inequality for many countries and Syria's use of it over time (between 1996 and 2022) can be divided into two stages: First, increasing inequality that occurred as a result of Syria's slow transition towards a free-market economy. Second, an economic contraction due to war, extreme poverty, and the loss of the middle-class.

Table 2. *Evolution of the Gini Index in Syria, 1996–2022*

Year	Value	Researcher's Qualitative Interpretation
1996	35.2	Structural Adjustment and Gradual Economic Liberalization
2003	37.5	Growing Socioeconomic Inequality during the Early Transition toward a Market Economy
2004	35.8	Fluctuations in Income Distribution Following Limited Monetary Reforms
2006	40.1	Widening Income Inequality under the Implementation of the "Social Market Economy" Policy
2009	40.4	Peak of Income Inequality and Wealth Concentration Prior to the Outbreak of the Crisis
2022	26.6	"Equality in Poverty" Resulting from the Erosion of the Middle Class

Source: Prepared by the authors using data obtained from *The Global Economy*, which compiles statistical information from the World Bank and other international organizations [12].

The data in table 2 also show that there is clearly a difference of two different stages or periods for Syria's social and economic development. During this time before the civil war (the pre-civil-war stage) the Gini Index was continually increasing to reach its peak level of 40.4 in 2009.

The subsequent drop to an Index value of 26.6 for 2022 is a number that may be misleading; rather than reflecting an improvement in income distribution or economic recovery, this Index reflects "poverty convergence" (the poor getting poorer faster).

The reduction of the middle class, as well as the significant decrease in household income and purchasing power has brought about a compression of income differences through the downward trend in many people's living standards. Therefore, the reduced Gini Coefficient is not indicative of an increase in income equity but rather an indication that most people are at very similar income levels due to poverty.

The drop in the Index can be viewed as an empirical result of widespread general economic difficulties, and is therefore not indicative of positive social or developmental trends. Thus these results support the study's conclusion that Syria has undergone a deep and substantial structural contraction to its economy, but it has not had a real socio-economic recovery.

4.2.3. Military Expenditure as a Percentage of Gross Domestic Product

A major aspect of many political economies that are characterized by an authoritarians' control of state institutions, as well as their reluctance to relinquish power to democratically elected officials, is the growing proportion of national wealth being allocated for military purposes in place of economic and social development.

- **Trend Analysis**

There is evidence of an overall trend toward increased military spending as a percentage of Gross Domestic Product (GDP). Military expenditure was about 5.9 percent of GDP each year from 2010 through 2011; by 2022 it had risen to about 6.5 percent; it also remained at roughly the same amount in 2025.

The rise in the percentage may seem small but it has to be considered against a backdrop of years of negative economic growth for Syria. In this time as output decreased, Security and Military institutions absorbed an increasing percent of total government spending. These trends continue to reflect the ongoing establishment of a war-based economy where spending on Security continues to take precedence over investing in productive activities or social welfare programs.

A consequence of this has been the continuation of weak productive sectors and a continued diversion of limited available funding to be used for reconstruction, job creation, and public service.

- **Goeconomic Interpretation**

The decrease in the scale of warfare since the fall of the last administration did not cause a significant shift in the overall pattern of public spending. The new governments still have a very heavy dependence on outside financing (largely from Turkey, Qatar, and Saudi Arabia) while also having an equally large number of various armed groups for which they will need to provide continuing funding.

As a result public expenditure continues to be shaped primarily by military and security considerations rather than developmental priorities.

The financial system is quite restrictive when it comes to a self-governing democracy and also to an independent economic recovery. It actually makes the dependency on foreign sponsors (regional) more likely; these will have political and strategic interests that can shape Syria's fiscal priorities and other general policies.

The following table has a diagnostic review of Syria’s institutional transformation from 2010 to 2025. Rather than looking at separate numerical values alone, it utilizes three different indicators of institutional change to evaluate larger patterns of change: The Political Stability Index by Kaufman, the Gini index, and military spending as a percentage of the Gross Domestic Product.

Taken as a whole, this set of indicators provides an integrated theoretical structure to understand how declines in state legitimacy are creating economic disparities that are leading to increased reliance on security-focused approaches to governing at the expense of developmentally focused approaches. In aggregate, it presents a significant data-based foundation for analyzing the geo-economic dynamics responsible for transforming Syria from an authoritarian regime with stable institutional structures into an unstable, structurally fragile regime.

Table 3. *Economic and Political Stability Indicators: Trend Analysis (2010–2025)*

Indicator	Value (2010)	Value (2011)	Value (2022)	Value (2025)	Trend of Change (Trend)	(Goeconomic Implications)
Kaufman Political Stability Index	1.12	2.13	2.44	2.37	Sharp and Sustained Deterioration	Transition from Centralized Authoritarian Stability to Chronic Structural Fragility
Gini Index (Income Equality)	40.4	39.0	26.6	—	Forced Convergence into Poverty	Erosion of the Middle Class and the Emergence of Elite Centered War Economies, Resulting in "Equality in Poverty"
Military Expenditure as a Percentage of GDP	%5.90	%5.90	%6.5	%6.5	Unsustainable Expansion of Military Expenditure	The Dominance of the War Economy and the Prioritization of Resources for Military and Security Institutions

Source: "Prepared by the authors using data compiled from *The Global Economy the World Bank*" (2025) [11], and the *Geofactbook* (2026) [13].

The three indicators from table 3 collectively demonstrate that there has been a basic shift in the economic structure of Syria. The development are interrelated and each indicator is part of the overall political and social changes that have occurred. Indicators reflect an ongoing pattern of political control, concentration of wealth, and how government funds will be allocated.

1. Kaufman Political Stability Index.

The decrease in the index from −1.12 in 2010 to −2.37 in 2025 shows an even greater weakness in the ability of the Syrian government to utilize its institutions as instruments for carrying out public authority and maintaining territory under its control. Furthermore this trend also illustrates how Syria has moved from being a relatively stable Centralized Authoritarian regime which had enough institutional resources to maintain some level of stability; to becoming a regime with persistent institutional instability and chronic insecurity.

2. Gini Index.

When we see that the Gini coefficient dropped from 40.4 to 26.6 we are seeing "poverty convergence" as opposed to evidence of a better income distribution or greater social justice. Poverty convergence occurs when there is a contraction of the middle-class and decline in household income for people throughout the economy and therefore, a decrease in the difference in standard of living due to increasing numbers of individuals experiencing some level of economic deprivation. Therefore, while the lower Gini number is an indicator of the increasing concentration of wealth (and therefore productive assets) among a smaller political/economic elite, it also indicates widespread poverty not a more equitable distribution of national wealth.

3. Military Expenditure.

Military spending was in general terms at roughly 6.5% of Gross Domestic Product (GDP) throughout this time. The long term impact of this is to show how much of a war-based political economy has become. A lot of resources are being used to support military and security institutions which would be better spent supporting reconstruction efforts, and making investments to create jobs and develop society. It limits the opportunity to achieve a sustainable economic recovery and maintains the states dependency on the governance model that prioritizes national security.

Overall, the cumulative evidence indicates that Syria's transformation after 2011 is different from traditional models of development. It appears to be an evolutionary process where the power to govern (political) as well as access to capital (economic) are becoming less and less dispersed among all actors with greater control by fewer actors. Security issues continue to take priority over inclusive economic growth, institutional development, and social welfare.

4.3. The Relative Weight of Key Actors in Syria's Emerging Political Order and Their Geoeconomic Implications

Understanding Syria's post-2024 political order will require considerably more than simply analyzing its constitutional framework and/or formally altering the institutional landscape. Understanding Syria's political and military distribution of power and identifying who controls Syria's primary tools of political authority as well as its most valuable economic resources will be required in order to explain why the possibilities of real political pluralism are so limited during the transitional period.

An examination of the emerging governing structure under Ahmad Al Sharaa reveals a pronounced imbalance in the distribution of both political authority and economic influence.

4.3.1. Dominant Actors (Political Authority and Economic Control)

Understanding Syria's post-2024 political order will require considerably more than simply analyzing its constitutional framework and/or formally altering the institutional landscape. Understanding Syria's political and military distribution of power and identifying who controls Syria's primary tools of political authority as well as its most valuable economic resources will be required in order to explain why the possibilities of real political pluralism are so limited during the transitional period [14].

Its military advantage was quickly translated into economic influence through control over key administrative institutions and strategic sources of public revenue.

- **Control of Strategic Economic Gateways**

HTS and its allies took control of Syria's most important border crossings to Turkey and Jordan. After the Syrian economy collapsed, these border crossings were an essential source of government income for HTS. The Bab al-Hawa border crossing is one example that has produced up to \$15 million in monthly customs duty from the imposition of tariffs on imports [15].

By 2025, Interim President Ahmad Al-Sharaa had created the General Authority for Borders and Customs as an institution that would be responsible for coordinating the management of all borders in one place. The creation of this authority provided the government with the opportunity to provide greater centralized control over how funds were distributed from customs, and by controlling these funds, it was able to gain additional political influence [16].

- **Centralization of Political and Financial Authority**

The Transitional Administration (TA) could channel foreign aid directly into institutions that were associated with the new political elite because HTS controlled all of the key ministries in Syria, including those for finance, economy, defense, and interior [17].

Financial support from Saudi Arabia and Qatar improved the government's budgetary situation but the centralization of power and finances has not been accompanied by a widening of socio-economic opportunities. Rather it appears that many of the centralized structures from the previous regime have remained in operation. Customs revenue and foreign aid appear to be largely used to enhance state security apparatuses as opposed to increasing availability of public goods or accelerating reconstruction efforts.

4.3.2. Marginalized and Excluded Actors (Goeconomic Marginalization)

The centralization of political power was accompanied by an exclusionary pattern of influence for many key political and social entities. Therefore, a number of crucial issues arise as to the degree to which the transition in Syria is inclusive

- **Kurdish Exclusion and Goeconomic Fragmentation**

Kurdish political actors —especially the SDF— have been excluded from significant involvement in the central government despite their control over lands with about half of Syria's oil reserves and almost 55% of Syria's total wheat production [18]. The effects of this omission are far reaching, but political is just the tip of the iceberg. This limitation on cooperative action by Damascus with the resource rich north east of Syria has further entrenched goeconomic fragmentation and therefore has diminished the states ability to recover autonomously economically [19]. In addition, oil revenues accounted for about 77 percent of the income of the Kurdish Autonomous Administration in 2025. However after the major oil fields were transferred to the Central Government in January 2026; the Kurdish authorities lost their chief means of generating revenue [20].

- **Marginalization of Minority Communities and Civil Society**

Most of the representative voices of minority groups —including those of the Druze in As-Suwayda— as well as many secular political movements and civil society organizations have had little or no role in making decisions that really matter. Some of these appointees are now technically part of the administration but they do not appear to have a great deal of influence on key policy [21].

The process of excluding people from the economy has undermined public confidence in new government structures, discouraged many investors who are both local businessmen as well as members of the global Syrian diaspora, and encouraged the continuing development of informal economies and other forms of parallel economic activity in the periphery of Syria [22].

HTS has gained total control of the custom revenue and main fiscal means of the central authority; however, kurdish controlled areas as well as all other periphery's continue to obtain a large portion of their financing from outside funds. In addition to obtaining this financing, they are also subject to economic dynamics that occur primarily outside of their area of influence.

The distribution of power in the transitional political order is indicative that Syria's transition has not taken place as a result of an emergence into democratic balance but rather as a result of military preeminence that has dramatically altered the country's geopolitical and geoeconomic landscape. The long-term monopolization of the Ba'ath Party has been substituted with a new centralization of power centered around powerful armed groups that have monopolized the means of coercion and strategic economic resources. With these two types of resources, the leaders of these armed groups can distribute rent (economic benefits) to their loyal supporters, thereby limiting the political participation of other possible political organizations or parties.

Viewed in this way, it would seem that the language of transition has greater potential to be used politically as a means of providing legitimacy rather than describing changes to institutions. The language of transition itself is representative of a larger process of reconfiguring authoritarianism; and while the reconfiguration may be driven by external actors and their strategic interests, it is driven less so by internal demands for political reform.

A meaningful understanding of Syria's transitional phase will require an analysis that moves beyond merely constitutional arrangements and examines the political order itself. This developing political system can be best described as a hybrid political structure where there is a sharing of both the distribution of authority and resource allocation by non-state entities with de facto military capability, externally funded entities (who have significant economic influence), and by a bureaucratic elite who seek to acquire dominance of Syria's foreign formal political representation.

This study establishes a systematic approach for capturing the relationships between the key players in Syria's transition through development of an analytical matrix that provides the relative influence of the various actors within Syria's transitional governance structure. Additionally, the matrix identifies each actor as to their degree of control over strategic economic assets and their role functionally with respect to Syria's evolving geoeconomic and political orders. The analysis is shown in Table 4 as the distribution of power among the key players in the new government.

Table 4. *The Distribution of Power Among the key Players in the New Government*

Key Actor	Estimated Relative Weight	Economic Control	Role in the Transformation Process
Ruling Leadership Elite (President Ahmad Al Sharaa)	%40	Control over Political Decision Making and the State Bureaucracy	Managing Relations with External Actors
Dominant Armed Factions	%30	Control over Border Crossings, Transit Corridors, and Economic Rents	Maintaining Authoritarian Stability
Regional Donor Powers	%20	Control over External Financing and Reconstruction	Imposing Political and Economic Conditionalities
Civil Society Actors / Marginalized Groups	%10	None	Exclusion from Decision Making Processes

Source: Prepared by the authors based upon the study's analysis of Syria's political economy, political transformation timeline and the empirical evidence provided in the body of this research.

The matrix illustrates an extreme structural asymmetry in terms of power-distribution that is continuing to influence Syria's path towards increased institutional weakness geoeconomically. It appears from this analysis that nearly 70 percent of the Syrian geoeconomy is being controlled by a single powerful coalition. This coalition reproduces a model of authoritarianism, which includes both an elite bureaucratic/political class controlling Syria's international presence as well as armed groups who are in control of Syria's major strategic economic assets (border crossings and customs). Therefore, Syria's institutions are still largely tied to patronage networks established during wartime and continue to operate much like they were during those times; therefore, there is no independent governing body.

Regional donor countries play a major role in exacerbating this imbalance. These donors represent nearly one fifth (or approximately 20%) of total influence. Their significant financial contributions to reconstruction efforts have provided them with substantial political and fiscal authority over Syria. Therefore, while financial aid provides economic resources for transition authorities, the conditions attached to such assistance serve as means to promote the interests of those providing the funds, thus limiting the ability of the transitional authorities to operate independently. Meanwhile, civil society organizations along with marginalized groups (collectively representing nearly 1/10th or approximately 10% of total) are significantly excluded from the process of governing Syria. The result of these patterns of exclusion is a type of geo-economic marginalization that denies Syria's transitional government access to independent technical expertise and social legitimacy. Furthermore, the geo-economic marginalization may contribute to increased informal economic linkages among underdeveloped periphery areas and discourage private sector investment due to reduced trust in a centralizing and increasingly unbalanced political system.

The data indicates that it is likely for neighboring countries; namely Jordan, will have to deal with an unstable political regime characterized as being fragmented with multiple authoritative figures (as opposed to one) when compared to a completely centralized government. This is consistent with why Jordan has taken such a careful approach towards its geo-economic position, especially concerning protecting transit routes while limiting the spread of black markets tied to organized crime.

5. The Geoeconomic Diplomacy of Neighboring States and Its Role in Shaping the Syrian Landscape

The last part showed through quantifiable data how, over time, Syria's domestic political economy is increasingly becoming favorable toward the actual holders of de facto power. This part will look at Syria's geographic surrounding area. Based on the understanding that neighboring countries are taking a proactive approach to implement geo-economic strategies both as an effort to impact the political climate within Syria and to safeguard their strategic interests such as border protection; trade routes; water sources; and long-term economic sustainability against the spill-over effects created by Syria's continued war-time economy.

5.1. Jordanian and Iraqi Geoeconomic Strategies for Managing the Spillover Effects of the Syrian Crisis

Jordan's and Iraq's respective policies with regard to Syria have been significantly influenced by practical assessments of their own strategic position rather than ideological rationales. Both countries implemented a form of defensive geoeconomics in response to the transformation of Syria's borders from commercial entry points for goods and services to conduits for the transference of security risks and economic dislocation.

5.1.1. Jordanian Geoeconomic Diplomacy

Jordan is Syria's key southern trade gateway for commerce; and also a major overland route connecting to the gulf market place. In addition to being the key southward trade gateway into Syria, Syria offers Jordan land-based connectivity to the east of Lebanon and the eastern mediterranean. Therefore, since all Syrian government (both former and current) have taken office in Damascus, Jordan has pursued specific geoeconomic objectives and priorities when developing its foreign relations with those respective administrations.

- **The Jaber–Nassib Border Crossing: A Strategic Trade Corridor**

Beginning prior to 2011, approximately seven thousand commercial vehicles were crossing the Jaber – Nassib border crossing daily. The Jaber – Nassib border crossing is one of the Middle East's key overland trade corridors for trade between Syria, Jordan, and the Gulf States. Closure of the Jaber-Nassib border crossing resulted in significant economic losses to both Jordan and Lebanon [23].

- **The Impact of International Economic Sanctions**

Political support, and a military build-up by both Russia and Iran allowed for the Syrian government to absorb some of the effects of prior U.S. sanctions. However, with the implementation of the Caesar Syria Civilian Protection Act in December 2019, it significantly restricted the Syrian government's ability to use Lebanon as a secondary source of funding and access to international markets (cross border), creating additional economic challenges for Lebanon [24].

- **Shadow Economies and the Captagon Trade**

Available estimates indicate the informal sector in Syria is responsible for approximately 60-70 percent of all economic output. The data reflects how fragmented Syria's domestic market has become with a multitude of autonomous markets being supported by their own network of commercial supply lines and financial systems. Additionally, existing studies have documented the rapidly expanding illegal narcotics traffic; specifically, the increasing importance of Captagon. The estimated annual value of seized products linked to Syrian-produced Captagon are reportedly between \$US 5 billion and \$US 7 billion [25].

- **Humanitarian Diplomacy and the Political Economy of Refugees: The Refugee Rentier State**

From an economic viewpoint of politics, Jordan has come to be defined as a refugee rentier state in that it receives considerable financial aid from the global community for providing host to large numbers of refugees. The notion of being a refugee rentier was formalized through the Jordan Compact of 2016.

Jordan chose a diplomatic cooperative response (cooperative diplomacy) with respect to refugees. The nation adopted this approach through multilateralism and international burden sharing as opposed to coercion used in other parts of the region (e.g., Turkey). Therefore, Jordan's refugee policy is shaped in part due to the geopolitical realities in which it operates. Thus, the policy can be seen as both humanitarian and an effort to sustainably receive international financial aid; additionally, it has provided Jordan with a sustainable form of foreign economic aid [26].

5.1.2. Iraq's Geoeconomic Strategy

Iraq is Syria's most significant eastern strategic ally, and therefore Syria's position in this context is also determined by the specific circumstances of the extremely complicated geo-economic framework of that country. Therefore, Iraq's response to the crisis was driven by balancing national security concerns with larger regionally based influences, especially those from Iran as it continues to exert influence over both nations.

- **Border Trade and Security Cooperation**

The border at the Al-Qa'im-Al-Bukamal crossing is one of Syria's most significant trade routes with Iraq. In 2024 the bilateral trade was over \$1 billion [27]. It is now increasingly economically important. The opening also has a much larger strategic implication for each government. They are attempting to create an integrated logistics network that will allow them to strengthen their economic cooperation; improve cross-border connections; and reduce the cost of transporting goods across borders.

Simultaneously, Iraq is experiencing an on-going policy dilemma. Iraq has a strong desire to increase its border security and to prevent extremist groups from crossing into its country. However, in doing so; it will be under pressure from regional actors who see Iraqi territory as a strategic transit route for neighboring countries [28].

- **Iraq as a Regional Transit Hub**

Through the Development Road Project, Iraq plans to become one of the largest transportation and logistics hubs in the region and end its reliance on oil revenue for many years. The Development Road Project is also anticipated to produce around \$US4 billion in annual income. However, regional political obstacles, especially those related to Iran's influence over the region remain a significant obstacle to realizing this vision.

Iran continues to have a large amount of political and military influence on most major infrastructure developments in Iraq, particularly those which would reduce Tehran's strategic or financial power within the Middle East [29].

- **Economic and Security Containment**

Baghdad has pursued a policy of economic containment aimed at preventing the complete collapse of the Syrian state, recognizing that such an outcome would inevitably generate greater instability along Iraq's own borders.

The threat from extremist organizations is still a major one. Estimates suggest there are approximately 5,000 – 12,000 active ISIS fighters currently operating in Syria using insurgency tactics [30]. Therefore, as part of its approach to addressing the root causes of insecurity, Iraq is attempting to improve economic linkages between the Syrian border towns and adjacent Iraqi marketplaces. Ultimately, it intends to establish regional economic linkages that will provide alternative options to those who may be tempted to join extremist groups, creating greater regional stability.

Concluding Remarks

Jordan and Iraq should be viewed from a geoeconomics standpoint as not simply being periphery players in the Syrian conflict. Both Jordan and Iraq have employed the use of a combination of hard geoeconomic (hard power) and soft geoeconomic (soft power) tools in their efforts to mitigate the economic, political and security spill over impacts of Syria's protracted crisis. As such any realistic analysis of what is required for the Transitional Authority of Syria to achieve stability will need to include an examination of the economic and security concerns of these two neighboring countries which will continue to play major roles in how the eventual integration of Syria back into the broader Arab regional system will occur.

5.2. Israeli Intervention and the Restructuring of the Political Economy of Southern Syria

A complete analysis of Syria's political transition is impossible without an examination of Israel's Geopolitical Strategy. In addition to its function as a military player reacting to present-day threats to security, during this time period Israel has pursued an Institutional Long-Term Strategy for reshaping the Economic & Demographic Landscape of Southern Syria by taking advantage of the weakening of Syria's Central Government. The ultimate goal of the institutional strategy was to create an environment where it could enhance its overall Strategic Position and Security Interests in Southern Syria.

5.2.1. The Main Features of Israel's Geoeconomic Strategy

The core elements of Israel's approach become clearer when examined through its strategic literature and policy analyses.

The “Fragmented Entities” Doctrine (Based on Sa'ar & Siboni, 2015) [3].

Strategic Foundations

Farewell Syria, a report issued by Israel's Institute for National Security Studies (INSS), was written by Gideon Sa'ar and Gabi Siboni in 2015. In contrast to other analyses of the Syrian civil war which viewed the civil war as a path toward democratization, the authors of the Farewell Syria report concluded that the reunification of a single Syrian state is highly unlikely. On this basis, they advocated for a long term geo economic restructure approach to dealing with the post civil war region; as opposed to a traditional competitive geopolitical approach.

- **Supporting Decentralized Minority Economies**

A key part of this strategy is to encourage decentralized political and economic organizations amongst minorities in Syria, especially the Druze in southern Syria and the Kurdish population in northern Syria [31]. Economically politically from an economic perspective, it creates political divisions which limit the governments ability to gain control back of resources strategically and as such create small economic units that have greater potential for developing functional connections with neighboring economies.

Israeli policy makers have, generally, framed such initiatives in terms of their humanitarian benefits for vulnerable minority populations through both humanitarian aid and job opportunities. Several analysts argue that they are also a way to weaken the institutional capacity of Syria's government and limit the Syrian regime's ability to regain central control [32].

- **Maintaining Fragmentation as a Security Strategy**

The strategic logic from Sa'ar and Siboni (2015), viewed a politically fractured Syria without a unified governing body to undertake reconstruction in an even greater compatibility with the longer term security concerns of Israel. In this context [3], it is much less likely that there will be the emergence of a conventional Syrian military force able to challenge Israel's position on its northern border.

Furthermore, the long-term uncertainty associated with a fragmented political landscape is also an important consideration. The continuation of the current patterns of division among ethnic and religious communities could produce future cycles of internal conflict that are reminiscent of what has occurred in both Iraq and Lebanon. In addition, continued fragmentation could also encourage other minority groups (Kurds, Alawites, and Ismaili) to seek out similar types of autonomous political arrangements [33].

5.2.2. Practical Implementation after 2024 — Southern Syria as a Geoeconomic Buffer

Following the end of the previous Syrian regime at the end of 2024, the political shifts that ensued represented a significant transition from long term strategic planning to immediate action. Utilizing an abundance of Hebrew language data [2], argues that Israel was able to capitalize upon this newly created political void and expand its hybrid model of influence into the regions of Daraa, Quneitra, and As Suwayda utilizing tools such as economics, security and humanitarian assistance.

- **Reducing Economic Dependence on Damascus**

Israeli policy is moving further than just stopping the activity of armed groups and Iran-backed militia. The Israeli policy is now shifting to reducing Southern Syria's reliance economically on Damascus, by promoting development of local trade networks, infrastructure, water resources, and energy systems in cooperation with other countries and organizations within the region; so that these can operate as much as possible independent of the Syrian Central Government. These developments will ultimately limit Damascus' control over the economy of South Syria and make it more difficult for Damascus to exercise centralized control again.

- **Building a Geoeconomic Security Belt**

Instead of focusing solely on physical control over territory, Israel is using its economic assets (including access to Syrian water sources; supply of oil and other energy products; and providing humanitarian aid) to develop an interdependent relationship with the local populations in order to establish a buffer zone for both economic and demographic as well as military uses. The buffer zone would protect Israeli interests from instability inside of Syria and reduce the ability of potential rival actors in the region to exert their influence.

- **Concluding Assessment**

In combination, the evidence provided demonstrates that the policies of Israel contribute to the structure of Syria's post-conflict political economy. The policies create barriers to restoration of state authority through promotion of local economic systems and support for the creation of decentralized governmental institutions in the southern regions. These factors will significantly hinder the transitional governments in Damascus from exerting central control over their institutions, mobilizing national resources and implementing long-term national developmental planning; as such, the Syrian government is increasingly focused on management of ongoing crises rather than restoring and building viable governmental institutions.

6. The Intersection of Regional Interests and Future Trajectories of Transformation

Understanding the political economy of Syria in full will require an analysis of the larger regional context. The Syrian war has evolved into a focal point of competing interests in the region; therefore, while political development at the domestic level continues to shape Syria's political and economic future, it does so within a regional context influenced by the geoeconomics of its neighboring states. This part reviews the policies of Turkey, Iran, Saudi Arabia, and Qatar prior to using a scenario based analytical model to analyze possible future paths that could develop politically and economically in Syria.

6.1. Strategic Interventions by Regional Powers (Financial Diplomacy and Post-Conflict Reconstruction)

The transition from a previous Syrian government's collapse at the end of 2024 has made for significant shifts in regional engagement. This led to the replacement of military proxy competitions with financial diplomacy, reconstruction efforts, and economic competition on a larger scale. In addition, within this new and developing framework, it is possible to identify three different general regional approaches toward Syria's transitional authorities.

6.1.1. The Turkish Approach (Reconstruction and Demographic Strategy)

Turkey was one of the most important foreign players during the Syrian Civil War. Its ongoing support for anti-Assad opposition forces, including HTS, significantly contributed to allowing HTS to hold onto Idlib; it is very unlikely that HTS could have held onto Idlib as long as it did if Turkey had not continued to provide it with consistent political and military support.

At the same time, Turkish policy makers understand that military influence will not be enough to provide long term stability for post Assad Syria. To rebuild the country there must be functioning government institutions, skilled labor, professional expertise, large scale international financing and mechanisms of governance capable of addressing Syria's political and social diversity. Therefore while Türkiye is an important player in this process, successful reconstruction can only occur through larger scale cooperation from the Gulf states, European allies, and the United States.

This reality has allowed for both Ankara and transitional authorities (HTS) to seek a broader level of international interaction without taking positions or actions that would impede improving relationships with Arab governments like Egypt and Jordan. However, on-going debates about the appropriate future status for Kurdish political and military organizations by Western Governments have complicated the Turkish Government's strategy and put significant diplomatic pressure on the Transitional Authorities [34].

According to Salim Çevik (2024), "Türkiye's policy toward Syria can be understood through three successive phases" [35].

- **Phase One (2011–2016)**

At first, during the early stages of the crisis in Syria, Turkey was very open about supporting the opposition in Syria and removing the Assad government from power. However, over time, as the fighting continued for an extended period, the Syrian regime received growing support from Russia and Iran and was therefore able to solidify itself, Turkey began to reassess whether it would be possible to remove the Assad government.

- **Phase Two (2016–2022)**

Although the Syrian government officially stated it was interested in political changes in Syria from Turkey, after 2016, the strategic interests of Turkey have changed significantly. It is now understood by the Turkish government that the quick fall of the Assad regime has become an unrealistic possibility, therefore, the new approach for the Turkish government will be focusing on two primary security goals. First, reducing the number of refugees fleeing Syria into Turkey, with the encouragement of the voluntary repatriation of Syrians currently living in Turkey at the earliest opportunity. Second, halting the development of independent Kurdish self-governing authorities in northern Syria, which would develop a presence on Turkey's southern borders.

Turkish military actions have been the primary force in the implementation of Turkey's objectives since January. While each operation was intended to be a demonstration of military power, the operational goals have become increasingly focused on securing the borders; limiting the spread of Kurdish military forces into Syria; and dealing with both humanitarian and demographic issues that are a result of the ongoing conflict.

- **Phase Three (From 2022 Onward)**

Beginning in 2022, Turkey has begun to transition away from a primary goal for nearly two decades, namely the removal of the Syrian Government led by Bashar Al-Assad, and is now working towards diplomatic normalization with Damascus as part of a larger regional rapprochement effort aimed at repairing ties with many of the countries it previously had strained or adversarial relations with.

Although diplomacy produced normalization, the failure to establish long-term agreements stemmed from persistent unresolvable disagreements between the governments. Therefore, Turkey had been unsuccessful in achieving one or both of its major strategic objectives. It could not cause the collapse of the Assad regime; it also could not secure an enduring political solution with it.

With the approval by Ankara of HTS' offensive toward Aleppo on November 27, Turkey hoped that instead of a collapse of the Syrian government, there would be additional political pressure placed upon Damascus to lead to further negotiations.

The quick fall of the Syrian government under Bashar al-Assad has resulted in an unintended strategic effect. The collapse of the Syrian government is ironically the result of a goal Turkey had given up on for years. Rather than demonstrating the growth of Turkish power; this represented the loss of regional and international support for the Syrian regime. As a consequence, Ankara's influence over Syria is now significantly greater than all other external actors.

6.1.2. The Iranian Approach (Goeconomic Competition for Strategic Survival)

The fall of the previous Syrian government represented one of the most significant strategic setbacks for Iran, which had long viewed Syria as a cornerstone of its regional influence across the Levant. Despite investing considerable financial and military resources in supporting the Assad government, Tehran now faces a political leadership in Damascus that appears increasingly reluctant to deepen cooperation with Iran, particularly under mounting regional and international pressure aimed at reducing Iranian influence.

The regional equilibrium has become far more complicated at the same time. The space for action of Turkey and Turkish backed groups is larger, as well as the space for action of the SDF and the new Syrian government. As such these developments will limit Iran's possibilities of maneuver.

In order to maintain its political influence in Syria, Tehran can either opt for an economic strategy or for a diplomatic one, or else decide on a more forceful policy aimed at recovering part of its lost influence. Whatever the path Iran chooses, all available information leads us to believe that Iran has much less room to move in Syria after Assad than before [36].

Iran is also on the brink of a major strategic turning point. Iranian influence in Syria is clearly declining, while other players like Turkey and the Gulf States have increasingly taken on key roles in their region. Consequently, Iran's leadership is being forced to take stock of its broader approach toward that area. Options under discussion include continuing to exert influence over this space indirectly via affiliated armed groups; broadening Iranian involvement economically wherever it may be feasible; or withdrawing strategically from this area at least partially to protect what it considers to be far more significant regional interests.

The major drawback of each option are the significant limits of the new authorities in Damascus. It can't be said that they will be reliable long-term partners for Western foreign policy efforts. The pressure from regional and international actors could force the new authorities in Damascus to reduce their dependence even further on Iran. While Tehran continues to seek to exert its influence over Syria by maintaining ties with Hezbollah and a web of other local allies, that influence has become significantly more tenuous than it was previously; thus Iran's Syrian strategy finds itself in an especially precarious position [37].

6.1.3. The Saudi–Qatari Approach (Conditional Financial Diplomacy)

The key players on the regional front that will be financing Syria's reconstruction will be Saudi Arabia and Qatar. The reason these two countries are expected to lead in funding Syria's reconstruction is that they have a larger strategic vision of using their economic contributions (as part of a broader effort at "financial diplomacy") to help shape Syria's new regional orientation.

Measures that help settle Syria's existing obligations to the World Bank; assist in reducing the negative effects of U.S. sanctions through international cooperation; and provide funding support for the government sector wage bill should also be viewed as part of an overall geoeconomic plan. The objective of these measures is to allow Syria to reintegrate economically into the larger Gulf region, and to ultimately reduce Syria's dependency on Iran over time.

1. Saudi Arabia

Saudi Arabia moved from one approach to another after the Syrian government collapsed in December 2024. The new strategy focused on stability and reconstruction of Syria. In addition to pledging significant amounts of money to rebuild Syria, Riyadh worked with other countries and organizations to settle Syria's long-outstanding obligation to the World Bank. By doing so, Saudi Arabia assisted the Syrian government in restoring its eligibility for reconstruction loans. Saudi Arabia supported a gradual lifting of international sanctions as well. They stated that politically stable conditions can never be established unless there is a viable economic recovery. At the same time, Saudi Arabia was attempting to improve ties with the interim government of Syria headed by Ahmad Al-Sharaa (with limited success) while restricting Iranian and Turkish influence over Syria. This new relationship between Saudi Arabia and the newly formed Syrian Government reflected the rapidly changing Middle Eastern landscape as well as an increasing level of involvement on behalf of Saudi Arabia for Syria's post conflict political economy. In January 2025 Saudi Arabia expanded on its diplomatic efforts when it held several international meetings to bring together representatives from around the Middle East as well as other countries to engage in discussions about Syria's political future. The goal of these meetings was to build upon the transitional authority structure for Syria, coordinate the international community's level of support, and create an environment conducive to political and economic stability in the aftermath of conflict [38].

A new turning point occurred on 13 May 2025. In the course of a speech he gave at an Investment Forum in Riyadh (Saudi Arabia), U.S. President Donald Trump said the USA would remove sanctions from Syria. The removal of these sanctions were introduced by the USA in 1979. This step is considered part of a comprehensive approach to support the rebuilding of Syria. President Trump stated that there are good reasons to believe that the Transitional Government under Ahmad Al-Sharaa can make a contribution toward stabilizing Syria and ensuring the lasting peace. These developments collectively reflect an important shift in U.S. foreign policy towards Syria, but also support a broader Saudi Arabian regional strategy to reduce Iran's influence as well as promote a greater level of stability throughout the region [39].

2. Qatar

In December 2024, after the political transition in Syria, Qatar provided a financial support package valued at about \$29 million/month for the first three months; the three-month package could be renewed. The majority of the funds were designated to pay the salaries of civilians working in the Syrian public sector (civilian). The program was developed by UNDP in order to receive waivers for U.S. sanctions. In keeping with concerns expressed by the West regarding the ideological orientation of Syria's new government, the Ministry of Interior and the Ministry of Defense were excluded from participation in this funding mechanism. In April 2025, both Qatar and Saudi Arabia made a joint announcement that Syria had paid off nearly all of the \$15 million it owed to the World Bank. The payment allowed the bank to reopen its activities in Syria for the first time since it suspended them in 2011, and also reopened access to grants and funding for reconstruction [40].

Qatar reaffirmed that policy (on 22 May 2025) when it addressed a UN Security Council meeting about Syria; Ambassador Sheikha Alya Ahmed bin Saif Al Thani spoke for Qatar and stated again that Doha would support the rebuilding of Syria and the improved safety, stability and economic development of the Syrian people. Qatar welcomes Syria's cooperation with the U.N. and other international bodies while supporting national reconciliation efforts and institutional reform. Additionally, Qatar supports its past commitments regarding relief in the form of food, housing and medical care as well as to provide power through a supply of natural gas. The Ambassador stated that the joint Saudi- Qatari resolution for the World Bank's Syrian arrears was one aspect of an overall strategy to rapidly promote economic restoration and increase international involvement in Syria's finances. The Ambassador said she welcomes the USA's announcement to lift some of the sanctions against Syria; she described this as an important step forward which would enable reconstruction to take place and ultimately lead to greater stability over time [41].

The variety of approaches taken by different regions demonstrates the necessity for an analytical model that can explain how neighboring countries and other major players in the region will guide Syria's path after the conflict. While each country may have its own interests and means of achieving them, many use a wide array of geoeconomic tools (such as financial aid, investments, reconstruction financing, etc.) to achieve their goals in Syria including ensuring their safety and influence in the region or to create new direction for Syria politically and economically.

To show how these regional actors are pursuing a variety of competing and complementary approaches to achieve their respective geoeconomic objectives, the following summary table captures each regionally-based actor's use of major geoeconomic tools, their primary geoeconomic strategy and objectives; and estimates the potential impact on Syria's internal political/economic stability.

Table 5. *Matrix of the Geoeconomic Diplomacy of Neighboring States and Regional Powers*

Country/Actor	Primary Geoeconomic Instrument	Strategic Objective	Impact on Stability Indicators
Jordan	Border Crossing Security and Transit Corridors	Protect National Security and Water Security	Enhancing Security Stability (Positive)
Israel	Cantonization of Southern Syria	Prevent the Emergence of a Strong Central State	Entrenching Fragmentation (Negative Impact on Stability)
Turkey	Investment and Infrastructure Development	Secure Northern Syria and Contain Kurdish Influence	Creating Spheres of Influence with Uneven Stability Outcomes
Saudi Arabia / Qatar	Financial Diplomacy (Grants)	Reduce Dependence on Iran and Integrate Syria into the Gulf Regional Order	Purchasing Stability (Temporary)

Source: Prepared by the authors as a result of an analysis of the results of the study on geoeconomic diplomacy and the strategic behavior of regional actors.

Comparative data from Table 5 shows that neighboring countries to Syria primarily consider their relations with Syria through a national interest lens (i.e., they do not use a humanitarian or ideological lens when establishing policy). Defensive geoeconomics is the best way to describe the policies that neighboring states pursue in order to minimize the effects of the long term instability in Syria on their economy and their security.

Jordan and Iraq have primarily utilized a defensive strategy in response to regional instability. Specifically they are attempting to protect their borders; maintain their trade routes; and reduce the spillover effects of the Syrian civil war into their domestic economies. As such, their involvement is shaped far more by the need to stabilize their own economy and defense strategy rather than attempting to shape Syria's internal political structure.

As opposed to that of Israel, which is representative of a much more proactively implemented geoeconomic strategy, the way that Israel has approached its economic relationship with Southern Syria; as depicted in the above matrix, seeks to develop that area into a buffer zone. The buffer zone will be both economically and strategically isolated from other parts of Syria.

Overall, the conceptual model indicates that Syria's new transitional government is operating in an environment where its domestic economic decisions and political actions continue to be shaped by its increasing reliance on geoeconomics. The influence of both regional actors and their priorities with respect to Syria's future, will determine the direction for Syria after the conflict.

6.2. Future Scenarios for Syria's Economic and Political Stability

The research draws on the quantitative results of Part four as well as the analysis of geopolitical strategies of regions that have been discussed in part five and six in order to utilize a Scenario Planning approach to identify the most likely paths that Syria will follow with respect to its economic and political development from 2025-2030.

Rather than trying to forecast one particular result, the "Scenario Approach" will explore a number of potential outcomes based on how the structural elements (as identified in the study) interact with one another. The three alternatives presented represent three different configurations of the domestic political dynamics, regional interventions, and geo-economic influences.

to allow for a direct comparison; Table 6 contains these different futures as an illustrative comparative foresight matrix. These alternatives will be compared using all of the key political, economic and geo-economic factors from previous parts. This structure provides a framework to assess both the likelihood of each scenario and its impact on the future stability of Syria.

Table 6. *Comparative Foresight Matrix of Syria's Future Trajectories (2025–2030)*

Criterion	Scenario 1: Recovery and Reintegration	Scenario 2: Fragile Authoritarian Stability	Scenario 3: Geoeconomic Fragmentation
Primary Driver	Comprehensive Political Settlement and the Lifting of Sanctions	Conditional External Rent Flows	Failure of the Central Government and the Consolidation of Cantonal Authority
Kaufman Political Stability Index	Gradual Improvement Toward Positive Values	Persistence in the Negative Range (<i>Neither War nor Peace</i>)	Complete Collapse of State Institutions
Gini Index	Decline (Improved Wealth Distribution)	Remains High (<i>Deep Socioeconomic Inequality</i>)	Sharp Increase (<i>Expansion of Shadow Economies and Militia Rule</i>)
Regional Powers' Influence	Regional Integration and Coordination	Managed Regional Competition that Prevents Escalation	Complete Dominance of Regional Powers over Their Respective Spheres of Influence
Probability of Occurrence	Very Low Probability	Most Likely (Status Quo)	Highly Plausible in the Event of a Major Shock

Source: Prepared by the authors based on the foresight analysis of the political and economic variables examined throughout the study.

The differing scenarios for political and economic futures in Syria (Table 6) demonstrate very different roads ahead. While the positive scenario is considered to represent the best potential future of Syria based on recent political developments and existing regional dynamics; the second scenario (Fragile Authoritarian Stability) seems to have the greatest likelihood of occurring. The third scenario should also not be viewed as a "pipe dream". There is a great deal of uncertainty surrounding the stability of the present regional system. A major political event or other significant geopolitical shock would likely create new opportunities for the third option to develop.

Scenario one (Recovery and Geoeconomic Reintegration) is the idea that Gulf countries' financial policy will lead to a political settlement which can help restore broken institutions and get back together economically. So we should see small increases over time in both the political stability and the distribution of wealth for the Syrian people. But there are many barriers to achieving this goal including; differing priorities on the regional level especially by Turkey and Israel, and also the ongoing economic interest of powerful armed groups who are currently benefiting from their control of Syria's rent based economy.

Beginning with the second possible transition scenario, Fragile Authoritarian Stability, is the path that best fits the direction of events as they are currently unfolding. Transitional authority will continue in practice much of the institutionality of the previous regime. Additionally, these new regimes have relied upon an overwhelming amount of international financial assistance for maintaining domestic political coherence. Thus, it can be expected that even though there has been no real change in the institutional structure of the country (i.e., no meaningful democracy or economy), both political instability will remain low, and socioeconomic inequality will still exist.

The third scenario (Sustained Geoeconomic Fragmentation) is also the worst-case scenario. This is most likely to occur with an extreme shock to the system such as a dramatic decline in foreign assistance to Syria or increased emphasis by other countries on their own regional fragmentation strategies which challenge Syrian Government authority. In this case, Syria will become increasingly fragmented into multiple separate economic zones. These are more likely to be connected to one or more surrounding country(ies) than to the government in Damascus. Such development is expected to increase reliance on unofficial economy sectors; promote militia based governance structures; reduce likelihood of successful reconstruction of the unified state institutions.

7. Conclusion

This research is based on the assumption that, while the classical theories of democratization (i.e., O'Donnell & Schmitter; Huntington) can explain many aspects of democratization in general, they are not sufficient for explaining what has happened to democracy in Syria since the end of the conflict. As we have demonstrated empirically across the course of this part, the emerging form of government in Syria cannot be explained as an internally driven development. It is instead the product of a dialogue between internal institutional change and the geopolitical and geoeconomic initiatives of adjacent states and key regional actors.

By using internationally recognized indicators — including the Kaufman Political Stability Index and the gini coefficient as well as military expenditure as a percentage of gdp — the study shows that Syria's post-2011 transition has been characterized by little democratic transformation; rather than disperse power, it has primarily reallocated strategic resources (e.g., border revenues), influence among new dominant actors.

The study's results also indicate a shift in the form of regional rivalry. In addition to military confrontations being used less frequently as part of the tool set for competing, regional powers are using geoeconomic tools (such as reconstruction finance; trade corridors; economic or political sanctions; and other forms of economic support) to enhance their strategic positions in Syria while at the same time influencing the structural development of Syria.

Accordingly, the above analysis shows that sustainability of the current peace process will be difficult to achieve through Constitutional Reform alone; and therefore, a more lasting settlement would need to include a broader regional framework that provides for State Authority over Strategic Resources, and reduces dependence on both war economy fragmentation and externally funded Patronage Networks.

Evaluation of the Research Hypotheses

The empirical findings provide substantial support for the study's principal hypotheses.

The study clearly establishes an association between the concentration of political and economic power among members of Syria's forming government and a decline in most indicators of development. As authority consolidated into the hands of the dominant armed actors in addition to their rejection of Kurdish representation, as well as civil society and minority representations; this resulted in the establishment of patterns that are typical of a war economy. These patterns have been reflected through consistently low levels of political stability, persistent social-economic inequalities, as well as ongoing expenditures on security and military purposes at the expense of productive investments.

Secondly, it appears that Syrian neighbors' geoeconomic policy has had a greater impact in Syria's geopolitical/geo-economic environment than much of the rest of the world. The transition authority will be influenced greatly by border management/monitoring, regional transit arrangements and other competing strategies to counter smuggling. These factors will shape the political/economic context for the transitional authority.

In addition to evaluating whether or not each hypothesis is supported (and with what level of significance), there are some additional findings based upon this research.

Syria is still struggling to create a stable political or economic system. Even though there have been some institutional changes since the political transition, many of the main indicators we looked at (political instability; income inequality; and how much government money is spent on defense vs. development) are still showing strong signs of instability.

The distribution of power in terms of both economics and politics inside the transitional framework is also still very unbalanced. A small number of entities continue to control and influence strategically important resources as well as the entry points into the country, and key government agencies. In addition, many politically and economically powerful stakeholders have only a marginal voice in this process. These imbalances are continuing to fragment the geoeconomy and limiting the state's ability to integrate back into its primary food producers, major energy producers and major contributors of public income.

Jordan has focused on developing commercial connections with Syria while improving border security; containing illicit trade and trafficking across borders; whereas Israel's policies, as reported by the authors studied here, are intended to continue to create an economic divide among southern Syria, and the center of Syrian government. (rephrased)

Regional rivalry is also evolving toward economic/financial means and geopolitical dimensions. In this regard, while both Saudi Arabia and Qatar have been increasing their reliance upon reconstruction assistance, financial aid and diplomatic relations with Syria in order to encourage a specific Syrian regional policy direction, Turkey continues to focus its efforts towards securing its borders and further development within Northern Syria. As opposed to these countries, it seems that Iran's impact on Syria as compared to previous phases of the civil war has been reduced.

The combination of the above findings indicate that the probability of fragile authoritarian stability continuing in Syria for at least the next few years is the greatest among all possible outcomes. The probability of external financing preventing complete collapse of government functions as well as facilitating both long term economic growth and eventual democracy (inclusive) is very low under this scenario. Therefore, it can be safely assumed that Syria will continue to evolve based on changing balances of interest among regional geoeconomic players rather than solely by domestic political processes.

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