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1950-1962

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MUWAFFAK CHAFIK CHALLAH  
Norman, Oklahoma  
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ECONOMIC DEVELOPMENT AND PLANNING IN SYRIA,  
1950-1962

APPROVED BY

A. J. Kaudmann

Paul D. Wickens

James M. Murphy

Wm Beach

Jim E. Reese

Walker J. Schupp

DISSERTATION COMMITTEE

To

The Memory of My Brother

Farouk

This Study Is Affectionately Dedicated

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ECONOMIC DEVELOPMENT AND PLANNING  
IN SYRIA, 1950-1962

CHAPTER I

INTRODUCTION

Economic development is a relatively recent phenomenon to many underdeveloped countries. In the decade of 1950-1960, its significance has become so apparent that it has preoccupied the minds of many experts in the fields of economics and politics. The pressure to discover effective means of launching economic growth has compelled economists to reconsider their concepts of the scope and methods of economics. Economists, according to Higgins, are being forced into "a whole galaxy of peripheral fields in which they are somewhat unsure of their footing."<sup>1</sup>

This dissertation provides a case study of the economic development of Syria. In his Economic Planning in Underdeveloped Areas, Edward Mason has remarked that the Middle East is difficult to characterize in a discussion of conditions and prospects of development, admitting the presence of factors that distinguish this region from other parts of the

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<sup>1</sup>Benjamin Higgins, Economic Development (New York: W. W. Norton & Company, Inc., 1959), p. xiii.

underdeveloped world:<sup>1</sup>

Egypt is confronted by a population problem . . . Turkey enjoys a degree of political stability and of economic development . . . In the rest of the Middle East, including Iran, the dominant factors relating to development appear to be the possession of oil revenues that represent a prodigious potential, a degree of political backwardness and instability that is unique in the world, and a scarcity of private entrepreneurship that borders on complete absence . . . Governments and frontiers will undoubtedly change many times before the social and political conditions of sustained economic growth have been established.

These conditions lead Mason to believe that if and when a sustained process of development is put in motion the government will play a dominant role. But, as he puts it, "it takes a hardy forecaster to chart the probable path of economic development in the Middle East."

What about Syria? Does it fit in this description by sharing the same characteristics and conditions of other Middle Eastern countries as observed by Mason? Insofar as political instability is concerned it does. But Syria does not have oil in large amounts, and its principal natural resources are land and water. Furthermore, the country is not confronted with an overpopulation problem and has a relatively large and efficient supply of private entrepreneurship.

### Objectives

The primary objective of this study is to find out whether the Syrian economy has been able to achieve, in the decade of 1950-1960, what is theoretically known as a

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<sup>1</sup>Edward Mason, Economic Planning in Underdeveloped Areas (New York: Fordham University Press, 1958), pp. 18-19.

sustained rate of growth. Approximately, the period covered in this study extends from 1950 to 1962. However, that part of the study, which deals with the historical survey of Syrian development, goes as far back as 1947 because of the necessity of linking the early phase of studies and recommendations with the later phases of development, so that the Syrian efforts toward economic planning may be placed in better perspective. Certain statistical data are not available for some of the twelve years included in the period covered.

International experts have maintained that real national income in Syria rose at an annual rate of five to six percent between 1950 and 1953.<sup>1</sup> Total gross investment as a percent of gross national product during the period 1950-1953 was estimated at 13 to 14 annually.<sup>2</sup>

This study traces the factors underlying this rate of growth and the problems involved. An attempt is made to answer two basic questions:

1. Has a steady rate of growth been sustained in Syria from 1950 to 1960?
2. What have been the contributions of economic planning in Syria? Has planning provided the answer to the fulfillment and maintenance of a sustained rate of growth in Syria?

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<sup>1</sup>International Bank for Reconstruction and Development, The Economic Development of Syria (Baltimore: The Johns Hopkins Press, 1955), p. 21. (Hereafter referred to as I.B.R.D.).

<sup>2</sup>Ibid., p. 22.

The study is couched in terms of Rostow's frame of reference. Three conditions are listed by Rostow as required for the rate of growth to be regularly sustained. These are:<sup>1</sup>

1. A rise in the rate of productive investment from about five percent or less to over ten percent of national income or net national product;
2. The development of one or more substantial manufacturing sectors, with a high rate of growth;
3. The existence or quick emergence of a political, social and institutional framework which exploits the impulses to expansion in the modern sector and the potential external economy effects of the take-off and gives to growth an on-going character.

These conditions are taken as given. This author elects to use them as criteria in determining whether the rate of growth in Syria has been sustained.

Since 1958, Syria has engaged in comprehensive planning and has drawn up a number of development plans. The Five-Year Economic and Social Development Plan of 1960/1961 - 1964/1965 has been in operation for three years. This study contains an evaluation of this plan which is undertaken in terms of the above criteria and in view of the set objectives and realized achievements in the first two years of execution. It further attempts to determine whether the plan is working,

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<sup>1</sup>W. W. Rostow, The Stages of Economic Growth (Cambridge: Cambridge University Press, 1960), p. 39.



thus far, according to schedule, and whether it provides the answer to the maintenance of a sustained rate of growth.

### Method

This study is primarily empirical in nature.

Chapter II is primarily descriptive. It attempts to trace the factors contributing to growth in the major economic sectors. The method of approach in this chapter is historical in that an effort is made to establish the pattern of growth in the postwar period.

Chapter III traces the various attempts made by the government at economic planning. A brief account of the proposed studies and plans is given.

Chapter IV analyzes the Five-Year Plan of 1960/1961 - 1964/1965 in Syria. A study of the objectives, planned expenditures, sources of financing, and expected effects is undertaken. It is noted that the government has finally come to assume a positive role in the direction and planning of the economy. This is the first plan that has been given proper attention by the Syrian authorities.

In Chapter V, an effort is made to evaluate the Five-Year Plan, on the basis of the criteria provided by Gunnar Myrdal and Arthur Lewis. Accordingly the plan is appraised in view of the set goals and realized achievements of the first two years of its execution. The plan is also assessed in terms of its contribution to policy-making, the size of expenditures, the priorities, as well as consistency.

Chapter VI contains a summary and an evaluation of the major findings. Certain recommendations concerning future policy are presented.

### Sources

The primary sources used in this study contain information and public documents collected by the author during his visit to Syria in the summer of 1963. They consist mainly of the reports and pamphlets obtained from the Ministry of Planning and of official statistical data published by the Syrian government, notably the Statistical Abstract of Syria. The information obtained through personal interviews with government officials and heads of departments in the Ministry of Planning has been valuable in the preparation of this study.

Complementary sources include reports and data published by the United Nations and its related agencies, as well as studies undertaken by the Food and Agricultural Organization, the International Monetary Fund, and the International Bank for Reconstruction and Development.

Other sources include books, articles and public documents published in Arabic and in English, all of which are listed in the bibliography.

## CHAPTER II

### A DECADE OF ECONOMIC GROWTH

In the postwar period the Syrian economy has witnessed growth unprecedented in the history of the country.

With the advent of World War II certain favorable conditions emerged. It was primarily Allied military expenditures, coupled with import restrictions, which spurred economic development in Syria. Agriculture, industry, trade, transportation and other economic activities expanded greatly during the war and continued expanding after the war. Private initiative and entrepreneurship, aided by existing agricultural and industrial potentialities, played a major role in the economic development of the country. Large areas of readily tillable land were put to use. The Korean war and the cotton boom in the early fifties gave an added stimulus for further agricultural expansion.

Thus, stimulating factors were not entirely endogenous. It is interesting to note that exogenous conditions such as Allied expenditure and the Korean war played a major role in the initial spur and take off for development.

Some outside factors proved to have harmful effects on the Syrian economy. This is indicated by Syria's

unfavorable terms of trade.

Syrian economic growth did not go smoothly without interruptions and setbacks. The structure of the Syrian economy is vulnerable and continuously threatened by unfavorable factors. The political system did not help much in eliminating these obstacles to continuous progress. The nation has been plagued by political instability ever since it gained its independence in 1945. It has set a world record in engineering coups d'etat within the past fifteen years. It is well established that political stability is a necessary condition for economic growth. But instability has been the rule rather than the exception in Syria. The political atmosphere, instead of being conducive to growth, has constituted a major obstacle to growth.

Given this political framework, the economic development of Syria has been rather remarkable.

#### Area and Population

Official statistics indicate that Syria's population was about 4.8 million at the end of 1960. With a total area of 184,479 square kilometers (72,234 square miles), Syria is not densely populated, as can be seen from Table 1. Population has been growing at irregular rates. The average annual rate of population increase has been about 3.9 percent during the decade of 1950-1960. The irregular variation of the annual rate of increase in population is largely due to the fact that birth registration is not strictly adhered to.

Parents in the remote villages often fail to register their newly born babies. That is why birth registration in one year does not necessarily reflect actual birth during the year. But it is fair to assume that the net natural increase in population is somewhere between two and three percent per year.

TABLE 1  
ESTIMATES OF POPULATION, RATE OF INCREASE  
AND DENSITY IN SYRIA, 1950-1960

Year	Population <sup>a</sup> (Thousands)	Annual Rate of Increase (Percent)	Density <sup>b</sup>
1950	3,253	---	18
1951	3,329	2.3	18
1952	3,434	3.1	19
1953	3,656	6.5	20
1954	3,807	4.1	21
1955	3,915	2.8	21
1956	4,025	2.8	22
1957	4,145	3.0	22
1958	4,421	6.6	24
1959	4,657	5.3	25
1960 <sup>c</sup>	4,841	3.9	26

Source: United Nations, Demographic Yearbook, 1962 (New York: United Nations, 1962), Table 4, pp. 138-139. (Hereafter United Nations is referred to as U.N.). Syrian Arab Republic, Ministry of Planning, Directorate of Statistics, Statistical Abstract, 1961 (Damascus: Government Press, 1962), Table 1, p. 22. (Hereafter, Syrian Arab Republic is abbreviated as S.A.R.).

<sup>a</sup>Excludes Palestinian refugees numbering 86,841 in 1950 and 131,510 in 1960.

<sup>b</sup>Population per square kilometer of area. The total area of Syria is estimated at 184,479 square kilometers (72,234 square miles).

<sup>c</sup>Official census was undertaken in September, 1960.

Table 2 shows the classification of area land use in

TABLE 2  
CLASSIFICATION OF AREA LAND USE IN SYRIA, 1950 AND 1960  
(THOUSANDS OF HECTARES)<sup>a</sup>

Type of Land	1950		1960	
	Area	Percent of Total	Area	Percent of Total
<b><u>Cultivable Lands:</u></b>				
Irrigated	395	2.1	527	2.9
Non-irrigated	3,095	16.8	2,953	16.0
Fallow	-----		2,534	13.7
<b>Total Cultivated</b>	<b>3,490</b>	<b>18.9</b>	<b>6,014</b>	<b>32.6</b>
<b>Uncultivated</b>	<b>3,897</b>	<b>21.1</b>	<b>2,040</b>	<b>11.1</b>
<b>Total Cultivable</b>	<b>7,387</b>	<b>40.0</b>	<b>8,054</b>	<b>43.7</b>
<b><u>Uncultivable Lands:</u></b>				
Forests	422	2.3	432	2.3
Pastures	5,651	30.7	6,552	35.5
Miscellaneous	4,988	27.0	3,410	18.5
<b>Total Uncultivable</b>	<b>11,061</b>	<b>60.0</b>	<b>10,394</b>	<b>56.3</b>
<b>Grand Total</b>	<b>18,448</b>	<b>100.0</b>	<b>18,448</b>	<b>100.0</b>

Source: S.A.R., Statistical Abstracts, 1951, 1960, Tables 2 and 2, pp. 210 and 277.

<sup>a</sup> One hectare equals 2.471 acres.

Syria. A comparison of the use of land in 1950 and 1960 is given. It will be noted that the total cultivated land, which accounted for 18.9 percent of the total area in 1950, has registered an increase of 72 percent in 1960. There was an increase of nine percent in total cultivable land from 1950 to 1960. This increase was made possible by irrigation and the farming of new land. Although roughly one-fourth of the total land in Syria is under crops, this still compares favorably with other Middle Eastern countries. There are presently in Syria 1.3 hectares of cultivated land to each inhabitant.<sup>1</sup>

#### Natural Resources

Syria is well endowed with land and water which constitute its main natural resources. Oil, which was a mere dream ten years ago, has recently promised to become an important resource. Exploration and drilling for crude oil estimated the Syrian oil reserves at 350 million tons; of which 90 million tons can be exploited from the Karatchuk and Suwaidia oil wells.<sup>2</sup> Oil production from the various fields in 1961 reached an average of 24,876 barrels a day, or 3,948.5 tons daily.<sup>3</sup>

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<sup>1</sup>One hectare equals 2.471 acres.

<sup>2</sup>S.A.R., Ministry of Defense, Organization of General Mobilization, The Chemical Industries: Petrol (Damascus: August, 1962), p. 50.

<sup>3</sup>Ibid.

Natural gas, in varying quantities and chemical composition, has been discovered in four fields in eastern Syria.

There are important deposits of natural asphalt or bitumen in the province of Latakia at Kafria. Bitumen production in this area rose from 13,018 tons in 1953 to 21,462 tons in 1960.<sup>1</sup> These and other far richer deposits which are uncovered in the Bichri Mountain, west of Deir-ez-Zor, are considered of great importance in the road building program.

Other mineral and non-mineral deposits such as iron, chrome, manganese, lead, copper, magnesium, asbestos, gypsum, sulphur and phosphates are located in Syria, and their use is pending further geological and technical studies concerning their qualities, quantities and methods of extraction.

Salt rocks are found in several localities. The largest field at Jabboul produces 20,000 tons per year.<sup>2</sup> Better methods of extraction and refining are expected to raise salt production in the future.

### Agriculture

Syria is predominantly an agricultural country. Agriculture and animal husbandry are the chief occupations. The rural population accounted for about 69 percent of total population in 1960.<sup>3</sup>

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<sup>1</sup>S.A.R., Statistical Abstract, 1961, Table 7, p. 243.

<sup>2</sup>Mohammed F. Dandashi and Amer Sharif, Oil Economics of Syria (Damascus: Bureau Des Documentations Syriennes et Arabes, 1963), p. 9.

<sup>3</sup>S.A.R., Statistical Abstract, 1961, Table 2, p. 24.



Agriculture in Syria is characterized by low yields, extensive farming, dependence on seasonal and scanty rainfall, defective marketing methods and organization, and until recently, concentration of ownership and private investment on the land. Yet, in spite of these features, it was in this field that rapid progress has been achieved.

During the decade of 1950-1960, the total cultivated area increased from 3.5 million hectares in 1950, to six million hectares in 1960. Rainfed land under cultivation increased by 77 percent, and irrigated area increased by 33 percent, as can be noted from Table 2.

The main agricultural crops of Syria are wheat, barley and cotton. About 40 percent of the total cultivated area was planted in wheat and barley in 1958.<sup>1</sup> The area under grain production has increased by 62 percent between 1950 and 1960, while that under cotton production has about tripled, as may be seen from Table 3. However, the rate of expansion in grain production has proved to be unstable and varying from year to year. A glance at Table 3 indicates this fluctuation. The production of wheat and barley increased 19 percent from 1950 to 1952. By 1954, the increase was 39 percent, and by 1957, it reached a peak of 80 percent. But from 1958 to 1960 the level of production fell short of that in 1950. Grain production had somewhat recovered in 1962 and

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<sup>1</sup>S.A.R., Statistical Abstract, 1958, Table 2, p. 247. See also Table 3.

reached a level of 1.95 million tons, an increase of about 69 percent over the 1950 production figure.<sup>1</sup>

TABLE 3  
AREA AND PRODUCTION OF MAIN CROPS IN SYRIA  
1950-1960

Year	Area (Thousands of Hectares)			Production (Thousands of Metric Tons)		
	Wheat	Barley	Cotton	Wheat	Barley	Cotton <sup>a</sup>
1950	992	416	78	830	322	100
1951	1,037	344	217	510	155	175
1952	1,167	397	189	900	467	176
1953	1,314	439	128	870	472	126
1954	1,347	543	187	965	635	221
1955	1,463	614	249	438	137	233
1956	1,537	636	272	1,051	462	252
1957	1,495	813	258	1,354	721	291
1958	1,461	769	261	562	228	250
1959	1,422	727	227	632	218	265
1960	1,550	742	212	555	156	279

Source: S.A.R., Statistical Abstracts, 1958, 1961, Tables 3, 6, pp. 248, 258 and Tables 3, 6, pp. 256, 265.  
U.N., Food and Agriculture Organization, Production Yearbook, 1962 (Rome: F.A.O., 1963), pp. 36, 40. (Hereafter referred to as F.A.O.).

<sup>a</sup>Unginned cotton.

<sup>1</sup>Arab East News Agency, "Agricultural Progress in

Since 1950, Syria has had four seasons during which grain production was curtailed drastically, and cotton production did not maintain its annual rate of increase. On the other hand, the production of unginned cotton about tripled since 1950.

Productivity has been low in comparison to other countries. It will be seen from Table 4 that the yields of

TABLE 4  
CROP YIELDS IN SYRIA AND OTHER SELECTED COUNTRIES, 1960  
(100 KILOGRAMS PER HECTARE)

Region and Country	Wheat	Barley	Cottonseed
Syria	5.7	4.6	8.2
Canada	7.5	11.0	---
United States	16.1	16.4	8.6
Europe	18.7	23.2	6.4
Near East	9.3	8.7	3.8
Far East	9.1	12.1	1.4
Africa	4.6	3.5	3.9
World	11.7	13.7	5.9

Source: F.A.O., Production Yearbook, 1962, Tables 10, 11, 13, 51, pp. 34-36, 39-40, 119-120.

wheat and barley are far below the world average. But cotton yield is well above the world average and almost equal to that

Syria During Ten Years," International Fair of Damascus (Damascus: September, 1963), p. 22.

in the United States.

Thus, the expansion of the cultivated area is rather notable. It has been mainly the result of the cultivation of new land, which was made possible by mechanization in agriculture. The number of tractors rose from 855 in 1950 to 4,754 in 1960.<sup>1</sup> The number of harvesters which was 718 in 1957 reached 1,181 in 1960.<sup>2</sup>

The system of land tenure in Syria was regulated by the promulgation of two agrarian reform laws in September, 1958.<sup>3</sup> The first law regulated the relations between land-owners and tenants, and the second set a maximum limit to land ownership. The second law provided for the expropriation of areas in excess of 80 hectares of irrigated and 300 hectares of rain fed land per person. Expropriated land was to be distributed to small farmers in plots not exceeding eight hectares of irrigated and orchard land and thirty hectares of non-irrigated land. The irrigated land subject to expropriation represented about 21 percent of the total irrigated land under cultivation in 1958, and the non-irrigated land earmarked for expropriation represented about 48 percent of the total non-irrigated land under cultivation in the same year.

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<sup>1</sup>Food and Agriculture Organization of the United Nations, Production Yearbook, 1962 (Rome: F.A.O., 1963), p. 267. (Hereafter referred to as F.A.O.).

<sup>2</sup>Ibid., p. 272.

<sup>3</sup>U.N., Economic Developments in the Middle East, 1958-1959 (New York: U.N., 1960), p. 13.

The number of new beneficiaries affected by the Agrarian Reform Law was estimated to be 750,000 persons, or about 150,000 families, representing 17 percent of the total population or 27 percent of the rural population in 1958.<sup>1</sup>

Regarding the implementation of this law as of June 1961, the total expropriated area was 670,212 hectares, covering 678 villages and classified as follows: 21,349 hectares of irrigated land, 606,027 hectares of non-irrigated land and 42,836 hectares of uncultivated land.<sup>2</sup>

The expropriated land that was actually distributed, as of June 1961, was 148,439 hectares, divided into 8,479 hectares of irrigated land, 97,969 hectares of rain fed land, 1,372 hectares orchard land and 40,619 hectares of uncultivated land. The beneficiaries of the redistribution of land through expropriation were 14,064 families, representing 49,083 persons. In addition, the State distributed 27,090 hectares of public domain to 2,090 families, representing 11,640 persons.<sup>3</sup> This put the total distributed area, as of June 1961, at 175,529 hectares and the total number of beneficiaries at 60,723 persons.

Cooperative societies were formed in order to assist the farmers in their productive endeavors. In May 1961, the

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<sup>1</sup>Ibid.

<sup>2</sup>U.N., Economic Developments in the Middle East, 1959-1961 (New York: U.N., 1962), p. 25.

<sup>3</sup>Ibid.

number of these societies reached 134, with a membership of 10,671 and a total area of 188,161 hectares.<sup>1</sup>

In 1962, the Land Reform Law was amended by the Syrian Parliament. The most important features of these amendments were as follows:<sup>2</sup> Ownership of land was to be made more flexible, depending on the availability of water resources and the mode of cultivation in each region; family members were to receive the same share of land as that allowed to the head of the family; the farmers were to receive their new land free of charge and the financial burden of expropriation was to be assumed by the state; and, finally, the land reform bond redemption period was to be reduced from forty years to ten, carrying 2.5 percent interest instead of 1.5 percent, and the bonds were to become negotiable.

The recent amendment to this law came in July 1963, when decree No. 88 was enacted.<sup>3</sup> This law reduced the maximum limit of ownership and made it vary according to specific regions, taking into consideration the fertility of the soil, the availability or lack of rainfall, the various means of irrigation and access to markets.

The underlying reason for these amendments of the Land Reform Law was the changes that took place in the government. In 1962 the policy of the new government was more

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<sup>1</sup>Ibid.

<sup>2</sup>Ibid., p. 26.

<sup>3</sup>Arab East News Agency, op. cit., p. 10.

moderate than that of the previous or succeeding one. In 1963, the proclaimed policy of the government was socialist. Apparently, these amendments were enacted for the purpose of correcting the flaws in the law as was originally passed and as viewed by these governments.

It will be observed that these reforms have cut down the size of the farms in certain cases by a fifth and in others by one-half to what it was prior to 1958. It is too soon to determine the effect of these revolutionary changes on agricultural production. But unless the government extends more credit to the new farmers and provides them with technical aid and education, the effect of these reforms may prove to be detrimental to output.

When the law was first applied, a large quantity of cereals was distributed among the farmers for the purpose of sowing, but instead of sowing the seeds so furnished, most of the farmers either ate their share or sold it, because they were either so poor and famished or they lacked the rudimentary farming tools. It is also known that the small size of the farm impedes production on a large scale and raises overhead cost.

By and large, Syria has undoubtedly witnessed growth in the agricultural field. Yet this growth was surrounded with uncertainty. Although more land has been put to cultivation and more agricultural machines have been employed for that purpose, agricultural production has been exposed to

unpredictable hazards from one year to another. The one essential characteristic feature responsible for fluctuations and periodical crop failures is the reliance on rainfall. Syrian agriculture has suffered from droughts in 1955, 1958, 1959, and 1960, which are the years in which output has fallen below the yearly average for the period of 1950-1960. In Syria, which enjoys a Mediterranean type climate, rain falls mainly in the months of November to March. The average rainfall ranges from four inches in the extreme Syrian Desert, to twenty-four inches and over in the Latakia Zone, on the Mediterranean Coast.<sup>1</sup> The unreliability of rainfall can to a certain extent be remedied by irrigation, which is essential to the expansion of cultivation and the stabilization of agricultural production, upon which 65 to 75 percent of the people depend for livelihood.<sup>2</sup>

The irregularity of rainfall, significant as it is, should not mean that land in Syria is totally barren and dry. Syria is well endowed with water. There are thirteen rivers in Syria, the most important of which are the Euphrates, the Khabour, and the Orontes. The Euphrates is by far the largest and most important. It runs 675 kilometers inside Syrian territory, with an average annual flow of 735 cubic meters per second, which accounts for 84 percent of the aggregate

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<sup>1</sup>Doreen Warriner, Land Reform and Development in the Middle East, A Study of Egypt, Syria and Iraq (London: Oxford University Press, 1957), p. 85.

<sup>2</sup>I.B.R.D., op. cit., p. 9.



annual flow of Syria's rivers, as is shown in Table 5.

TABLE 5  
LENGTH AND RATES OF FLOW OF RIVERS IN SYRIA

Rivers	Length (Kilometers)		Average Flow <sup>a</sup>
	Within Syria	Total	
Euphrates	675	2,330	735
Al-Khabour	460	460	52
Jaghjagh	100	124	3
Al-Balikh	105	105	6
Sajour	48	108	3
Al-Assi <sup>b</sup>	325	571	18
Afrin	85	149	8
Queig	110	126	3
Al-Kabir	56	80	3
Sinn	6	6	12
Barada	71	71	7
A'waj	66	66	3
Al-Yarmouk	47	57	15

p. 4. Source: S.A.R., Statistical Abstract, 1961, Table 2,

<sup>a</sup>Cubic meters per second.

<sup>b</sup>Orontes.

The real problem is not the scarcity of water, but rather the ineffective exploitation and distribution of the

available water supply through irrigation schemes. The Syrian authorities have devoted substantial efforts and huge resources for implementing projects for irrigation and land reclamation, such as the construction of a dam on the Euphrates, the Ghab Valley Project, and the Khabour Project, all of which are already under way and in operation.

The most recent development, which has brought hope to the expansion and stabilization, as well as the diversification of Syrian agriculture was the major discovery of underground water in arid eastern Syria, "enough to supply a quarter million acres of wheat or cotton lands."<sup>1</sup> This has been confirmed in May 1964 by headquarters of the United Nations Food and Agriculture Organization in Rome.

The new Syrian water source, an underground flow of 120 cubic meters per second, would increase by 30 to 40 percent the acreage available for Syria's biggest cash crop, cotton, and considerably augment its cereal production.<sup>2</sup>

This discovery culminated a three-year survey by F.A.O. experts under a \$472,000 grant from the United Nations special fund. The Syrian government contributed the equivalent of \$570,000 for the survey of the Jezireh area drained by the Euphrates River. F.A.O. sources said it would increase Syria's presently available groundwater supply by sixfold and

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<sup>1</sup>Robert T. Hartmann, "Large Water Supply Found in Arid Syria," The Washington Post (Washington, D.C.: May 6, 1964), p. A18.

<sup>2</sup>Ibid.

"could potentially irrigate the largest area in the world watered from underground sources."<sup>1</sup>

This discovery, together with the present irrigation plans, may well brighten the future of development in the agricultural field, and in turn, improve the prospects for a more stable and sustained growth of the Syrian economy.

### Industry

Modern factory production in Syria is a relatively recent phenomenon. Industrialization, in the modern sense, is a postwar development. Pre-war manufacturing was predominantly handicraft in nature with the exception of the textile and cement industries.

Substantial spending of the Allied Forces stationed in Syria during the Second World War, together with the scarcity and high prices of foreign manufactured goods, gave a strong stimulus to the expansion of Syrian industries. The accumulated profits in commerce induced merchants to invest their surplus capital in industry. Profit opportunities stimulated some influx of foreign capital, especially from Lebanon. The Second World War provided the impetus for the growth of industry in Syria.

The textile industry is by far the most important industry in the country. About 28,450 workers were employed by the textile industry in 1956.<sup>2</sup> In 1958 the industry possessed

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<sup>1</sup>Ibid.

<sup>2</sup>I.B.R.D., op. cit., p. 361.

about 92,000 spindles (against 10,000 in 1939) with a capacity of 12,000 tons of cotton and rayon yarn per year; over 5,500 mechanical looms and some 6,000 hand looms.<sup>1</sup> "In cotton cloth Syria is approaching self-sufficiency and in rayon cloth it has already achieved a net export surplus."<sup>2</sup> The woolen industry is less developed and depends on imported wool.

Other important industries are sugar refining, vegetable oil, soap, cement, canned food, glass, tobacco, and others. The steady growth of most of these industries is illustrated in Tables 6 and 7.

The new industries which were established recently included those for the production of cutlery, electric bulbs, bicycles, plastic, batteries, washing machines, refrigerators, rubber shoes and pharmaceuticals. Plans under way include the building of a car assembly line in Latakia through the cooperation of Fiat, a factory for the production of radios and television sets in Damascus and plants for salt refining and onion dehydration.<sup>3</sup>

Expansion in electric power generation provided the bulk of power in industry. Output of electricity rose from about 98.8 million kilowatt hours in 1952 to about 368.2

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<sup>1</sup>National Bank of Egypt, Economic Bulletin, Vol. XI, No. 1 (Cairo: Research Department of the N.B.E., 1958), p. 16.

<sup>2</sup>I.B.R.D., op. cit., p. 105.

<sup>3</sup>U.N., Economic Developments in the Middle East, 1959-1961, p. 39.

million in 1960.<sup>1</sup> This constituted an increase of about 273 percent over the same period.

TABLE 6  
 PRODUCTION OF THE MAIN INDUSTRIES IN SYRIA  
 IN 1952 AND 1960  
 (THOUSANDS OF TONS)

Industry	1952	1960	Percent Increase
Cement	107.3	489.0	356.0
Sugar	19.2	69.6	262.0
Vegetable Oil	7.0 <sup>a</sup>	15.1	116.0
Soap	11.0 <sup>b</sup>	25.0	127.0
Cotton Yarn	8.0 <sup>c</sup>	9.7	21.0
Silk and Cotton Textiles	16.0 <sup>d</sup>	25.0	56.0
Canned Food	1.3	3.0	131.0
Mechanical Glass	5.7	15.3	168.0
Tobacco	2.5	3.5	40.0
Macaroni	1.0	2.1	110.0
Margarine	2.1 <sup>b</sup>	3.0	43.0

Source: S.A.R., Statistical Abstracts, 1956, 1961, Tables 21 and 1, pp. 491 and 236.

<sup>a</sup>1954 figure.

<sup>b</sup>1955 figure.

<sup>c</sup>1956 figure.

<sup>d</sup>1953 figure.

<sup>1</sup>S.A.R., Statistical Abstracts, 1956, 1961, Tables 21, 1, pp. 491, 236.

TABLE 7

INDEX NUMBERS OF THE PRODUCTION OF MAJOR MECHANIZED  
INDUSTRIES IN SYRIA, 1954-1960  
(1956 = 100)

Industry	1954	1955	1957	1958	1959	1960
Mining and Quarrying	68	54	77	68	75	76
Food	70	93	95	115	79	138
Beverages	79	88	186	207	177	187
Tobacco and Tumbac	93	97	94	93	103	112
Spinning and Textiles	104	115	115	123	124	134
Paper	86	87	105	99	100	100
Rubber Shoes	95	120	143	152	212	215
Chemical	82	97	138	149	189	187
Non-Metallic	79	75	90	124	130	149
Electricity	78	89	159	178	203	210
General Index	92	99	112	125	127	144

Source: S.A.R., Statistical Abstract, 1960, Table 10, p. 269.

Another manifestation of industrial progress was the completion in 1959 of the petroleum refinery at Homs. The refinery, built by Techno-Export of Czechoslovakia at a total cost of 54 million Syrian pounds, has an initial productive capacity of 750,000 tons a year, and a maximum capacity of 1,200,000 tons a year.<sup>1</sup> The output of the refinery

<sup>1</sup>S.A.R., The Chemical Industries: Petrol, pp. 52-54.

rose from 247,000 tons in 1959 to 769,843 tons in 1961.<sup>1</sup>

It is interesting to note that most of the new enterprises took the form of joint-stock companies (corporations). Initiative in promoting and establishing the various companies came from a limited number of entrepreneurs who retained the controlling interest in the business. There has been, however, a growing appeal for investment in industrial firms which has led to a wider dispersion of stock ownership.

In 1960, private capital invested in mechanized industries was estimated at about L.S. 397 million, distributed among 3,417 industrial establishments.<sup>2</sup> The number of industrial joint-stock companies has grown from 24 in 1950 to 75 in 1960.<sup>3</sup> The declared capital for these corporations has increased from L.S. 100 million in 1950 to about L.S. 189 million in 1960.<sup>4</sup> Of the total declared capital of the industrial corporations, 41.6 percent was invested in the textile industry in 1960. However, the textile industry together with the non-metallic products and food industries accounted for 90.3 percent of the total declared capital of industrial corporations in 1960, as shown in Table 8.

The number of handicraft workers and artisans engaged

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<sup>1</sup>Ibid.

<sup>2</sup>U.N., Economic Developments in the Middle East, 1959-1961, p. 38. (L.S. hereafter stands for the Syrian pound.)

<sup>3</sup>S.A.R., Statistical Abstract, 1961, Table 8, p. 394.

<sup>4</sup>Ibid.

TABLE 8

CAPITAL OF INDUSTRIAL JOINT-STOCK COMPANIES ACCORDING  
TO TYPE OF INDUSTRY IN SYRIA, 1960  
(L.S. THOUSAND)<sup>a</sup>

Type of Industry	Capital	Percent of Total
Textile	78,424	41.6
Non-metallic products	51,602	27.4
Food	40,118	21.3
Chemical products	5,219	2.8
Wood	4,000	2.1
Alcoholic drinks	3,350	1.8
Metallic products	2,875	1.5
Electricity	2,070	1.1
Quarries and asphalt	400	0.2
Paper	300	0.1
Rubber	252	0.1
Total	188,610	100.0

Source: S.A.R., Statistical Abstract, 1961, Table 10, p. 395.

<sup>a</sup>Hereafter L.S. stands for Syrian pound.

in some form of manufacturing was estimated at over 100,000 in 1954.<sup>1</sup> This comprised a little less than three percent of the total population at that time.<sup>2</sup> About 40 percent of

<sup>1</sup>I.B.R.D., op. cit., p. 11.

<sup>2</sup>Syria's population in 1954 was estimated at 3.67 million.



these persons were employed in mechanized manufacturing establishments.<sup>1</sup> The textile industry employed about 20 percent of the total industrial population.<sup>2</sup>

According to a recent study undertaken by the Department of Statistics in 1961, the total labor force in Syria was estimated at about 1.1 million.<sup>3</sup> This constituted about 23 percent of the population in 1960. About 227,300, or 20.4 percent of the labor force were employed in industry and 51.6 percent in agriculture as illustrated in Table 9.

It is difficult to assess the contribution of industry to national income in Syria because the available figures for the national income are no more than rough estimates. However, according to official statistics, industry in Syria contributed approximately 16 percent in 1960.<sup>4</sup> In 1950, the contribution of industry to national income was estimated at ten percent.<sup>5</sup>

Syria has forged ahead in the field of industrialization, but the fact remains that the Syrian economy is basically agriculturally oriented. It should also be pointed out

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<sup>1</sup>I.B.R.D., op. cit., p. 10.

<sup>2</sup>Ibid., p. 11.

<sup>3</sup>Yousseph Hilbawi, "Population, Labor Force and Economic Development in the Syrian Arab Republic," Al-Raed Al-Arabi (Kuwait: April, 1963), pp. 18-22.

<sup>4</sup>S.A.R., Statistical Abstract, 1961, Table 1, p. 390.

<sup>5</sup>Edmund Y. Asfour, Syria: Development and Monetary Policy (Cambridge: Harvard University Press, 1959), p. 16.

TABLE 9  
 CLASSIFICATION OF THE LABOR FORCE IN SYRIA ACCORDING  
 TO SEX AND ECONOMIC SECTORS, 1960

Economic Sector	Males		Females		Total	
	Number (Thousands)	Percent	Number (Thousands)	Percent	Number (Thousands)	Percent of Total
Agriculture	462.7	47.4	114.2	80.3	576.9	51.6
Industry	221.1	22.7	6.2	4.4	227.3	20.4
Services	275.8	28.3	21.3	15.0	297.1	26.6
Unclassified	15.6	1.6	0.5	0.3	16.1	1.4
<b>Total</b>	<b>975.2</b>	<b>100.0</b>	<b>142.2</b>	<b>100.0</b>	<b>1,117.4</b>	<b>100.0</b>

Source: Yousseph Hilbawi, "Population, Labor Force, and Economic Development in the Syrian Arab Republic," Al-Raed Al-Arabi (Kuwait: April, 1963), p. 21.

that most of the established industries depend on the limited produced raw materials. The agricultural products are too limited in quantity and variety to furnish greater expansion and diversification in industry. Shortage of fuel and power provides a further handicap for industrial growth. This shortage has been partially relieved by the import and export efforts toward raising petroleum and electricity output.

Since Syria is deficient in such vital resources such as iron and steel, which are important and essential for heavy industries, it is difficult to forecast long range industrialization in the future.

Further obstacles to industrial growth which can be rectified are: the inadequacy of the power output, the shortage of skilled labor and lack of technology, the shortage of capital and the absence of an efficient export market.

The home market can be expanded through the introduction of an adequate transportation network linking the urban industrial centers with the rural regions. The per capita income on the average is low in Syria. The current distribution reduces further the possible level demand for home products. The relatively weakly economy has a preference for imported manufactured goods, while the present majority cannot afford to buy on a large scale the locally manufactured goods with which they are generally satisfied. The shortage of skilled labor can be remedied through the retention and training of unskilled labor and the export market can be expanded

that most of the established industries depend on the locally produced raw materials. The agricultural products are too limited in quantity and variety to justify greater expansion and diversification in industry. Shortage of fuel and power provides a further handicap for industrial growth. This shortage has been partially reduced by the recent and current efforts toward raising petroleum and electricity output.

Since Syria is deficient in basic metal resources such as iron and steel, which are important raw materials for heavy industries, it is difficult to foresee large scale industrialization in the future.

Further deterrents to industrial growth which can be rectified are: the inadequacy of the home market, the shortage of skilled labor and lack of technology, the shortage of capital and the absence of an efficient capital market.

The home market can be expanded through the construction of an adequate transportation network linking the urban industrial centers with the rural regions. The per capita income on the average is low in Syria. Its uneven distribution reduces further the possible local demand for local products. The relatively wealthy minority has a preference for imported manufactured goods, while the poorer majority cannot afford to buy on a large scale the locally manufactured goods with which they are generally satisfied. The shortage of skilled labor can be remedied through the technical training of unskilled labor and the capital market can be organized

in such a manner as to serve the economy and stimulate its growth.

### Transportation

Geographically, Syria is strategically located, and has for centuries served as the crossroad between East and West. But unfortunately, the Syrian transport system is poor.

Transport facilities did not keep pace with the expansion in production and particularly with shifts in the geographical pattern of agricultural output. Transportation is generally costly and subject to interruption. The cost of road transport is high, partly because of the poor road conditions and partly as a result of the high cost of fuel. The wide seasonal fluctuations in the demand for road transport also raises rates at the harvest peak when the larger part of marketed crops are moved to the center of consumption or to the export terminals.<sup>1</sup> These factors have weakened the competitive position of Syrian commodities in the foreign markets.

The three railways that serve Syria were all constructed before the break-up of the Ottoman Empire, and are no longer adequate to serve the needs of the presently growing economy. The gauges (distance between rails) are not

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<sup>1</sup>Ibid., p. 34. Transport rates by road vary between L.S. 40-50 per ton of grain from the Jezira to Aleppo in the peak season and L.S. 25-30 per ton in the low season. This excludes cost of loading and unloading. Rates to Latakia are about 50 percent higher. This compared with a wholesale price in Aleppo of L.S. 220 for a ton of wheat and L.S. 180 for a ton of barley in the 1956 season.

uniform. There is no direct rail connection, either between Damascus and Aleppo, the two largest commercial centers, or between Damascus and Latakia, the only major port.

The roads are badly maintained, and the majority are dirt roads or tracks, which are unuseable in winter. The total length of roads has increased from 9,235 kilometers in 1956 to 11,375 kilometers in 1960.<sup>1</sup> Only 37 percent of all the roads were paved with asphalt in 1960; and 33 percent were dirt roads which were unsuitable for winter transportation.<sup>2</sup> However, the number of motor vehicles rose from 19,517 in 1955 to 28,791 in 1960.<sup>3</sup>

The only port which serves the bulk of Syrian exports and imports is Latakia, which is located on the Eastern Mediterranean. Baniyas is a small port through which only oil, transmitted by pipeline from Iraq, is shipped. Under construction is another harbor at Tartous, which is expected to serve the central and southern regions of Syria.

Domestic commercial aviation is in its infancy, and only recently were services established to connect the principal cities. There are six civil airports, and an air terminal was recently constructed in Damascus. Syria is well served by international airlines. A new international

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<sup>1</sup>S.A.R., Statistical Abstracts, 1957, 1961, Tables 1, 1, pp. 212, 218.

<sup>2</sup>Ibid.

<sup>3</sup>Ibid., Tables 2, 2, pp. 213, 219. These figures include taxis, private sedan cars, buses, and commercial vehicles.

airport with up-to-date equipment is under construction in Damascus.

The telecommunications system in Syria is satisfactory. The telephone network has been considerably expanded to cover most of the country. In 1960, a television network was installed for the first time.

Internal trade and the movement of goods are hindered by the inadequate transportation facilities. This accounts for the high costs of transportation and the limited size of the market.

Since dependable transportation systems are considered to be the basis of a sound economic system, it is little wonder that they deserve the full attention of the economic planners.

#### National Income

National income estimates can give a good summary of the economic structure of a country.

Several attempts have been made at estimating the national income of Syria. The first estimate was made for 1950. According to this estimate, national income was put at L.S. 1,250 million.<sup>1</sup> However, the International Bank Mission estimated income for the year 1950 at L.S. 1,380, and for 1953 at L.S. 1,600 million.<sup>2</sup>

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<sup>1</sup>Republic of Syria, Ministry of Finance, Al Iqtisad As Suri (Damascus: Government Press, 1953), p. 233. Estimate made by Sami Wafa Al Dajani.

<sup>2</sup>I.B.R.D., op. cit., pp. 20-21.

Although these estimates are very tentative calculations based on inadequate data, they are, nevertheless, useful in the sense that they give an idea of the relative magnitude of Syria's national income and its distribution among the major economic sectors.

In 1956, the Directorate of Statistics undertook the task of estimating national income in Syria. The 1956 estimate was taken as a base. Then, according to certain economic indicators and volumes of production, estimates of national income in 1956 prices were reached for the years 1953 to 1960. These estimates have since been taken as official and are shown in Table 10.

The noticeable fluctuation of agricultural income points, quite significantly, to the instability of the agricultural sector resulting from unreliable weather conditions. Agriculture constituted the major source of income and accounted for 44 percent of the national income in 1953 and 1957. Its contribution in 1960, dropped to 30 percent as shown in Table 11.

Income from industry ranked second in importance in 1960. Its contribution to national income ranged from 11 to 16 percent. Commerce, on the other hand, ranked third in importance and contributed 14 percent in 1960.

Overall, the increase in national income from 1950 to 1960 was 54 percent. However, from 1950 to 1957, national income registered an increase of 78 percent. This shows that



TABLE 10

INDUSTRIAL ORIGIN OF NET DOMESTIC PRODUCT OF SYRIA, 1953-1960<sup>a</sup>  
(L.S. MILLION)

Industrial Origin	1953	1954	1955	1956	1957	1958	1959	1960
Agriculture <sup>b</sup>	824	927	636	936	1,067	702	721	636
Industry <sup>c</sup>	227	246	264	267	288	304	315	341
Construction	60	80	95	98	75	90	79	117
Residential Dwellings	116	122	130	137	144	155	163	170
Finance	22	37	41	44	48	46	45	45
General Government <sup>d</sup>	114	127	140	150	157	168	178	182
Transportation <sup>e</sup>	129	142	139	137	124	130	136	140
Wholesale and Retail Trade	270	349	319	375	386	335	320	308
Services	130	146	156	159	162	172	176	184
N.D.P. at Factor Cost <sup>f</sup>	1,892	2,176	1,920	2,303	2,451	2,102	2,133	2,123

Source: S.A.R., Statistical Abstract, 1961, Table 1, p. 390.  
U.N., Yearbook of National Accounts Statistics, 1962 (New York: U.N., 1963), p. 255.

<sup>a</sup>At factor cost of 1956.

<sup>b</sup>Includes forestry, hunting, fishing and livestock.

<sup>c</sup>Includes mining, quarrying, electricity, gas and water.

<sup>d</sup>Includes public administration and defense.

<sup>e</sup>Includes communication and storage.

<sup>f</sup>Net Domestic Product.

TABLE 11

PERCENTAGE DISTRIBUTION OF NET DOMESTIC PRODUCT  
IN SYRIA, 1953, 1957 AND 1960

Industrial Origin	1953	1957	1960
Total Net Domestic Product (L.S. Million)	1,892	2,451	2,123
Percentage Distribution			
Agriculture	44	44	30
Industry	12	11	16
Wholesale and Retail Trade	14	16	14
Government	6	6	9
Services	7	7	9
Residential Dwellings	6	6	8
Transportation	7	5	7
Construction	3	3	5
Finance	1	2	2
Total	100	100	100

Source: Calculated from Table 10.

national income did not maintain a steady rate of growth throughout this period, because of the interruption in the rate of increase of the agricultural sector.

Per capita income estimates are given in Table 12. It will be seen that per capita income registered an increase of only two percent from 1950 to 1960. Yet, in the first half

TABLE 12

ESTIMATES OF POPULATION, NATIONAL INCOME AND  
PER CAPITA INCOME IN SYRIA, 1950-1960

Year	Population (Millions)	National <sup>a,b</sup> Income (L.S. Million)	Per Capita Income (L.S.)	Per Capita <sup>c</sup> Income (U.S. \$)
1950	3.2	1,380	431	120
1951	3.3	1,431	434	121
1952	3.4	1,641	483	135
1953	3.6	1,892	525	147
1954	3.8	2,176	573	160
1955	3.9	1,920	492	137
1956	4.0	2,303	575	160
1957	4.1	2,451	598	167
1958	4.4	2,102	478	133
1959	4.6	2,133	464	130
1960	4.8	2,123	442	123

Source: S.A.R., Statistical Abstracts, 1958, 1961, Tables 3, 3, 1, pp. 25, 25, 390.  
U.N., Yearbook of National Accounts Statistics, 1962, p. 307.

<sup>a</sup>Net domestic product at factor cost.

<sup>b</sup>At constant prices of 1956.

<sup>c</sup>Converted into U.S. \$ at the exchange rate of U.S. \$1 = 3.58 Syrian pounds.

of the decade per capita income gained an increase of about 39 percent from 1950 to 1957.

In the area of capital formation, it is interesting

to note the growth of gross investment from L.S. 180 million in 1950 to L.S. 319 million in 1958, and L.S. 397 million in 1960.<sup>1</sup> This is given in Table 13. The ratio of gross

TABLE 13  
COMPOSITION OF GROSS DOMESTIC FIXED CAPITAL FORMATION  
IN SYRIA BY TYPE OF CAPITAL GOOD, 1954-1958<sup>a</sup>  
(L.S. MILLION)

Type of Capital Good	1954	1955	1956	1957	1958
Dwellings <sup>b</sup>	110	127	122	119	120
Other Construction and Works	90	110	135	78	115
Transport Equipment	83	43	61	26	30
Machinery <sup>c</sup>	51	68	56	43	54
G.D.F.C.F. <sup>d</sup>	334	348	374	266	319

Source: S.A.R., Statistical Abstract, 1961, Table 3, p. 391.  
U.N., Yearbook of National Accounts Statistics, 1962, p. 255.

<sup>a</sup>At current market prices.

<sup>b</sup>Including non-residential buildings.

<sup>c</sup>Including other fixed assets.

<sup>d</sup>Gross Domestic Fixed Capital Formation.

investment to national income has varied from 11 percent to 18 percent in this period as shown in Table 14. On the average, about 13 percent of the national income has been invested each year.

The predominance of private enterprise is evident

<sup>1</sup>The 1960 investment figure is taken from: U.N., Economic Developments in the Middle East, 1959-1961, p. 38.

TABLE 14

NATIONAL INCOME, GROSS INVESTMENT AND THE  
RATE OF INVESTMENT IN SYRIA, 1950-1958  
(L.S. MILLION)

Year	National <sup>a</sup> Income	Gross <sup>b</sup> Investment	Ratio of <sup>c</sup> G.I. to N.I.
1950	1,380	180	13
1951	1,431	197	14
1952	1,641	180	11
1953	1,892	232	12
1954	2,176	334	15
1955	1,920	348	18
1956	2,303	374	16
1957	2,451	266	11
1958	2,102	319	15

Source: S.A.R., Statistical Abstract, 1961, Tables 1, 3, pp. 390-391.  
U.N., Yearbook of National Accounts Statistics, 1962, pp. 255 and 307.  
I.B.R.D., The Economic Development of Syria (Baltimore: The Johns Hopkins Press, 1955), p. 21.  
Edmond Y. Asfour, Syria: Development and Monetary Policy (Cambridge: Harvard University Press, 1959), pp. 72-74.

<sup>a</sup>Net Domestic Product at factor cost and at 1956 prices.

<sup>b</sup>Excludes investment by oil companies and changes in stock.

<sup>c</sup>Ratio of gross investment to national income.

from Table 15. About 88 percent of total gross investment in 1954 came from private enterprise. In 1958, this share

TABLE 15

GROSS DOMESTIC FIXED CAPITAL FORMATION IN SYRIA  
 BY TYPE OF PURCHASE, 1954-1958<sup>a</sup>  
 (L.S. MILLION)

Year	Private Enterprise		General Government <sup>b</sup>		Total G.D.F.C.F. <sup>c</sup>
	Amount	Percent of Total	Amount	Percent of Total	
1954	295	88	39	12	334
1955	289	83	59	17	348
1956	305	82	69	18	374
1957	206	77	60	23	266
1958	235	74	84	26	319

Source: S.A.R., Statistical Abstract, 1961, Table 3, p. 391.  
 U.N., Yearbook of National Accounts Statistics, 1962, p. 255.

<sup>a</sup>At current market prices.

<sup>b</sup>Including public corporations and government enterprises.

<sup>c</sup>Gross Domestic Fixed Capital Formation.

had dropped to 74 percent as the government started assuming more responsibility in the investment field. But private enterprise remained to hold the lion's share in the economy.

Prices and the cost of living, as shown in Table 16, have been more or less stable. Although these indexes are taken for Damascus only, they do, nevertheless, indicate the price trend in Syria. It will be noticed that while the

TABLE 16  
INDEXES OF WHOLESALE PRICES AND COST OF LIVING IN DAMASCUS, SYRIA, 1951-1959  
(1953 = 100)

Item	1951	1952	1953	1954	1955	1956	1957	1958	1959
<b>Wholesale Prices</b>									
General	119	120	100	96	97	102	98	96	101
Raw Materials	147	116	100	108	95	96	91	90	79
Finished Goods	---	115	100	95	110	122	124	110	102
Building Materials	117	123	100	100	107	111	113	103	104
Cost of Living <sup>a</sup>	102	109	100	92	91	104	109	102	106

Source: U.N., Statistical Yearbook, 1960, Tables 160 and 161, pp. 450 and 456.

<sup>a</sup>Food (including soap, kerosene and cigarettes).

general index of wholesale prices was one percent higher in 1959 than in 1953, the cost of living registered an increase of six percent in the same period.

### Money and Banking

The present monetary system of Syria dates back to 1920, when Syria came under the French Mandate. The French authorities gave the Banque de Syrie et du Liban - a French commercial bank - the right of issuing paper notes in Syria. The monetary system remained tied to the French franc, and was completely dependent upon French monetary policies, until 1949, when Syria withdrew from the French bloc and established an independent currency.

In 1947 Syria became a member of the International Monetary Fund. The value of the Syrian pound was then fixed at 405,512 milligrams of gold, according to the agreement with the I.M.F.<sup>1</sup>

In 1952, the decrees No. 208 and 637 established the new Exchange Control Office.<sup>2</sup>

However, Law No. 87 which was enacted in 1953 with the aim of reforming the currency system, constituted a landmark in the history of money and banking in Syria.

The main provisions of this law were:<sup>3</sup>

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<sup>1</sup>George Ashi, The Currency System of Syria (Damascus: Damascus University Press, 1959), p. 127. (The International Monetary Fund is hereafter referred to as I.M.F.).

<sup>2</sup>Ibid., pp. 196-209.

<sup>3</sup>Ibid., pp. 276-284.



First, the creation of the Currency and Credit Board as a central monetary authority which was empowered to supervise all aspects of the currency system;

Second, the establishment of the Central Bank of Syria, which was to be an independent institution operating under the direction of the government;

Third, the reorganization of the currency system in such a way as to meet the needs of the economy;

Fourth, the organization of the banking system. All banks were, for the first time, to be subject to the control of the monetary authorities, whereas before this law, the banks were subject to the general commercial law of the country.

It will thus be noticed that the present independent monetary system of Syria actually took shape during the decade of 1950-1960.

The banking system, likewise, was formerly dominated by a few branches of foreign banks. The last decade witnessed the growth both in number and activity of the banking system. While the number of banks rose from nine in 1951 to 21 in 1957, the number of branches rose from 32 to 56 respectively. In 1962, the number of banks was 16 and the number of branches was 60.<sup>1</sup> This drop in the number of banks, though not in the total number of banks and branches, was due to the significant

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<sup>1</sup>Abdullah Azmeh, The Role of the Banks in the Economic Development of Syria (Damascus: Ministry of Planning, April, 1963), p. 42.

events which recently took place in the banking system.

In 1959, in line with its socialization program, the government arabized the foreign banks operating in Syria.<sup>1</sup> In 1961, Law No. 117 nationalized all the banks in Syria. Following the withdrawal of Syria from the United Arab Republic, the banks were denationalized in 1962.<sup>2</sup> However, the Socialist Baath regime, which took over in March 1963, re-nationalized the banking system in Syria. As a result of these nationalization decrees, the banks were consolidated and the number was reduced, but the number of branches was increased.

These banks were mainly engaged in financing the foreign trade of Syria. The nature of the credit advanced was primarily short term and seasonal. Of the still existing banks, the Banque de Syrie et du Liban was the largest and most important prior to 1956. It was the principal depository of government funds and was acting as the bank of issue until 1956, when this function was entrusted to the newly established Central Bank of Syria.

The only government bank that existed before 1956 was the Syrian Agricultural Bank which extended a limited amount of credit to agriculture. When it was first founded in 1924, its capital was L.S. 45 million. In 1958 this was raised to

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<sup>1</sup>Ibid., p. 6. The control of foreign banks was turned over to Syrians and citizens of Arab countries.

<sup>2</sup>Ibid., p. 10.

L.S. 100 million, because of its important role in the development of agriculture.<sup>1</sup> Table 17 shows the number and

TABLE 17  
NUMBER AND VALUE OF LOANS ADVANCED BY THE  
SYRIAN AGRICULTURAL BANK, 1952-1960

Year	Number of Loans	Value of Loan (L.S. Thousand)
1952	24,374	14,327
1953	20,325	12,466
1954	13,400	15,347
1955	42,178	29,534
1956	35,652	38,165
1957	35,247	37,109
1958	177,148	81,653
1959	106,723	28,186
1960	68,407	44,324

Source: S.A.R., Statistical Abstracts, 1958, 1961, Tables 22, 22, pp. 363, 382.

total value of the yearly loans advanced by this bank. The fluctuations in the number and value of the loans, from one year to another, reflected the success or failure of the agricultural crops. The sharp increase in 1958 of the number and value of loans, was largely due to the increase in the bank's capital and the new land reform law.

<sup>1</sup>Ibid., p. 21.

The sources of funds of the bank came chiefly from its capital, its reserves and borrowings. Deposits were insignificant and formed a secondary source. It must be noted, however, that although the credit advanced by the bank is still inadequate, considering the significance of agriculture in the economy of the country, it has, nevertheless, together with loans advanced by commercial banks (as shown in Table 18), provided a major part of the financial needs for agricultural development in Syria.

A most recent development in the banking system of Syria was the establishment of the Industrial Bank in February, 1959. This bank was formed as a private corporation with a capital of L.S. 12.5 million.<sup>1</sup> The government subscribed 25 percent of its capital and the Central Bank eight percent.<sup>2</sup> The main objective of this bank was the promotion of industrial projects in conformity with the industrialization plans and the economic policy of the government. The bank has been rather conservative in advancing loans to industry. The loans advanced by the Industrial Bank have increased from L.S. 19.5 million in 1959 to L.S. 24 million in 1961. This was due to the limited resources of the bank, which have grown from L.S. 22 million in 1959 to L.S. 30 million in 1961.<sup>3</sup> As a result, the bank has negotiated for

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<sup>1</sup>Ibid., p. 22.

<sup>2</sup>Ibid., p. 23.

<sup>3</sup>Ibid., p. 68.

TABLE 18

DISTRIBUTION OF COMMERCIAL BANKS LOANS ACCORDING  
TO ECONOMIC SECTORS IN SYRIA, 1954-1960<sup>a</sup>  
(L.S. MILLION)

Year	Commerce	Industry	Agriculture	Finance	Miscellaneous	Total
1954	291.4	54.8	32.4	14.5	4.6	397.7
1955	282.5	55.2	39.9	22.6	8.7	408.9
1956	302.9	59.9	38.1	21.0	10.4	432.3
1957	318.2	67.3	58.9	10.8	15.4	470.6
1958	277.7	74.4	60.8	14.7	12.8	440.4
1959	363.6	90.8	54.7	27.9	12.8	549.8
1960	445.9	133.9	62.5	11.3	20.1	673.7

Source: S.A.R., Statistical Abstracts, 1958, 1961, Tables 17, 6, pp. 358, 376.

<sup>a</sup>In December.

a loan of five million dollars from the United States Development Loan Fund in August 1960.<sup>1</sup> This loan, guaranteed by the Syrian Government, was to extend over a period of 12 years and to be used in advancing long-term loans to private industrial companies for their development projects.<sup>2</sup> But unfortunately, this loan did not materialize by the end of 1961 because of the strict conditions attached to the agreement; the higher prices of American machinery compared to European machinery; the routine and delaying practices involved in advancing the loans; and because Syrian industrialists are accustomed to better and easier means of acquiring intermediate-term credit from industrial companies in Europe and the U.S. itself.<sup>3</sup> It is, however, too soon to pass any judgment on the effects and contributions of the Industrial Bank to the development of industry. But unless its resources are increased, its contribution will remain insignificant. Nevertheless, it does indicate a major step forward in the development of the banking system in Syria.

Table 18 shows the distribution of the loans advanced by the commercial banks to the various economic sectors. Commercial loans were by far the greatest and most important since these loans financed the exports and imports of Syria. The table further shows that loans granted to industry were

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<sup>1</sup>Ibid., p. 22.

<sup>2</sup>Ibid.

<sup>3</sup>Ibid.

greater than those extended to agriculture. This may seem paradoxical, since agriculture is the chief occupation. It may be partially explained by the rapid growth of industry and the uncertainty and fluctuation of the agricultural crops. A further explanation is that loans advanced by the Agricultural Bank, as shown in Table 17, are not included in this table which refers to commercial banks only.

It will be seen from Table 19 that private deposits

TABLE 19  
DEPOSITS AT THE COMMERCIAL BANKS IN  
SYRIA, 1954-1962<sup>a</sup>  
(L.S. MILLION)

Year	Private Deposits	Public Deposits	Total Deposits
1954	136.1	213.7	349.8
1955	146.2	198.6	344.8
1956	158.0	200.7	358.7
1957	185.2	30.1	215.3
1958	200.7	38.2	238.9
1959	298.0	85.1	383.1
1960	380.6	68.8	449.4
1961	280.2	74.5	354.7
1962	268.9	87.2	356.1

Source: S.A.R., Statistical Abstracts, 1958, 1961, Tables 15, 14, pp. 356, 374.  
Abdullah Azmeh, The Role of the Banks in the Economic Development of Syria (Damascus: Ministry of Planning, April, 1963), Table 4, p. 63.

<sup>a</sup>In December.

have registered an increase of about 97 percent from 1954 to 1962. Though 38 percent of total deposits were private in 1954, this ratio increased to 75 percent in 1962. Private deposits have increased regularly up to 1960 when they reached a maximum L.S. 380 million, but they dropped about L.S. 100 million in 1961, and continued falling in 1962. This recent fall in private deposits may be attributed to the nationalization of the banking system and other major corporations in 1961, and the subsequent fear among businessmen which led to the flight of capital outside the country.

It is difficult to predict the long-run effect of nationalization at present but the immediate effects have certainly been unfavorable. It will all depend on how soundly the machinery of the government can manage the banks, and how soon it can regain the confidence of the people in the banking system.

#### Trade and the Balance of Payments

Trade and commerce play an important role in the Syrian economy. This has already been noted by the fact that commerce generates a relatively large share of the national income (Table 11). There has been a general trend of increasing imports and exports since the end of the war as shown in Table 20. The percentage of the value of exports in proportion to imports reached its highest (89 percent) in 1957 and its lowest (43 percent) in 1960.

It is important to note that since 1951, Syria has



TABLE 20

IMPORTS, EXPORTS, AND BALANCE OF TRADE OF SYRIA  
1951-1960<sup>a,b,c</sup>  
(L.S. MILLION)

Year	Imports (C.I.F.)	Exports (F.O.B.)	Balance of Trade	Percentage Value of Exports to Imports
1951	435	277	-158	64
1952	459	320	-139	70
1953	462	376	-86	81
1954	634	466	-168	74
1955	677	474	-203	70
1956	690	516	-174	75
1957	616	548	-68	89
1958	730	420	-310	58
1959	652	356	-296	55
1960	806	344	-462	43

Source: S.A.R., Statistical Abstracts, 1961, 1962,  
Tables 1, 1, pp. 181, 256.

<sup>a</sup> These figures pertain to value of goods that passed through customs.

<sup>b</sup> Figures for 1958-1960 exclude trade with Egypt.

<sup>c</sup> Import figures for 1959-1960 include raw petroleum imported by Refinery of Homs.

always had a deficit in its balance of trade. The size of this deficit has varied considerably. In 1957 it reached a low level of L.S. 68 million, while in 1960 it moved up to a record of L.S. 462 million. The reason for this wide

fluctuation is attributed to the nature of the exported goods. In 1956 and 1957 Syria's exports amounted to a little less than one-quarter of the national income. Thus exports have a great effect on national income, as well as on imports. It must be noted that the 1958 through 1960 figures exclude trade with Egypt. This accounts for the low export figures in these particular years.

Among Syria's main imports are raw materials, machinery, minerals, foodstuffs and chemicals, as well as the others shown in Table 21.

Syria's exports depend mostly on agricultural production which, in turn, is subject to changes in climatic conditions. Unstable weather has been largely responsible for the great variation in the volume and value of exports from year to year. A further important factor explaining variation in the value of exports is the fluctuation in the prices of agricultural commodities in the world market, on which Syria can exert no significant influence, because the volume of its exports is relatively small in relation to world supplies. The main components of Syria's exports are shown in Table 22.

The terms of trade have turned against Syria throughout the decade of 1950-1960, as shown in Table 23. While the prices of exports tended to be stable and even declining in certain years since 1952, the prices of imports tended to surge upward particularly in 1960, the fact which accounts for the highly unfavorable terms of trade in these particular years. Thus, Syria may be said to be sharing the common trend

TABLE 21

IMPORTS OF SYRIA, 1952, 1957, AND 1960 (VALUE IN L.S. MILLION)

Items	1952		1957		1960 <sup>a</sup>	
	Value	Percent of Total	Value	Percent of Total	Value	Percent of Total
Livestock, Plant and Vegetable Products	56.9	18.2	82.5	13.4	186.7	23.2
Food Products, Beverages and Tobacco	17.0	5.4	30.4	4.9	31.0	3.8
Mineral Products	38.8	12.4	85.7	13.9	30.7	3.8
Chemicals	16.8	5.4	45.0	7.3	56.9	7.1
Rubber, Leather, Wood	21.1	6.7	47.0	7.6	64.1	8.0
Paper and Utilizations	5.6	1.8	11.8	1.9	14.8	1.8
Textile Materials and Goods	64.3	20.5	121.0	19.7	117.6	14.6
Metals	35.2	11.2	71.1	11.5	92.6	11.5
Machinery and Electrical Appliances	38.4	12.3	78.5	12.8	117.0	14.5
Transport Materials	13.4	4.3	29.0	4.7	38.0	4.7
Raw Petroleum	----	----	----	----	37.5	4.7
Miscellaneous	5.8	1.8	14.1	2.3	18.8	2.3
<b>Total</b>	<b>313.3</b>	<b>100.0</b>	<b>616.1</b>	<b>100.0</b>	<b>805.7</b>	<b>100.0</b>

Source: S.A.R., Statistical Abstracts, 1953, 1958, 1961, Tables 4, 5, 5, pp. 92-93, 178-183, 184-189.

<sup>a</sup>Excluding trade with Egypt.

TABLE 22

## EXPORTS OF SYRIA, 1952, 1957, AND 1960 (VALUE IN L.S. MILLION)

Items	1952		1957		1960 <sup>a</sup>	
	Value	Percent of Total	Value	Percent of Total	Value	Percent of Total
Livestock, Plant and Vegetable Products	117.6	36.8	227.2	41.5	51.7	15.0
Food Products, Beverages and Tobacco	10.1	3.2	13.0	2.4	14.9	4.3
Mineral Products	1.8	0.5	1.3	0.2	3.4	1.0
Chemicals	4.1	1.3	6.1	1.1	1.7	0.5
Leather and Wood	3.6	1.1	6.9	1.3	10.3	3.0
Papers	0.7	0.2	1.1	0.2	1.0	0.3
Textile	177.6	55.6	269.4	49.1	235.3	68.3
Pottery and Glassware	0.7	0.2	2.0	0.4	2.8	0.8
Metals	1.9	0.6	11.3	2.1	16.8	4.9
Machinery	0.8	0.2	5.7	1.0	3.3	1.0
Transport Materials	0.2	0.1	2.2	0.4	1.1	0.3
Miscellaneous	0.5	0.2	1.8	0.3	2.0	0.6
<b>Total</b>	<b>319.6</b>	<b>100.0</b>	<b>548.0</b>	<b>100.0</b>	<b>344.3</b>	<b>100.0</b>

Source: S.A.R., Statistical Abstracts, 1953, 1958, 1961, Tables 3, 6, 6, pp. 90-91, 184-189, 190-195.

<sup>a</sup>Excluding trade with Egypt.

TABLE 23

INDEXES OF QUANTUM, PRICES AND TERMS  
OF TRADE OF SYRIA, 1953-1960  
(1952 = 100)

Year	Exports		Imports		Terms of Trade
	Quantum	Price	Quantum	Price	
1953	141	83	104	97	86
1954	163	89	146	94	95
1955	176	90	151	92	98
1956	183	91	154	101	90
1957	207	83	125	93	89
1958	187	80	158	95	84
1959	171	86	151	96	89
1960	189	70	168	134	52

Source: S.A.R., Statistical Abstracts, 1956, 1958, 1961, Tables 35, 3, 3, pp. 218, 176, 182.

of unfavorable terms of trade which is experienced by most underdeveloped countries.

In spite of the large and continuous deficit in its balance of trade, Syria's balance of payments has shown a relatively moderate deficit in its balance of current account and has, in fact, been positive in certain years, as shown in Table 24. It will be noticed that the 1957 deficit in the balance of trade was L.S. 78.9 million, while the balance of current account reflected a surplus of L.S. 5.5 million.

TABLE 24

ESTIMATES OF SYRIA'S BALANCE OF  
PAYMENTS, 1957-1960  
(L.S. MILLION)

Item	1957	1958	1959	1960
<b>A. Current Account</b>				
1. Exports (F.O.B.)	586.5	475.0	467.6	505.0
2. Imports (C.I.F.)	-665.4	-729.6	-709.0	-898.0
Net of 1 and 2	-78.9	-254.6	-241.4	-393.0
3. Net Transit, Commissions	14.5	12.0	25.0	17.0
4. Net Travel, Tourism	-15.0	20.0	12.0	20.0
5. Expenses, Royalties from Oil Companies	58.4	83.5	113.5	120.0
6. Net Government Expenditures	8.0	22.0	20.0	20.0
7. Net Emmigrants Remittances	10.0	15.0	35.0	35.0
8. Relief Aid to Palestinian Refugees	5.5	3.0	7.0	7.0
9. Foreign Currency Exchange Profits	3.0	3.0	5.0	4.0
10. Relief from Egypt	---	---	13.5	15.0
11. International Relief Aid	---	---	---	15.0
Net Balance of Current Account	5.5	-96.1	-10.4	-140.0
<b>B. Capital Account</b>				
1. Net Capital Movement in Private Sector	-10.0	-15.0	-5.0	-15.0
2. Net Capital Movement in Government Sector	---	---	-28.2	33.0
3. Net Banking Balances	5.1	38.6	40.3	37.4
4. Net Monetary Reserve and Payment Agreements Accounts	11.7	58.4	-16.0	61.9
5. Errors and Omissions	-12.3	14.1	19.3	22.7
Net Balance of Capital Account	-5.5	96.1	10.4	140.0

Source: S.A.R., Statistical Abstracts, 1958, 1961, Tables 23, 23, pp. 365-366, 384-385.

Although the deficit in the balance of trade was L.S. 241.4 million in 1959, the balance of current account indicated a deficit of only L.S. 10.4 million.

The deficit in the balance of trade is covered principally by the expenses and royalties of oil companies, which have increased from L.S. 58.4 million in 1957 to L.S. 120 million in 1960, and by the transfer of capital.

The Syrian economy is exposed to outside forces which are beyond its control. The above analysis indicates the following characteristics:

First, persistent deficits in the balance of trade;

Second, concentration of exports in agricultural products and textile goods;

Third, dependence of exports on agricultural crops with the resulting unfavorable effect of climatic conditions;

Fourth, the vulnerability of exports to external forces, such as the fluctuations in world prices which are beyond the control of Syria and which account for the falling trend in the terms of trade.

### Entrepreneurship

Most economic development theories emphasize the significance of the entrepreneurial function as a vital force in the economy. This feature was the most distinctive aspect of Schumpeter's theory. The shortage, or in most cases the lack of entrepreneurs is considered a principal retarding factor to growth in underdeveloped countries.

In view of the crucial role given the entrepreneur in the process of development, it is only proper to ask what is meant by the entrepreneur. This word is naturally derived from the word enterprise. According to Schumpeter, enterprise is the carrying out of new combinations of the means of production. Entrepreneurs are "the individuals whose function it is to carry them out."<sup>1</sup>

As to what determines the supply of entrepreneurs, Schumpeter considers the "climate" to be responsible for the rise of the New Men who will do the job of establishing New Firms and making the economy grow. A framework of public order, stability, and legal rights will enhance the opportunities for entrepreneurship.<sup>2</sup>

The entrepreneur is, among other things, a social deviant, egocentric, untraditional and ambitious.<sup>3</sup> He is attributed with

the will to conquer; the impulse to fight to prove oneself superior to others, to succeed for the sake, not of the fruits of success, but of success itself. . . . Finally, there is the joy of creating, of getting things done, or simply of exercising one's energy and ingenuity.<sup>4</sup>

In short, motives, abilities and a congenial environment all combine to promote entrepreneurship.

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<sup>1</sup>Joseph A. Schumpeter, The Theory of Economic Development (Cambridge: Harvard University Press, 1955), p. 74.

<sup>2</sup>Gerald M. Meier and Robert E. Baldwin, Economic Development (New York: John Wiley & Sons, Inc., 1957), p. 358.

<sup>3</sup>Higgins, op. cit., p. 139.

<sup>4</sup>Schumpeter, op. cit., p. 93.



What is the role played by entrepreneurs in Syria? Is there any shortage of entrepreneurs and is the climate conducive to the rise and proper functioning of entrepreneurs?

Syria is often regarded as a good example of an underdeveloped economy where private initiative has largely contributed to the postwar economic growth of the country. This point is particularly stressed by Doreen Warriner in connection with Syrian agricultural development. She compares the upsurge of private enterprise and the rapid rate of technical change through the investment of private risk capital, to the nineteenth-century type of expansion in Western Europe, or better still, to that of the Middle West in the United States. Warriner observes that

Syria's nineteenth-century type of development has been accompanied by the emergence of strong "inner-directed" personalities who break through the crust of tradition in practical ways.<sup>1</sup>

In spite of Syria's marked aversion to foreign assistance, the postwar period witnessed a rather remarkable expansion in cultivated area and production. A characteristic feature of this rapid development is that it has been almost wholly due to private enterprise. The Syrian merchant class has played a prominent role in the development of the country, both in the fields of agriculture and industry. The spirit of voluntary saving and enterprise seems to be inherent in, and characteristic of, the Syrian people. For instance,

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<sup>1</sup>Warriner, op. cit., pp. 110-112.

according to the Mission Report of the International Bank, in 1955 only 48,000 hectares were irrigated by government programs, whereas 250,000 hectares were irrigated by privately installed pumps.<sup>1</sup> Furthermore, the expansion in cotton has been financed almost entirely from commercial capital.

In 1951, it was estimated that some 200 to 300 million Syrian pounds had been required to finance the planting and moving of the cotton crop, of which all but 50 million Syrian pounds came from outside agriculture.<sup>2</sup>

Manufacturing industry has developed primarily by private entrepreneurs. An important indication of the role of private enterprise is the relatively large share of private investment. Private investment amounted to 86 percent of total gross investment in 1950.<sup>3</sup> This share went up to 88 percent in 1954 and has fallen to 74 percent in 1958, as shown in Table 15.

Private investment at such a high level was made possible by the ploughing back of entrepreneurial profits. This factor was historically the major source of capital accumulation in Western economic growth and as such occupied a central place in Schumpeter's theory of development. Nurkse asserts that "If there is any hope for substantial private saving it lies mainly in the reinvestment of entrepreneurial profits."<sup>4</sup> This is so because the individual entrepreneur

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<sup>1</sup>I.B.R.D., op. cit., p. 23.

<sup>2</sup>U.N., Economic Developments in the Middle East, 1945-1954, p. 184.

<sup>3</sup>I.B.R.D., op. cit., p. 21.

<sup>4</sup>Ragnar Nurkse, Problems of Capital Formation in

can have the advantage of providing the machinery for saving the increment of income which capital investment creates.

However, an important condition for the success of capital formation is a "capital-conscious community." The business community in Syria has been "investment conscious" and has engaged in little conspicuous spending except perhaps for housing.<sup>1</sup>

Nothing matters so much as the quality of the people. The personal habits and traits associated with the use of capital - among them initiative, prudence, ingenuity and foresightedness - give a deeper and surer base to a nation's economic advance than the blueprints of a planning commission.<sup>2</sup>

Such traits and habits, together with favorable circumstances, have combined to raise private investment and saving in Syria, to such a high level as to contribute considerably to the development of the Syrian economy in the decade of 1950-1960.

### Conclusion

In spite of limited resources, the Syrian economy has experienced a rapid rate of growth during the decade of 1950-1960. Growth has been noticeable in the agricultural and industrial sectors. The rate of productive investment ranged from 11 percent to 18 percent of the national income

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Underdeveloped Countries (Oxford: Basil Blackwell, 1957), p. 155.

<sup>1</sup>This point was acknowledged by almost all literature on this subject, and was particularly stressed by the I.B.R.D. Mission, on page 23.

<sup>2</sup>Nurkse, op. cit.

throughout the period.

The textile industry has developed into a substantial manufacturing complex, satisfying the home market and providing a surplus for export. The processing of agricultural products by modern technical methods exemplified by the growth of the canning industry has also developed into a well established industry. In the last decade, 1950-1960, the emergence of the banking system as an important contributing force to economic development was noticeable. An important feature of economic growth has been the prominent role played by the Syrian entrepreneur, who has exhibited an initial ability to mobilize savings productively.

Thus far, although it is safe to conclude that economic growth in Syria has forged ahead, it cannot be claimed for sure that Syria has met all the conditions for the take-off. The process of development was full of bottlenecks. As may be deduced from the above analysis, economic growth in Syria was precarious.

Three major facts emerge from this analysis:

First, growth in the agricultural sector was not sustained. In spite of the rather remarkable expansion in the area cultivated, agricultural production was interrupted by unfavorable weather conditions and did not maintain a steady rate of growth. Because agriculture is the predominant sector in the economy, the repercussions of the periodical crop failures were noticeable on the level of income and the

rate of growth.

Second, political instability has been a major deterrent to sustained growth.

Third, the government was behind in providing the social overhead capital necessary to sustain growth.

Thus, it may be concluded that Syria has passed beyond the stage of the preconditions for the take-off, and has done this at a rather remarkably fast rate. Yet, it cannot be possibly claimed that growth has been sustained.

Admittedly, there have been various attempts undertaken by the government to remove the serious bottlenecks which stood in the way of sustained growth. The government invested in piecemeal projects such as irrigation and land reclamation, transportation, electricity and well drilling. It has also indicated interest in speeding up the economic development of the country through economic planning. For example, in 1947, the government invited foreign experts to undertake a comprehensive study of the economic resources and potentialities of the country and to present recommendations for the future development of the Syrian economy. In 1954, a similar task was entrusted to an International Bank Mission. As a result of these studies and recommendations, the Seven-Year Plan of 1955-1961 was formulated. But these attempts were seemingly, neither sufficient nor effective enough to eliminate these bottlenecks. It may be rightly assumed that the burden of development, in the first part

of the decade, from 1950-1958, has fallen almost entirely on the shoulders of the Syrian entrepreneurs.

Since 1958, however, the Syrian government has become more aware of its responsibilities toward the development of the economy, and has embarked on an all-out attack on the problems thus far unsolved. It has turned to comprehensive planning as a possible solution to these problems.

In the following chapters, an attempt will be made to find out whether planning is the answer to the problems retarding economic growth in Syria.

## CHAPTER III

### THE HISTORY OF PLANNING IN SYRIA

From the analysis given in Chapter II it may be inferred that the Syrian government took an indifferent attitude toward the problems confronting the economic development of the country. In fact, Syrian authorities were not completely oblivious to the implications of bad harvests and their deterring effects on the level of income and sustained growth. But while responsible Syrian authorities seemed to have recognized the importance of governmental work in this field, in practice, their efforts have been inadequate and their accomplishments have been ever short of the goals set by them. Nevertheless, their attempts and efforts were not entirely fruitless. Experience has been gained through trial and error.

The attempts made by the Syrian government to secure sustained growth through economic planning will now be traced.

Syrian Government action in the area of economic planning is arbitrarily delineated into three stages:

1. The early phase of studies and recommendations: 1947-1955.
2. Planning from 1955 to 1958.

### 3. Planning in the unification era: 1958-1961.

#### I. The Early Phase of Studies and Recommendations: 1947-1955

Prior to 1955, projects were studied and carried out individually and out of expedience, as the need for each one of them arose, but without prior planning and with little regard to classification as to priority or to financial ability.

Although economic planning in Syria did not start before 1955, various preliminary studies were undertaken for that purpose. In 1947, the Syrian authorities invited the British engineering firm of Alexander Gibb and Partners to formulate a development plan for Syria. In the following years, the government invited several Dutch and German experts to advise it on economic planning. Most of their recommendations were rejected on the grounds that they would fail to industrialize the country. In 1954, a mission from the International Bank submitted a report containing its recommendations for a plan for economic development. Out of studies prepared by Gibb and the International Bank's Mission, the Seven-Year Economic Development Plan for Syria emerged and was put in force in 1955.

It is now pertinent to give a brief account of the studies and recommendations presented by Gibb and the International Bank's Mission.

#### Alexander Gibb's Report

This report contained a ten-year development program



with a total expenditure of L.S. 477 million to be spent on development projects as follows:<sup>1</sup>

L.S. 70 million on irrigation and drainage works covering studies and execution of such projects as the Halabiya gorge in the Euphrates valley, completion of projects in the Khabour river area, Mzerib in Hauran province, drainage of the Ghab valley, as well as the Rouj and upper Orontes projects.

L.S. 70 million on hydro-electric and thermal power.

L.S. 65 million on rural and urban water supplies, including the construction of new water supply and distribution systems in Aleppo, Homs, Latakia and Damascus.

L.S. 40 million on construction of new secondary roads (1,140 kilometers) and maintenance of old roads.

L.S. 93 million on railways, including the alignment of Aleppo-Raqa Railroad (200 kilometers), Raqa-Hasakeh-Tel Kotchek (310 kilometers), and Raqa-Deir ez-Zor-Abu Kamal (290 kilometers).

L.S. 25 million was allocated for the construction and repair of seaports.

Other proposed expenditure included L.S. 12 million on airports, L.S. 32 million on telephone and broadcasting facilities, and L.S. 70 million on public buildings.

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<sup>1</sup>United Nations Relief and Works Agency for Palestine Refugees, "The Economic Development Projects of Syria," Quarterly Bulletin of Economic Development No. 15 (Beirut: March, 1958), p. 13. (Hereafter referred to as UNRWA).

## The International Bank Mission's Report

In 1954, a mission organized by the International Bank for Reconstruction and Development visited Syria at the request of the government. Its task was

to undertake a general review of Syria's economic potentialities and to submit recommendations designed to assist the government to formulate a long-run development program for increasing Syria's productive resources and raising the standard of living of its people.<sup>1</sup>

In March, 1955, the Mission submitted its recommendations which were embodied in a six-year development program (1955-1960). The total proposed expenditures amounted to L.S. 1,903.4 million, out of which L.S. 986.1 million was allotted for development, L.S. 453 million for defense, L.S. 439.3 million for administration, and L.S. 25 million for increase in government salaries.<sup>2</sup>

A summary of the proposed expenditure on development projects for the period 1955-1960 is given in Table 25. It will be seen from this table that 34.5 percent of total expenditure on development was recommended for agriculture. Education ranked second in priority with 27.6 percent, and transport and communication came third with 17.6 percent. The total expenditure on these three fields accounted for 79.7 percent of total government expenditure on development. Thus, the emphasis on agriculture and social overhead capital was quite obvious from the Mission's recommendations.

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<sup>1</sup>I.B.R.D., op. cit., p. vii.

<sup>2</sup>Ibid., p. 175.

TABLE 25

PROPOSED GOVERNMENT EXPENDITURE ON DEVELOPMENT BY  
I.B.R.D. MISSION FOR 1955-1960  
(L.S. MILLION)

Type of Project	Planned Expenditures		
	Average Annual	Total	Percent of Total
Irrigation and Reclamation	33.5	201.2	20.4
Other Agriculture	23.2	139.1	14.1
Industry	2.0	12.0	1.2
Tourist Trade	1.3	7.9	0.8
Electric Power	10.1	60.7	6.2
Transport and Communication	28.9	173.3	17.6
Education	45.3	271.8	27.6
Public Health	12.4	74.2	7.5
Community Planning and Services <sup>a</sup>	4.2	25.0	2.5
Housing	1.3	7.5	0.7
Miscellaneous <sup>b</sup>	2.3	13.5	1.4
Total <sup>c</sup>	164.3	986.1	100.0

Source: I.B.R.D., The Economic Development of Syria (Baltimore: The Johns Hopkins Press, 1955), p. 175.

<sup>a</sup>Including public administration buildings.

<sup>b</sup>Including L.S. 10 million for capital of the projected Central Bank, L.S. 2.5 million for a development commission, and L.S. 1 million for the expansion of statistical services.

<sup>c</sup>Totals do not check because they are expressed in round figures.

Out of the total proposed government expenditure, 51.8 percent was recommended for development projects, 24.4 percent for administration and increase in government salaries, and 23.8 percent for defense.

A brief summary of the various expenditures involved in each broad category, listed in Table 25, might be helpful at this point.

In the field of agriculture, the Mission recommended the implementation of the Ghab project which involved widening of the Orontes, constructing new drainage and irrigation canals, the construction of two dams for flood control, water storage and the generation of hydroelectric power. The completion of the Ghab project would make a total area of 65,000 hectares available for irrigation.<sup>1</sup> In addition, the Mission recommended the completion of irrigation projects underway in Tel Maghass, Sinn and the Rouj, and the implementation of four other small projects (Mzerib in Hauran, Nahr al-Kabir in Latakia, Barada in Damascus and El-Taf on the Khabour River). When completed, these projects would bring about 44,000 hectares under irrigation.<sup>2</sup>

Other agricultural projects included a number of related investments having a direct effect on agricultural productivity. Such expenditure would allow for better agricultural credit facilities, more organized and efficient

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<sup>1</sup>Ibid., p. 44.

<sup>2</sup>Ibid., pp. 46-48.

marketing methods and facilities, research and experimentation, and agricultural settlements.<sup>1</sup>

It will be noticed from Table 25, that industry was allotted a relatively small share (1.2 percent) of the proposed total government expenditure on development. The Mission felt that the industrial field must be left to the initiative of private enterprise. It suggested, however, that the government play an indirect role, such as by authorizing the establishment of an industrial investment bank, the construction of industrial zones, the promulgation of labor laws, as well as through fiscal and monetary policies.<sup>2</sup>

In the field of transportation, emphasis was laid on the construction of new highways linking the major urban centers with the rural areas, the major seaport at Latakia, and with the resort areas. The repair and maintenance of existing roads and railways, as well as improvements to Latakia port and the expansion of telecommunication facilities, were also included in the recommendations.

In view of the considerable shortage of power and energy resources, the Mission recommended the installation of steam and hydroelectric plants in the main cities.

In the field of education, a huge volume of investment was suggested. The program would improve general, vocational, elementary and higher education, as well as necessary

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<sup>1</sup>Ibid., p. 103.

<sup>2</sup>Ibid., p. 120.

equipment and construction.

The Mission's further recommendations included expenditure on public health, housing, and community planning and services. New hospitals and quarantine stations were to be established, and anti-malaria campaigns were to be launched. A housing census and the building of research stations for technical assistance were to be undertaken. Community planning and services for the provision of water supply, urban social welfare, housing and settlement administration were to be initiated.

The Mission was highly justified in recommending a large volume of investment in human resources. It considered better education, health and housing as not only objectives of development in themselves, but also as important means, however indirect, of raising production and standards of living. According to the Mission,

. . . it is a truism that an expansion and improvement of educational opportunities is indispensable to economic progress as well as to the development of stable and free political institutions.<sup>1</sup>

The means of financing this program was outlined by the Mission as indicated in Table 26. As may be noted, the plan would rely mainly on internal sources of finance. Only eleven percent was expected in foreign aid. The plan was expected to be financed without risking the danger of inflation.

It would seem that the major aim of this elaborated program of investment was the indirect stimulation of private

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<sup>1</sup>Ibid., p. 149.

TABLE 26

EXPECTED FINANCIAL SOURCES OF THE MISSION PLAN, 1955-1960  
(L.S. MILLION)

Source	Amount	Percent of Total
Existing Revenues, with Anticipated Growth <sup>a</sup>	1,360	69.5
Additional Taxes and Revenues	90	4.6
Improved Tax Administration	40	2.0
Income from Aleppo and Damascus Public Utilities	60	3.1
Oil Transit Revenues	73	3.7
Domestic Borrowing <sup>b</sup>	120	6.1
Foreign Aid and Foreign Borrowing <sup>c</sup>	215	11.0
<b>Total</b>	<b>1,958</b>	<b>100.0</b>

Source: I.B.R.D., op. cit., p. 177.

<sup>a</sup>Annual increase of three percent was estimated to yield L.S. 1,315 million as a minimum and that of four percent L.S. 1,360 million as a maximum income from this source. These estimates excluded oil revenues.

<sup>b</sup>This source was expected to bring in between L.S. 85 million and L.S. 120 million.

<sup>c</sup>Foreign aid was expected to be between L.S. 175 million and L.S. 215 million.

enterprise by relieving it from overhead investments. The Mission was of the opinion that at

this time it is obvious that the government's economic efforts must be directed largely toward stimulating output and that the volume of production and private

investment in turn affects the resources available to the government for financing its program.<sup>1</sup>

However, in the first ten years since independence, actual government expenditure amounted to L.S. 427.6 million. The distribution of this expenditure on the various projects is shown in Table 27. During this period, some projects were financed within the framework of the General Budget, but the majority were financed either through loans provided by the Money Issue Institute with the guarantee of the government or by Treasury advances.

## II. Planning from 1955 to 1958

In 1955, the Syrian government decided to have a uniform and well-defined development plan which would take into consideration the following points:<sup>2</sup>

1. The country's long-term needs for development projects;
2. The consolidation of all such projects into a comprehensive plan;
3. The organization of all possible financial resources, including the availability of foreign exchange;
4. The classification of all projects by priority and with regard to their effects on welfare, national production, and the country's balance of payments position.

Accordingly, the government issued the Extraordinary

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<sup>1</sup>Ibid., p. 27.

<sup>2</sup>UNRWA, op. cit., p. 12.



TABLE 27

ACTUAL EXPENDITURE ON PROJECTS FINANCED  
OUTSIDE THE GENERAL BUDGET, 1945-1955  
(L.S. MILLION)

Project	Expenditure
Dial Telephone and Broadcasting System	36.8
Major Irrigation Projects	12.6
Municipalities	23.4
Deficit of the Department of Supply	5.2
Mira <sup>a</sup>	50.0
Cereals Office	6.0
Railroads	18.6
Agricultural Bank	49.3
Latakia Harbor	18.7
Aleppo Water Supply	25.6
Electric Power Institutes	21.1
Ghab Project	6.6
Oil Reservoirs	0.8
Guaranteed Corporations	16.9
Yarmouk Project	0.1
Jezireh Land Survey and Registration of Titles	1.9
Nationalization of Textbooks	0.5
International Fair of Damascus	1.5
Central Bank	2.5
Construction of Embassies Abroad	0.3
Road Projects	0.1
Well Drilling Projects	0.1
National Defense Projects <sup>b</sup>	129.0
	<hr/>
Total	427.6

Source: United Arab Republic, Syrian Region, Economic Development Institute, The Ten-Year Economic Development Plan, 1958-1967 (Damascus: Government Press, 1958), p. 13. (Hereafter United Arab Republic is referred to as U.A.R.).

<sup>a</sup>Mira was a department established during the war to avoid the shortage of food materials and to ration them out.

<sup>b</sup>For 1949, 1951 and 1955.

Budget for Economic Development, which embodied the Seven-Year Plan.

Prior to 1955, Syria had used two budgets:

1. The Ordinary Budget - included the Syrian government's normal expenditures and revenues.

2. The Related and Autonomous Budgets - included the special budgets of certain government departments such as Customs, Broadcasting, University, Tobacco Monopoly, Archeology, Posts and Telegraph, Agricultural Bank, the Cereals Office, the Central Bank, the International Fair, and the Palestine Arab Refugee Institute.

The newly promulgated Law No. 116 of August, 1955, issued the Extraordinary Budget which was confined to the development projects of the country.<sup>1</sup> The Seven-Year Economic Development Plan, based on previous studies and recommendations, was then formulated and included in the Extraordinary Budget. This plan consolidated and classified various individual projects and organized the sources of revenues required to finance them.

However, the execution of this plan necessitated the simultaneous establishment of two autonomous institutions for economic development. Law No. 115 of August, 1955, ordered the formation of the Permanent Economic Council and the Economic Development Institute.<sup>2</sup>

The Economic Council consisted of the Minister of the

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<sup>1</sup>Republic of Syria, Ministry of Finance, Budget Speech of 1955 (Damascus: Government Press, 1955), p. 87.

<sup>2</sup>Republic of Syria, "Law 115," Official Gazette, No. 42 (Damascus: Government Press, August, 1955).

National Economy who acted as Chairman, the members of the Economic Development Institute, the Secretary Generals of all the ministries, the Director of Customs, a representative of the Central Bank of Syria, eight members representing commerce, agriculture, finance, industry and labor, to be elected by their respective organizations, and the Directors of the various autonomous project administrations. Altogether, the Council consisted of thirty members.

The composition and status of the Council was amended in 1957 and 1958. The Minister of National Economy was replaced by the Minister of National Planning as Chairman of the Council. The Secretary Generals of all the ministries were replaced by the Ministers of Trade and Economy, Public Works, Agriculture, Finance, Transportation, and Municipal and Rural Affairs. All other members were retained.

The Economic Council was primarily concerned with the organization and development of the economic potentialities of the country. The main objective of its task was to increase employment and the national income, and to exert every possible effort to improve the standard of living of the Syrian people, to which end, the Council was by law directed to:

1. conduct such investigations and studies in connection with general economic conditions and the prospects of future growth of the Syrian economy;
2. advise the government on matters related to economic affairs. The government, in turn, would seek the

Council's advice on such matters;

3. guide the Economic Development Institute in preparing the various development programs and their related budgets;

4. submit to the government and to Parliament such programs and budgets as would have been prepared by the Economic Development Institute accompanied by its suggestions and recommendations;

5. supervise the execution of all development programs.

The Council would meet at least once every three months and would be directly responsible to the Council of Ministers.

In addition to the above mentioned functions, the Council was required to submit to the government and to Parliament an annual report reviewing the general economic situation of the country.

The Economic Development Institute was an autonomous organization which operated under the supervision and guidance of the Council of Ministers and the Permanent Economic Council. Its committee consisted of a chairman to be appointed by the Council of Ministers for a period of five years (this position was later assumed by the Minister of National Planning), and four experts representing the fields of development, construction, finance and general economics.

The functions of the Economic Development Institute were to:

1. survey the natural resources of the country with a view to their development and exploitation;
2. prepare an organized program for the economic development of the country;
3. develop the nation's economy as a part of the economy of the Arab World;
4. prepare development budgets;
5. put all the economic programs so organized into effect;
6. coordinate the activities of the various departments connected with development, and to provide all the technical assistance they might need;
7. undertake all necessary investigations and studies referred to it by the Permanent Economic Council;
8. represent Syria in the Arab development conferences.

The Institute was to meet at least twice a month and was required to submit its annual report to the Council of Ministers and the Permanent Economic Council.

With the establishment of these two organizations, it was hoped that the institutional framework for development, which has been lacking for such a long time, would be a forward step toward the effective organization and implementation of economic and social planning in Syria.

#### The Seven-Year Plan, 1955-1961

A summary of the proposed expenditure under the

Seven-Year Plan is given in Table 28. The total expenditure

TABLE 28

CLASSIFIED EXPENDITURE OF THE SEVEN-YEAR  
PLAN, 1955-1961  
(L.S. MILLION)

Project	Expenditure	Percent of Total
<b>I. <u>Agriculture:</u></b>		
Irrigation and Power	181.35	
Well Drilling	19.75	
Agricultural Bank	20.00	
	<hr/>	
Subtotal	221.10	33.7
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<b>II. <u>Industry:</u></b>		
Nationalization of Public Utilities	16.00	
Subsidies to Electricity Institutions	8.50	
Petroleum Refinery	80.00	
Industrial Bank	10.00	
Salt Factory	2.50	
	<hr/>	
Subtotal	117.00	17.8
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<b>III. <u>Transport and Communications:</u></b>		
Roads, New Constructions and Repairs	90.48	
Railroads, New Constructions and Repairs	26.13	
Airports	27.50	
Telephones	3.01	
Latakia Port	38.00	
	<hr/>	
Subtotal	185.12	28.2
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<b>IV. <u>Construction:</u></b>		
Government Buildings, Hospitals, Schools	28.52	4.3
	<hr/>	

TABLE 28--Continued

Project	Expenditure	Percent of Total
V. <u>Defense</u>	45.00	6.9
VI. <u>Community Development:</u>		
Bedouin Program	10.00	
Water Supply	2.30	
Subtotal	12.30	1.9
VII. <u>Others:</u>		
Surveys and Studies	24.54	
Administrative Expenditures	5.15	
Grants-in-Aid to Municipalities	5.00	
International Fair	1.45	
Fireproof Storage Facilities for Inflammables	1.21	
Tourist and Historical Sites	4.50	
Real Estate Bank	5.00	
Subtotal	46.85	7.2
Grand Total	655.89	100.0

Source: UNRWA, "The Economic Development Projects of Syria," Quarterly Bulletin of Economic Development, No. 15 (Beirut: March, 1958), p. 21.

on all projects covered by this plan for the period 1955-1961 was set at L.S. 655.89 million.

It is clear from Table 28 that the plan's main emphasis was laid on the development of the country's agricultural, water and electric power resources. A sum of L.S. 221.1 million, or 33.7 percent of the total contemplated

expenditure, was allocated to this field.

The development of transport and communication ranked second in importance, for which L.S. 185.12 million, or 28.2 percent of total contemplated expenditure, was allotted in the plan. Thus, the expenditures earmarked for these two fields (agriculture and transportation) added up to 62 percent of total expenditures.

Industrial projects occupied third place, and accounted for 17.8 percent of total expenditures.

Expenditures of the Seven-Year Economic Development Plan, as ratified by Parliament by Law No. 116 of August, 1955, were classified into four major categories:<sup>1</sup>

1. New public projects;
2. Previously planned projects;
3. Loans and advances to government agencies;
4. Investments in public and semi-public institutions.

The expenditures earmarked for new public projects amounted to L.S. 301.25 million. This constituted 46 percent of the plan's total expenditures. The allocation of expenditure on the various projects in this category is shown in Table 29.

Under Law No. 116 of August, 1955, establishing the Extraordinary Development Budget, the Economic Development

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<sup>1</sup>Mohammed Imadi, "Economic and Social Planning in Syria: Its Development and Achievements," L'Economie et les Finances de la Syrie et des Pays Arabes (Damascus: Centre D'Etudes et des Documentations, May, 1963), p. 36.



TABLE 29

NEW PUBLIC PROJECTS EMBODIED IN THE  
SEVEN-YEAR PLAN  
(L.S. MILLION)

Project	Expenditure	Percent of Total
I. Irrigation and Electric Power	87.50	29.1
II. Transportation:	98.00	32.5
New Road Construction	30.50	
Road Repairs	32.00	
Airports	27.50	
Railroads	8.00	
III. Defense	45.00	14.9
IV. Government Buildings:	26.60	8.8
Syrian University Installations	11.60	
Hospitals	7.00	
Other Buildings	8.00	
V. Surveys and Studies	22.00	7.3
VI. Others:	22.15	7.4
Bedouin Program	10.00	
Tourist and Historical Sites	4.50	
Administrative Expenses	5.15	
Salt Factory	2.50	
Grand Total	301.25	100.0

Source: UNRWA, op. cit., p. 25.

Institute was empowered to implement the new projects in this category. Out of these funds, about L.S. 10 million were appropriated for the study of certain projects aimed at increasing the national income.

These projects were:<sup>1</sup>

1. Construction of new railroad network connecting Latakia, Aleppo and Kamishli, and adjacent to the Euphrates and Khabour Rivers;
2. Yusef Pasha Dam, which would provide electric power and irrigation;
3. Grain storage facilities;
4. Construction of Tartous Harbor;
5. Utilization of natural gas;
6. Extraction of metals.

These projects were not expected to be implemented during the lifetime of the plan, but only prepared for such a time when financial resources would become available. The cost of these projects was estimated at over L.S. 343 million.

For the second category, that of the previously planned projects, a sum of L.S. 64.74 million was allocated, or about 9.8 percent of the plan's total expenditures. These projects have been in the planning stage for a considerable period of time. The allocation of these funds on the various projects is shown in Table 30.

The third category of the plan included a total expenditure of L.S. 216.94 million to be loaned to government agencies for the execution of approved projects within their domain. The distribution of these loans to the different agencies is shown in Table 31. These agencies were authorized

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<sup>1</sup>Ibid., pp. 36-37.

TABLE 30

EXPENDITURES ON PREVIOUSLY PLANNED PROJECTS  
 APPROPRIATED IN THE SEVEN-YEAR PLAN  
 (L.S. MILLION)

Project	Expenditure
Well Drilling	19.75
Roads and Other Construction	27.98
Completion of Irrigation Projects	2.60
Yarmouk Project	3.75
Jezireh Land Survey	2.54
Storage of Inflammable Materials	1.21
Construction of Embassies	1.16
Grants-in-Aid to Municipalities	5.00
Construction of Public Schools	0.75
Total	64.74

Source: UNRWA, op. cit., p. 30.

to continue spending on their respective projects within the limits of their unused loans during the life of the plan. The loans were to be repaid with interest in annual installments from the future revenue of the agencies. The terms of these loans would be set by negotiation between the debtor agency and the Treasury. Such negotiations would be governed by the ability of each agency to repay out of future operational income. However, it was stipulated that the loans must be fully repaid within a period of fifteen years from the date of the actual granting of the loan.

TABLE 31

LOANS AND ADVANCES TO GOVERNMENT AGENCIES  
UNDER THE SEVEN-YEAR PLAN  
(L.S. MILLION)

Agency	Loan
The Ghab Administration	87.50
Aleppo Water Service	2.30
Nationalization of Electricity Companies	16.00
Aleppo Electricity Installations	4.50
Homs-Hama Electricity Installations	4.00
Damascus International Fair	1.45
Hedjaz Railroad Deficit	4.80
Re-operation of Hedjaz Railroad	13.33
Dial Telephones	3.06
Petroleum Refinery	80.00
Total	216.94

Source: UNRWA, op. cit., p. 30.

Under the fourth category of expenditure covered by the Seven-Year Plan, a total amount of L.S. 73 million was allocated for government investments in public and semi-public institutions. The funds were to be invested in the various public institutions as follows:

1. L.S. 38 million as the government's capital holdings in the Latakia Harbor Company;<sup>1</sup>

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<sup>1</sup>UNRWA, op. cit., p. 31. Private capital amounting to L.S. 4 million is excluded.

2. L.S. 20 million to be invested in the Agricultural Bank;
3. L.S. 10 million for the proposed Industrial Bank;
4. L.S. 5 million for the establishment of Real Estate Bank.

The Latakia Harbor Company and the Agricultural Bank have already been established and in operation. The amounts allocated under the plan to these institutions were additional capital for improved services. According to the plan, both institutions were instructed to continue the execution of previous plans for expansion of their activities within the limits of their unused and additional capital. The Industrial and Real Estate Banks were only in the planning stage. However, the Industrial Bank was later established in February, 1959.

#### Financing the Seven-Year Plan

The sources of financing the plan were divided into two categories. The first category consisted of revenues intended to finance unrecoverable expenditures contributed exclusively by the government from the sources shown in Table 32. Revenues from this category were estimated at L.S. 369.95 million, or 56 percent of the aggregate amount to be spent on the program.

The second category of revenues covered those intended to finance recoverable expenditures to be made available from borrowing. The sources of loans in this category, as

conceived at the time, totalled L.S. 285 million and consisted of L.S. 77 million from the International Bank, and L.S. 208 million from the collection of previous loans, the sale of Treasury securities, the Issue Department and available Treasury funds.

TABLE 32

GOVERNMENT SOURCES OF FINANCING THE SEVEN-YEAR PLAN  
(L.S. MILLION)

Source	Amount
Ordinary Budget . . . . .	90.00
Petroleum Revenues . . . . .	155.00
Reserve Funds . . . . .	68.95
Palestine Stamp Revenues . . . . .	17.00
Internal Loans . . . . .	34.00
Other Sources . . . . .	5.00
<b>Total . . . . .</b>	<b>369.95</b>

Source: UNRWA, op. cit., p. 33.

Foreign exchange was to come from petroleum transit royalties and loans granted by the International Bank.

Implementation of the Seven-Year Plan

During the first two years of the plan, 1955-1956, total expenditure on all four categories amounted to L.S. 136.2 million. This represented 20.7 percent of the total contemplated expenditure.

Tables 33 and 34 give a picture of the rate at which

TABLE 33  
SUMMARY OF EXPENDITURE ON THE SEVEN-YEAR  
PLAN DURING 1955 AND 1956  
(L.S. MILLION)

Category	Total Allo- cation	Actual Expend- itures in Two Years	Percent Imple- mented
1. New Public Projects	301.25	64.80	21.5
2. Previously Planned Projects	64.74	14.60	22.5
3. Loans and Advances to Agencies	216.95	26.80	12.3
4. Investment in Public Institutions	73.00	30.00	41.1
Total	655.94	136.20	20.7

Source: UNRWA, op. cit., p. 34.

the plan has been implemented, and the actual expenditure on the various projects.

If the total expenditure were to be divided proportionally over the seven-year life of the plan, approximately 28 percent of L.S. 655 million, or L.S. 183 million should have been spent during the two-year period under review. It would then be concluded that the rate at which the plan had been implemented (20.7 percent) had fallen short of the proportional rate (28 percent). But it is erroneous to assume

that the total expenditures should be divided proportionally over the seven-year period, because some of the more important projects might not have been ready for execution at the time the plan was initiated.

TABLE 34

ACTUAL EXPENDITURE ON PROJECTS OF THE SEVEN-YEAR  
PLAN DURING 1955 AND 1956  
(L.S. MILLION)

Project	Expenditure
Irrigation . . . . .	4.51
Roads . . . . .	10.54
Al-Muwassat Hospital . . . . .	0.50
National Defense Program . . . . .	50.62
Purchase of Damascus-Hama Railroad . . . . .	8.00
Department of Antiquities Program . . . . .	0.09
Survey and Settlement of Jezireh Land . . . . .	0.48
Embassy Buildings (Cairo, Washington) . . . . .	0.77
Well-Drilling Project . . . . .	2.88
Ministry of Agriculture Program . . . . .	0.19
Ghab Project . . . . .	4.31
Aleppo Water Supply . . . . .	2.40
Damascus Electricity Nationalization . . . . .	7.60
Aleppo Electricity Nationalization . . . . .	6.71
Aleppo Electricity Administration . . . . .	4.50
Homs-Hama Electricity Administration . . . . .	0.76
Hedjaz Railway Deficit . . . . .	0.53
Oil Refinery . . . . .	0.02
Municipal Funds (Latakia) . . . . .	0.75
Latakia Harbor . . . . .	10.00
Agricultural Bank . . . . .	20.00
<hr/>	
Total . . . . .	136.16

Source: Syrian Republic, Ministry of National Economy, Syria 1957 (Damascus: Government Press, 1957), pp. 98-99.

Revenues from the Extraordinary Budget for financing the plan in 1955 and 1956 amounted to L.S. 150.4 million.



These funds were derived from the following sources:<sup>1</sup> L.S. 86.4 million came from the settlement of a retroactive agreement with Iraq Petroleum Company for the revision of royalty payments on oil transited through Syrian territory from April, 1952 up to the end of 1955;<sup>2</sup> L.S. 6.6 million accumulated from the collection of previous loans; L.S. 19.7 million came from the Issue Department; and L.S. 37.7 million from Treasury available fund.

It is important to note that the amount spent on defense in the first two years of the plan totalled L.S. 50.6 million, whereas the estimated expenditure on defense throughout the life span of the plan did not exceed L.S. 45 million. The build-up of defense was caused by the Suez crisis of 1956, as a result of which, the government was forced to halt spending on the Seven-Year Plan, in an effort to reduce the overall budgetary deficit. Thus, only L.S. 25 million were spent during the first five months of 1956.<sup>3</sup> In fact, while work on large projects already underway continued during 1957, no major projects were undertaken until late in 1958, when the new Ten-Year Plan was issued.

### III. Planning in the Unification Era: 1958-1961

As mentioned above, the Suez crisis of 1956 brought

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<sup>1</sup>Imadi, op. cit., p. 41.

<sup>2</sup>This agreement was ratified by Law 128 of June 12, 1955.

<sup>3</sup>Imadi, op. cit.

to a standstill the execution of the Seven-Year Economic Development Plan.

Immediately following the Suez crisis, Syria started seeking foreign aid, and to that end it turned to the Soviet Union. The negotiations with the Soviet Union resulted in the ratification of the Syro-Soviet Economic and Technical Aid Agreement in October, 1957.

#### The Syro-Soviet Economic and Technical Aid Agreement

The first article of the Agreement expressed the U.S.S.R.'s readiness to cooperate with the Syrian government in the construction of railroads, electric power generating stations, irrigation networks, the supply of water to pasture land for cattle feeding, the construction of bridges for motor roads, the construction of a fertilizer plant and an agricultural laboratory for scientific research, and geological surveys and prospection for mineral resources. The U.S.S.R. government undertook to carry out, through Soviet agencies, the necessary studies, designs and prospection and to provide Syria with those materials, equipment and machines which were lacking for the execution of the works and the realization of the projects mentioned in the Agreement. The U.S.S.R. government pledged to provide technical aid in the form of experts for the realization of these projects and to train Syrian experts in connection with the operation of those projects,

if Syria so desired.<sup>1</sup>

It was stipulated by Article 4 of the Agreement that the Syrian government would be responsible for the implementation, administration and supply of local materials and manpower.

According to Article 5 of the Agreement, the Soviet Union would advance the necessary credits to the Syrian government to meet the costs arising out of the works, studies, investigations, that proportion of designs carried out by Soviet agencies, the cost of materials and equipment needed for the projects, travel expenses of Soviet experts, and also the expenses incurred in the training of Syrian experts in the Soviet Union.

The credit extended would be in roubles (one rouble = 0.222168 grams of pure gold) bearing interest at 2.5 percent and could be drawn upon over a period of seven years.<sup>2</sup>

According to Article 6, the Syrian government would have to repay that part of the credit expended annually in twelve equal installments, starting from the year following that in which that part of the credit was expended. Interest charges were to be borne as of the day on which the credit was expended, and would be paid during the first quarter of the year following the year in which the credit was actually used.

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<sup>1</sup>Republic of Syria, "Law 454," Official Gazette, No. 54 (Damascus: Government Press, 1957), p. 6818.

<sup>2</sup>Ibid., p. 6819.

Furthermore, according to Article 7 of the Agreement, the Syrian government was to repay the equivalent of the credit used and interest charges thereon, in the form of Syrian commodities or convertible currency, as might be agreed upon between the Central Bank of Syria and the Soviet government bank. Agreement on the type, quantity and prices of such goods, as well as on the duration of delivery, would be reached between the two parties, three months before each annual repayment would fall due. However, if repayment of loans and accrued interest charges was to be made in convertible currency, the conversion rate would then be calculated on the basis of the exchange rate of the roubles and the particular currency involved at the time of repayment.<sup>1</sup>

Finally, Article 9 of the Agreement outlined the responsibility of the Syrian government for the payment of the expenses of Soviet experts incurred during their stay in Syria in local currency.<sup>2</sup>

This Agreement was put into action when Law 454, dated November 12, 1957, promulgated it and entrusted to the Economic Development Institute the execution of all projects mentioned in the Agreement, within the limits of the forthcoming development budgets.

The total amount of the Soviet Aid specified in the Agreement was L.S. 535.5 million.<sup>3</sup>

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<sup>1</sup>Ibid.

<sup>2</sup>Ibid.

<sup>3</sup>Ibid.

### The Ten-Year Economic Development Plan

Shortly after the unity between Egypt and Syria was achieved in 1958, and in the light of the Syro-Soviet Economic and Technical Aid Agreement and the need for a long-run economic development plan capable of a balanced and rapid rate of growth, the Ten-Year Plan was drawn up.

This plan was embodied in Law 133 of September, 1958.<sup>1</sup> The long-run objectives of the Ten-Year Plan were:<sup>2</sup>

1. The exploitation of all hitherto unemployed resources through the development of irrigation, electric energy and transportation;
2. The establishment of capital and consumption industries;
3. Raising national income by about 60 percent over its level at the end of 1957;
4. Raising per capita income by about 25 percent over its level at the end of 1957;
5. The gradual increase in the rate of investment, during the lifetime of the plan, from 13 percent to 17 percent of the national income.

The immediate objectives of the Ten-Year Plan were:<sup>3</sup>

1. to free agriculture from its dependence on rainfall;

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<sup>1</sup>U.A.R., Syrian Region, Economic Development Institute, The Ten-Year Economic Development Plan, 1958-1967 (Damascus: Government Press, 1958), p. 18.

<sup>2</sup>Ibid., p. 131.

<sup>3</sup>Ibid., pp. 149-151.

2. to improve and modernize methods of cultivation;
3. to produce chemical fertilizers;
4. to reduce freight costs on agricultural products;
5. to establish a transport network between the production centers and the major ports;
6. to construct an oil refinery and establish an industrial bank;
7. to draw up a graphic geological map for oil and mineral prospection.

In short, the Ten-Year Plan aimed at securing "a balanced growth for all the different sectors of the Syrian economy in the shortest possible period."<sup>1</sup>

The total amount expected to be spent on the projects included in this plan, plus the interest to be paid during the lifetime of the plan on external and internal loans, was estimated at L.S. 2139.9 million. In addition, about L.S. 46.1 million were set as reserve for paying interest on external loans after the period of the plan, and L.S. 508.4 million for settling installments of foreign credits and reserve for repaying foreign loans. This brings the total expenditures under this plan to L.S. 2694.4 million.

The allocation of expenditures on the various major projects is given in Table 35. The development of the agricultural sector received top priority in the Ten-Year Plan. The emphasis on agricultural, irrigation and power projects

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<sup>1</sup>Ibid., p. 151.

is clearly shown in Table 35. Expenditure on such projects amounted to L.S. 1,461.5 million, or 68.2 percent of the total planned expenditure. Transportation projects ranked second in importance and industrial projects were third. Total appropriations for administrative expenses amounted to L.S. 15 million, and those for technical and professional education to L.S. 10 million. Interest charges on internal loans were estimated at L.S. 15 million and on foreign loans at L.S. 83.4 million, with a total of L.S. 98.4 million.

TABLE 35  
PROPOSED EXPENDITURE OF THE TEN-YEAR PLAN  
1958-1967  
(L.S. MILLION)

Project	Expenditure	Percent of Total
Agricultural, Irrigation and Electric Power Projects	1,461.5	68.2
Transportation Projects	365.0	17.1
Industrial Projects	160.0	7.5
Tourism	30.0	1.4
Administrative Expenses	15.0	0.7
Technical and Professional Education	10.0	0.5
Interest on Loans	98.4	4.6
<b>Total</b>	<b>2,139.9</b>	<b>100.0</b>

Source: U.A.R., The Ten-Year Economic Development Plan, 1958-1967, pp. 152-153.

## Sources of Financing the Ten-Year Plan

Article 11 of the Ten-Year Economic Development Budget, pointed to four main sources of financing the plan:<sup>1</sup>

1. Foreign loans. The Soviet loan which amounted to L.S. 535.5 million, would be used to finance the plan in accordance with the terms of the Syro-Soviet Economic and Technical Aid Agreement.

2. Domestic loans. This source consisted of the funds secured by the Public Debt Bureau from:

- a. recovering old debts;
- b. private and public revenues;
- c. issuing bonds;
- d. treasury funds;
- e. advances from the Central Bank of Syria.

3. Anticipated revenues from the development projects. The estimate of these revenues was reached by special studies made in connection with each project.

4. Contribution of the General Budget. This contribution was provided by virtue of the Law No. 116 of 1955, which embodied the Seven-Year Plan. The Ten-Year Plan retained this provision.

The foreign exchange needed for financing this plan came from the extension of the Soviet loan. Table 36 shows the estimated contribution of each source in financing the Ten-Year Plan.

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<sup>1</sup>Ibid., pp. 332-344.



TABLE 36

SOURCES OF FINANCING THE TEN-YEAR PLAN  
(L.S. MILLION)

Source	Amount	Percent of Total
Foreign Loans	535.5	20.0
Domestic Loans	688.9	25.5
Revenues from Development Projects	1,320.0	49.0
Contribution from the General Budget	150.0	5.5
Total	2,694.4	100.0

Source: U.A.R., The Ten-Year Economic Development Plan, 1958-1967, p. 332.

Comprehensive Planning and the Five-Year Economic  
and Social Development Plan

In April, 1958, the idea of comprehensive planning was carried a further step forward with the establishment of the Ministry of National Planning, which was given all planning functions previously assigned to the Permanent Economic Council and the Economic Development Institute.

In February, 1959, both the Economic Development Institute and the Permanent Economic Council were abolished. The task of implementing development budgets was given to all the ministries concerned so that each ministry would implement the projects which came under its jurisdiction.

However, a new development agency was formed in 1959.

It was called "the Major Projects Administration," and was placed under the supervision of the Minister of Public Works. The main tasks of the Administration were:<sup>1</sup>

1. The utilization and conservation of natural water resources, land reclamation and the reservation of water for irrigation;
2. The construction of dams for irrigation and power, the establishment of hydroelectric power plants, the drainage of swamps, and the erection of fish ponds;
3. The survey, research and studies of underground water in the arid and desert regions;
4. The construction of storage facilities for cereals, such as grain silos;
5. The construction of Tartous Harbor, one of the most modern planned harbors on the Mediterranean;
6. The construction of a new international airport in Damascus.

On the other hand, the newly established Ministry of National Planning was authorized to prepare a national comprehensive plan for economic and social development in Syria. Such a plan must encompass the public and private sectors, deal with the national economy as a single indivisible unit, and comprise all its sectors including the economic projects and social aspects. The Ministry was further required to

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<sup>1</sup>Abdel Basset Khatib, Major Projects Administration in the Syrian Arab Republic (Damascus: Government Press, 1963), p. 1.

mobilize all available financial, natural and human resources, to determine the long-term goals of economic development which must be realized by annual stages, and to study the exploitation and effects of these investments, together with the needs and possibilities for the development of the national economy.

With the issuance of Law No. 232 of 1960, the government recognized the principle of organizing the national economy in accordance with studied plans, and the methods of drawing, executing and following up such plans.<sup>1</sup> Consequently, joint committees, consisting of experts representing both the public and private sectors were formed to study the most important development projects and to determine the most important financial and natural resources of the country.

In the light of these various studies, a general framework was established for economic and social development covering the decade 1960/1961 - 1969/1970. The ultimate aim was to double the national income within this period.

It is important to note that these studies were based on, and constituted a revision and an extension of, the Ten-Year Plan 1958-1967, which was examined earlier in this chapter.

It was decided, however, that the Ten-Year Economic and Social Development Plan was to be executed in two

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<sup>1</sup>S.A.R., Ministry of Planning, Annual Report on the Economic and Social Development Plan, 1960-1961 (Damascus: Bureau Des Documentations Syriennes et Arabes, 1962), p. 3.

separate stages.

The first stage was to be achieved under the First Five-Year Plan. By breaking down the implementation of the Ten-Year Plan into two stages for the purpose of efficient execution and follow-up, a new plan was announced--the Five-Year Economic and Social Development Plan, 1960/1961 - 1964/1965. The examination and study of this plan is the subject of Chapter IV.

### Conclusion

It may be concluded from the above presentation that the Syrian authorities showed interest in meeting the challenge of economic development. In spite of the predominance of private initiative and the apparent inadequacy of social overhead facilities, the government was not completely indifferent to the problems confronting the economic growth of the country.

Although the first part of the decade, 1950-1955, was concentrated on studies and investigations, the second half was full of preparations and formation of plans, which were based on earlier studies and recommendations.

The Seven-Year Economic Development Plan of 1955-1961, which was the first plan adopted in Syria, was discontinued in the latter part of 1956 because of the Suez crisis and the ensuing political events. But there is no doubt that the studies made in the early part of the decade, 1950-1955, were useful and constituted a basis for the formulation of

plans in the latter part of the decade, 1955-1960. Also experience has undoubtedly been gained from these attempts.

Nevertheless, the shift before completion from one plan to another makes it difficult to evaluate the effective contribution of the Seven-Year Plan to the stabilization and development of the economy. Yet, one can detect a trend of continuity, as the shift occurred from the Seven-Year Plan to the Ten-Year Plan. The common factor to both plans is perhaps exhibited in the similarity of objectives. The attack on the agricultural problems with the intention of stabilizing the economy in order to achieve sustained growth, raise the national income and improve the standard of living is evident and cannot be ignored.

The Five-Year Economic and Social Development Plan of 1960/1961 - 1964/1965 has been chosen to be the subject of detailed study for the following reasons:

1. The Seven-Year Plan, which was the only other plan adopted, was discontinued;
2. The Five-Year Plan is a part of the long-range Ten-Year Development Plan;
3. The Five-Year Plan symbolizes the comprehensive economic and social planning in Syria;
4. The Five-Year Plan is the plan that is presently under implementation.

## CHAPTER IV

### THE FIVE-YEAR ECONOMIC AND SOCIAL DEVELOPMENT PLAN

From the successive attempts made at planning in the decade of 1950-1960, it was evident that economic and social planning had become an integral and essential part of the economic policy of the Syrian government.

Since 1958, however, the concept and goals of planning have been broadened to cover not only the development of economic resources as such, but also the reorganization of the social structure. With the issuance of the Ten-Year Plan, a war was waged on ignorance, disease and poverty. It was made clear by the government that raising the national income and improving the standard of living were no longer considered as an end by themselves, but rather as a means toward the ultimate aim of establishing "a democratic, cooperative, socialist society."<sup>1</sup> As a result, the creation of equal opportunity for every citizen and the equal distribution of income and wealth were to be effected.

With these considerations in mind, the Five-Year

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<sup>1</sup>U.A.R., Syrian Region, Ministry of Planning, The Five-Year Economic and Social Development Plan, 1960/1961 - 1964/1965 (Damascus: Government Press, 1960), p. 8. (Hereafter referred to as the Five-Year Plan).

Economic and Social Development Plan of 1960/1961 - 1964/1965 was drawn up.

Objectives of the Plan

The principal objectives of the plan were:<sup>1</sup>

1. The exploitation of the mineral, petroleum, and electric resources of the country;
2. The diversification of industrial production in such a way as to meet the needs of local consumption and ensure a surplus for exportation;
3. The expansion of agriculture and increase of its productivity in order to liberate labor on the farm for employment in industry and elsewhere, and also to redress the balance of payments;
4. The utilization and conservation of natural water resources, land reclamation and the construction of dams for irrigation and power, with the aim of increasing and stabilizing agricultural production;
5. The improvement of the transport and communications system, in order to keep pace with the present and future growth of the economy;
6. The investment of resources in housing projects in proportion to the growth in population, income, cities and industrialization.
7. For the realization of maximum social welfare and

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<sup>1</sup>Ibid., pp. 15-18.

the improvement of human values, funds were allotted to raise the standard of education, health care, technical and professional training, and all other fields that would develop human efficiency and ensure comfort;

8. The increase of national income by 40 percent over the five-year period;

9. The increase of per capita income by 24.5 percent over the life span of the plan.

However, in setting the national income target, the following principles were taken into consideration:<sup>1</sup>

1. Development should take place without inflationary or deflationary effects which would harm the national economy, ruin the chances of the success of the plan, and the benefits to be reaped therefrom;

2. The plan should work for a balanced development in which economic crises were minimized. By so doing, the Syrian economy could be safeguarded against its notoriously wide fluctuations in production and income, resulting from unfavorable natural conditions and fluctuations of international prices;

3. The necessary endeavor to distribute the benefits of development among the citizens, each according to his participation in production, to distribute income in a proper manner, and to apply social justice to all citizens. In other words, the plan should work for achieving the policy of

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<sup>1</sup>Ibid., p. 9.



the government in realizing the socialist, democratic, cooperative society;

4. The plan must be executed in an atmosphere of confidence among all citizens and the various classes, in order to enable savers and investors alike to expand their activities and participate effectively in the required investments;

5. The public and private sectors must cooperate harmoniously in the development operations.

#### The Investment Program of the Plan

The total expenditure estimated to realize the national income target of the Five-Year Plan amounted to L.S. 2,720 million. The allocation of these funds over the different economic sectors is shown in Table 37.

It will be seen that the share of the public sector accounted for about 63 percent of the planned expenditure. The private sector was expected to participate to the extent of 37 percent of the total contemplated investment.

It is clear from this investment program that the emphasis was laid on the stabilization of agricultural production, the improvement of agricultural productivity, and the furnishing of overhead facilities. Priority was given to the productive projects which would contribute directly to the increase in national income. The aggregate expenditure on such projects as irrigation, agriculture, industry and transportation accounted for 78.8 percent of the total planned

TABLE 37

INVESTMENT PROGRAM OF THE FIVE-YEAR PLAN, 1960-1965  
(L.S. MILLION)

Economic Sectors	Public Sector	Private Sector	Total	Percent of Total
Irrigation and Land Reclamation	780	50	830	30.5
Agriculture	95	175	270	9.9
Transport and Communications	387	150	537	19.7
Industry, Electricity, Mining and Petroleum	240	269	509	18.7
Housing	15	245	260	9.5
Education	100	-	100	3.7
Health	46	10	56	2.1
Public Utilities and Tourism	32	-	32	1.2
Social Affairs	18	-	18	0.7
Recreation	-	11	11	0.4
Laboratories, Training, Research	7	-	7	0.3
Change in Inventory	-	90	90	3.3
<b>Total</b>	<b>1,720</b>	<b>1,000</b>	<b>2,720</b>	<b>100.0</b>

Source: U.A.R., Syrian Region, Ministry of Planning, The Five-Year Economic and Social Development Plan, 1960/1961 - 1964/1965 (Damascus: Government Press, 1960), pp. 12-13. (Hereafter referred to as the Five-Year Plan).

investment. The investment in services and social projects was considered as an aim, and that in productive projects, as a means toward realizing that aim.

It is worth noting that the private sector was given a relatively large share in this development plan. The contribution of the private sector was expected to be mostly in the fields where it could achieve great benefits and maximum returns such as industry, housing and agriculture.

#### Sources of Financing the Plan

Financial sources for this plan were drawn from both the public and private sectors. Resources concerning the public sector were estimated at L.S. 1,720 million as shown in Table 38.

The source from the ordinary budget constituted the excess of government revenues over its expenses. The estimate of this surplus was based on the present structure of the taxing system, and the expected growth of revenues resulting from the benefits to be gained through the implementation of the plan. However, the imposition of additional taxes and the improvement of the method of collection were expected to bring more revenues from this source.

The surplus from the Public Debt Fund which was estimated at L.S. 98 million, consisted of L.S. 53 million from recovering old debts; L.S. 28 million from the profits of the Central Bank, the share of the government from the profits of Latakia Harbor, and interest on loans; and L.S. 17 million

from domestic borrowing.

TABLE 38  
ESTIMATED SOURCES OF FINANCING THE FIVE-YEAR  
PLAN, 1960-1965  
(L.S. MILLION)

Source	Revenue	Percent of Total
<b>A. Sources Available for the Public Sector:</b>		
Surplus from the Ordinary Budget	420	15.4
Available Funds from Municipalities	110	4.1
Surplus from Public Debt Fund	98	3.6
Revenue Surplus from State Property	26	1.0
Surplus from Government Authorities	131	4.8
Surplus from Social Insurance Authority	145	5.3
Surplus from Exploitation of Petroleum and Minerals	100	3.7
Miscellaneous Sources	50	1.8
Foreign Loans, Aids, Grants	640	23.5
<b>Total Government Sources</b>	<b>1,720</b>	<b>63.2</b>
<b>B. Funds of Private Sector for Investment</b>	<b>1,000</b>	<b>36.8</b>
<b>Grand Total</b>	<b>2,720</b>	<b>100.0</b>

Source: U.A.R., The Five-Year Plan, p. 28.

It will be seen that foreign loans, aids and grants, as an item by itself, constituted about 23.5 percent of the total estimated sources.

However, the estimation of the sources of foreign exchange was subject to many obstacles, the most noticeable of which were:<sup>1</sup>

1. The unpredictability of the agricultural crop which was influenced by climatic conditions and which, in turn, constituted a major source of foreign exchange;

2. The paucity of statistical data on many items which earned foreign currency, such as the expenditures of foreign tourists at home and Syrian tourists abroad, remittances of emigrants, and revenues from the transit trade;

3. The fluctuation of revenues from invisible exports such as transit trade and tourism.

For these reasons any estimate of foreign exchange sources was approximate and must be revised periodically in view of the prevailing economic conditions and the availability of new statistical data.

At the time the plan was prepared, the revenues in foreign exchange were estimated at L.S. 4,625 million, throughout the five-year period. The estimated sources of these revenues are itemized in Table 39.

The calculation of the estimated revenues from exports was based on the average annual export figures of

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<sup>1</sup>Ibid., p. 32.

TABLE 39

ESTIMATED SOURCES OF FOREIGN EXCHANGE  
DURING 1960-1965  
(L.S. MILLION)

Source	Revenue
A. Visible and Invisible Sources:	
Exports	2,825
Royalties and Expenses of Oil Companies	800
Remittances from Syrians Abroad	150
Net Profits from Transit Trade	100
Profits of the Exchange Control Office	25
Net Government Expenses	25
Aids to Palestinian Refugees	35
Net Tourism	25
B. Foreign Aids and Loans	640
	<hr/>
Total	4,625

Source: U.A.R., The Five-Year Plan, p. 33.

1955-1959, together with the expected increase in the production of export commodities resulting from the completion of irrigation and agricultural projects conceived in the plan. The total value of exports during the five-year period, 1955-1959 amounted to L.S. 2,314 million with an average annual amount of L.S. 463 million.<sup>1</sup> It is, however, acknowledged that the anticipated growth in the value of exports will not

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<sup>1</sup>S.A.R., Statistical Abstract, 1962, Table 1, p. 256.

take place before the third year of the plan, when most of the projects are expected to start yielding the anticipated benefits and before attempts are made at opening new markets for Syrian commodities and negotiating trade and payments agreements. In the light of these considerations, foreign exchange revenues from exports were estimated at L.S. 2,825 million throughout the five-year period.

The uses to which earnings in foreign exchange were scheduled to be put were classified as follows:<sup>1</sup>

1. Private use for imports, L.S. 1,800 million;
2. The import of raw materials for current production in agriculture, industry, and other sectors, L.S. 100 million;
3. The import of machinery and equipment for capital formation, L.S. 1,225 million;
4. The repayment of foreign loans and interest accrued thereon, L.S. 350 million;
5. The building of a reserves fund to meet the balance of payments deficits, L.S. 250 million.

However, it was estimated that L.S. 1,225 million, or about 45 percent of the total planned expenditure, would be needed in foreign exchange.<sup>2</sup>

#### Functional Classification of Expenditures

##### Agriculture

It is needless to repeat the emphasis placed on the

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<sup>1</sup>U.A.R., The Five-Year Plan, p. 39.

<sup>2</sup>Ibid., p. 40.

development of the agricultural sector in this plan. The most important factors behind the significance given to agricultural projects were:<sup>1</sup>

1. Preventing the violent fluctuations in agriculture and assuring maximum stability of production through the expansion of irrigation networks;

2. Agricultural production provided a basis for development in industry and commerce, and contributed to the increase of purchasing power;

3. Overemployment on the land would be relieved through intensive farming, liberating excess labor which could be employed in the industrial and other sectors of the economy;

4. Agricultural expansion would lead to the redress of the balance of payments.

However, two methods were combined to achieve agricultural development. Vertical (intensive) farming and horizontal (extensive) expansion.

Vertical expansion, through intensive farming, aimed at raising agricultural productivity (yield per hectare), to be attained by agricultural projects.

Horizontal expansion through extensive farming aimed at bringing more land under irrigation and increasing the area under cultivation. This was expected to be achieved through irrigation and land reclamation projects.

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<sup>1</sup>Ibid., p. 15.



For the attainment of intensive farming the investment program was based on the following strategical considerations:<sup>1</sup>

1. Efforts were to be concentrated on the development of certain products of special economic significance both from the point of view of providing food materials such as wheat and barley, and supplying foreign exchange through such cash crops as cotton and sugar beet;

2. Priority was given to projects which would yield quick results;

3. The new land which would become available as a result of the irrigation projects was to be cultivated according to the agricultural plan;

4. Special attention was directed to the study of the needs of fertilizers in the rain-fed lands, particularly since a large percentage of the agricultural production came from the cultivation of such lands.

In view of the above considerations, government expenditure on agricultural projects was estimated at L.S. 95 million. The allocation of this expenditure on the various projects is shown in Table 40.

Additional efforts were concentrated on generalizing the use of more fertilizers in agriculture. Syria's annual consumption of chemical fertilizers was estimated at about 35,000 tons, or about 7.5 kilograms per hectare.<sup>2</sup> This is

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<sup>1</sup>Ibid., p. 45.

<sup>2</sup>Ibid., p. 47.

TABLE 40

CLASSIFIED EXPENDITURES ON AGRICULTURAL PROJECTS  
 UNDER THE FIVE-YEAR PLAN  
 (L.S. THOUSAND)

Project	Investment
Augmentation of Wheat and Barley Seeds	1,415
Augmentation of Cotton Seeds	1,101
Agricultural Guidance	1,840
Protection of Crops	3,581
Animal Breeding	18,316
Planting of Fruit Trees	2,816
Afforestation	7,458
Laboratories and Research	6,448
Agricultural Education and Training	6,326
Construction of Silos and Seed Selection Centers	45,699
<b>Total</b>	<b>95,000</b>

Source: U.A.R., The Five-Year Plan, p. 46.

well below the average used in agriculturally developed countries. The reason for the limited use of fertilizers was the reliance on rain water, particularly with regard to wheat crops. The Syrian farmer used to plant half of the land in one year, leaving the other half fallow. The continual use of this method would cause the land to lose a lot of its fertility and would reduce its productivity.

The plan aimed at abolishing this method and required that no part of the land must be left fallow. Thus, the

government intended to raise the consumption of fertilizers to about 300,000 tons a year, at a total cost of about L.S. 60 million.<sup>1</sup>

Irrigation and land reclamation projects were planned to achieve horizontal (extensive) expansion in agriculture. The total government expenditure earmarked for this purpose amounted to L.S. 780 million. The distribution of this expenditure on the various projects and its annual allotment is shown in Table 41. In selecting the irrigation projects, the government gave priority to the completion of projects already under execution, and to the projects which would increase production in the shortest possible time.

Furthermore, the plan laid specific emphasis on reorganizing and improving the methods of cultivation with a view to increasing and stabilizing production.

The cultivated area was estimated at 5.5 million hectares planted to the various crops as follows:<sup>2</sup> 1.45 million hectares to wheat; 0.8 million hectares to barley; 0.25 million hectares to cotton; 0.23 million hectares to fruits; 70,000 hectares to vegetables; and 2.0 million hectares were left fallow each year.

It will be seen that about 40.9 percent of the total cultivated area was planted to wheat and barley. Both crops relied heavily on rain water and their production varied with

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<sup>1</sup>Ibid., p. 48.

<sup>2</sup>Ibid., p. 53.

TABLE 41

ESTIMATED ANNUAL EXPENDITURES ON IRRIGATION PROJECTS  
OF THE FIVE-YEAR PLAN  
(L.S. MILLION)

Project	1960/1961	1961/1962	1962/1963	1963/1964	1964/1965	Total
Rouj	5.0	2.5	-	-	-	7.5
Ghab-Asharneh	44.0	44.0	35.0	-	-	123.0
Barada	1.2	0.8	8.0	13.0	12.0	35.0
Upper Orontes	0.5	6.5	21.5	18.5	-	47.0
Sinn	5.5	10.5	-	-	-	16.0
Khabour	3.0	25.0	22.0	20.0	20.0	90.0
Yarmouk	7.0	1.0	-	-	-	8.0
Euphrates	9.0	4.0	86.0	100.0	105.0	304.0
Banias	0.3	7.2	-	-	-	7.5
Land Reclamation	2.0	38.5	25.9	43.1	30.5	140.0
Various Projects	-	-	1.0	0.5	0.5	2.0
Total	77.5	140.0	199.4	195.1	168.0	780.0

Source: U.A.R., The Five-Year Plan, p. 52.

the scarcity or abundance of rainfall. For example, the 1955 production stood in sharp contrast to that of 1957. In the drought season of 1955, wheat production was 438,000 tons and

barley production was 137,000 tons. But the 1957 production of wheat reached 1,354,000 tons, almost triple that of 1955, and the barley production was 721,000 tons, over five times that of 1955.<sup>1</sup>

Agriculturally, Syria may be divided into six zones.<sup>2</sup>

1. Arid Zone: with an average annual rainfall of less than ten inches, and a total area of 12,481,000 hectares.

This area constitutes largely the Syrian Desert and is mainly a pasture land in the spring of each year. Cultivation, however, is possible only where water is available. With irrigation, cotton, sugar beet and wheat can be produced. Nevertheless, some adventurer farmers and bedouin tribes had practiced dry farming which failed to give any significant yield.

2. Semi-Arid Zone - A: with the average annual rainfall ranging between ten and fourteen inches, and an estimated area of 2,417,000 hectares. In some years, the dry farming in this area is successful where barley is the principal crop. Most of the land in this zone is cultivated with two years rotation, half crops and half fallow.

3. Semi-Arid Zone - B: with average annual rainfall ranging between fourteen and twenty inches, and an estimated area of 1,032,000 hectares. The dry farming in this zone is usually successful especially for wheat. The cultivation

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<sup>1</sup>S.A.R., Statistical Abstract, 1962, Table 3, p. 352.

<sup>2</sup>U.A.R., The Five-Year Plan, p. 54.

method follows a three-year rotation between cereals, pulses and fallow.

Both of the above zones, however, are subject to frost which limits the plantation of fruit trees, except in sheltered areas where apricot is highly successful.

4. Semi-Humid Zone: with average annual rainfall ranging from 20 to 32 inches, and an estimated area of 1,693,000 hectares.

This is the main productive region in Syria with the highest yield. Non-irrigated crops, such as wheat, barley, cotton, sugar beet, millet and sesame, are successfully produced. Irrigated crops, such as potatoes (in coastal areas), vegetables and cotton are also cultivated. The main fruit trees planted in this zone are olive, citrus (in coastal areas), cherry (in slightly higher altitudes), pistachio, vine and fig.

5. Humid Zone: with average annual rainfall exceeding 32 inches, and an estimated area of 230,000 hectares.

Forestry is predominant in this region except in valleys where tobacco is the principal product together with non-irrigated potatoes, maize, vegetables and other field crops. Fig trees are also found and recently, the planting of cherries and apples was started.

6. Irrigated Zone: with an area of about 595,000 hectares.

Although the arid zone is suitable only for pasture,

the cultivation of wheat and barley has spread to this area in the past, as a result of the profits made by some farmers in good rainy seasons. But huge financial losses were incurred by farmers in subsequent dry seasons.

Thus, the government through this plan, has forbidden the cultivation of wheat in the Arid and Semi-Arid - A Zones, and the cultivation of barley in the Arid Zone because of scanty rainfall, limiting the Arid Zone to natural pasture. The cultivation of barley was limited to the Semi-Arid Zone - A. The cultivation of wheat was to replace that of barley in the Semi-Arid Zone - B, Semi-Humid Zone, Humid Zone, and Irrigated Zone.

Although this rearrangement would lead to a reduction in the wheat area by about 428,000 hectares, the resulting increase in yield and stability of production were expected to offset the reduction in the cultivated area. Also, through better seed selection, crop protection, improved methods of cultivation, more fertilization, and irrigation projects, the area planted to wheat was expected to reach about 1,110,000 hectares and wheat production about 1,480,000 tons, by the fifth year of the plan.<sup>1</sup>

Special attention was directed toward the regulation and control of the cotton crop which was considered the most significant cash crop from the economic and foreign exchange points of view. The area under cotton production was

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<sup>1</sup>Ibid., p. 55.

estimated at 250,000 hectares, about 25 percent of which was in dry farming. The government program aimed at gradually eliminating the dry farming of cotton, and raising its production from 270,000 tons to about 444,000 tons.<sup>1</sup>

The cultivation of sugar beet was also given special prominence in the plan because of its economic significance in reducing the import of sugar and satisfying the home market. The area under beet cultivation was 5,000 hectares in 1959, and production was 91,600 tons.<sup>2</sup> Processing yielded an amount of 12,400 tons of refined sugar. This, however, did not meet the needs of the home market and the government was importing about 55,000 tons of raw sugar every year, which were processed in the Damascus and Homs sugar refining plants. The combined productive capacity of these plants reached 1,500 tons of beet a day.<sup>3</sup> Since sugar constituted an essential food material, the government aimed at raising beet production to about 563,000 tons, and refined sugar to about 70,400 tons a year by the end of the plan.<sup>4</sup>

Other measures covered by the agricultural plan included, expanding the forest and animal wealth of the country and raising the standard of agricultural education.

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<sup>1</sup>Ibid., p. 69.

<sup>2</sup>S.A.R., Statistical Abstract, 1962, Table 6, p. 363.

<sup>3</sup>U.A.R., The Five-Year Plan, p. 80.

<sup>4</sup>Ibid., p. 82.



## Industry

Industrial projects ranked third in importance after agriculture and transportation. The investment allotted to this sector amounted to L.S. 509 million, or about 18.7 percent of the total contemplated expenditure. Forty-seven percent of this amount was to be invested by the public sector and 53 percent to be undertaken by the private sector. This distribution was based on the nature of the projects. For instance, the public sector confined its activities to mining, exploration in oil and electricity, because of the huge amounts involved, while the private sector was to concentrate on processing industries and other projects which needed a relatively small capital to construct.

The distribution of this expenditure on the various categories of industries is shown in Table 42. It will be seen that great emphasis was laid on the development of the oil industry which accounted for 41.5 percent of the planned expenditure in industry. The chemical industry which concentrated on the production of fertilizers, accounted for 25.7 percent, and the share of electricity was 12.4 percent. Together, these projects accounted for 79.6 percent of the plan's industrial investments.

The allocation of funds on the industrial projects was based on the following considerations:<sup>1</sup>

1. Exploiting the mineral, petroleum, and power

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<sup>1</sup>Ibid., p. 132.

TABLE 42

PLANNED INVESTMENTS IN INDUSTRIAL PROJECTS  
UNDER THE FIVE-YEAR PLAN  
(L.S. MILLION)

Industry	Amount	Percent of Total
Electricity	63	12.4
Mining	30	5.9
Petroleum	211	41.5
Chemical	131	25.7
Mechanical	31	6.1
Food	38	7.5
Other Various Industries	5	0.9
Total	509	100.0

Source: U.A.R., The Five-Year Plan, p. 131.

resources of the country and making their use available at reasonable prices;

2. Supplying the needs of industrial products whether for immediate consumption such as food material, or for use in agriculture such as fertilizers, or for use in construction such as cement, and providing a surplus for exportation;

3. Consolidating and supporting first the already established industries, through vertical and horizontal expansion as the case may require in each industry, and then considering the establishment of new industries;

4. Providing the necessary technical knowhow, through the establishment of institutes for professional training;

5. Priority was given to projects which would contribute most to national income in the shortest period.

#### Transport and Communications

Projects for the development of the transport and communications system were arranged in accordance with the practical needs of the growing economy. They were planned to be implemented side by side with the irrigation projects, agricultural expansion and industrial development.

The total amount appropriated for this sector was L.S. 537 million, or 19.7 percent of the total planned investment. The share of the public sector which was intended to furnish the required social overhead facilities amounted to L.S. 387 million, allocated among the various projects as shown in Table 43. The share of the private sector was to be invested in the means of communications such as cars, trucks, civil aeroplanes and the like.

The distribution of funds on the various transportation projects took the following points into consideration:<sup>1</sup>

1. Priority was given to the construction of roads and railroads which would fit in with the irrigation and agricultural projects;

2. Linking the sea ports with the production centers;

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<sup>1</sup>Ibid., pp. 155-156.

TABLE 43

TRANSPORT AND COMMUNICATIONS PROJECTS OF  
THE FIVE-YEAR PLAN  
(L.S. MILLION)

Project	Investment	Percent of Total
Roads	60	15.5
Bridges	14	3.6
Telecommunications	55	14.2
Post	4	1.0
Broadcasting and Television	8	2.1
Tartous Harbor	33	8.5
Airports	40	10.4
Railroads	173	44.7
Total Projects of Public Sector	387	100.0
Projects of Private Sector	150	
Grand Total	537	

Source: U.A.R., The Five-Year Plan, p. 155.

3. Implementing the projects which would yield quick results;
4. Making use of the strategic location of the country in international transportation and commerce;
5. Achieving economic complementarity in the sector of transport and communications.

It was hoped that the accomplishment of these projects would furnish the overhead facilities and would lead to a reduction in the cost of transportation with the ultimate aim of expanding the home market.

### Education

Expenditure on the educational program amounted to L.S. 100 million and was classified as follows:<sup>1</sup> L.S. 36.2 million for expanding the various stages of education, in order to accommodate the ever increasing number of students; L.S. 35 million for the construction of new schools; L.S. 8.8 million for the establishment of highly professional and technical institutes such as the Agriculture Academy of Damascus, the Commerce Academy of Aleppo, the Fine Arts Academy of Damascus, and the Industrial Academies of Damascus and Aleppo; L.S. 20 million for the expansion of the Damascus and Aleppo Universities, and for scholarships.

The education plan was concerned with modernizing and expanding the facilities and equipment required to educate the largest segment of the population. The program was further concerned with training a greater number of teachers to meet the shortage created in this field as a result of the increasing number of students.

### Public Services

The Five-Year Plan did not stop at the investment in

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<sup>1</sup>Ibid., p. 173.

productive projects. Social welfare was considered necessary to enhance economic development. Thus, social objectives were an integral part of the plan.

The amount allotted to the improvement of social services totalled L.S. 377 million accounting for about 12.4 percent of the total investment program. This expenditure was allocated among the various services according to their needs as follows: L.S. 260 million on the housing program; L.S. 56 million on public health; L.S. 32 million on public utilities and tourism; L.S. 18 million on social affairs; and L.S. 11 million on various other services.

Table 44 shows the annual allocation of the investment program on the various projects assigned to the public sector.

#### Expected Effects on Production, Employment and Income

While in the process of preparing the investment program of the Five-Year Plan, the government undertook detailed studies of the various aspects of the economy and reached some tentative conclusions regarding the expected yields of the investment program. The main concern of the government was to estimate the effect of the plan on production, employment and income. In a way, these estimates were considered as tentatively predetermined goals of the plan, and through the implementation of the plan, the government was striving to achieve these goals.

TABLE 44

**ANNUAL ALLOCATION OF GOVERNMENT EXPENDITURE  
UNDER THE FIVE-YEAR PLAN  
(L.S. MILLION)**

Project	1960/1961	1961/1962	1962/1963	1963/1964	1964/1965	Total
Agriculture <sup>a</sup>	99.4	159.1	218.8	208.4	175.2	860.9
Electricity	13.1	17.1	12.1	12.2	8.8	63.3
Mining	7.7	6.8	7.1	4.9	3.5	30.0
Petroleum	16.4	54.7	71.4	38.0	30.5	211.0
Fertilizers	1.1	21.8	21.8	20.9	24.9	90.5
Roads	8.0	13.5	13.0	13.0	12.5	60.0
Bridges	2.0	3.0	3.0	3.0	3.0	14.0
Railroads	30.0	35.0	37.0	38.0	33.0	173.0
Airports	4.0	16.7	8.3	10.3	0.7	40.0
Tartous Harbor	6.8	6.1	6.2	7.3	6.9	33.3
Communications <sup>b</sup>	15.4	23.8	13.6	7.5	6.5	66.8
Education	19.1	20.0	20.0	19.9	21.0	100.0
<b>Total</b>	<b>223.0</b>	<b>377.6</b>	<b>432.3</b>	<b>383.4</b>	<b>326.5</b>	<b>1742.8</b>

Source: U.A.R., The Five-Year Plan, p. 15.

<sup>a</sup>Including such projects as irrigation, land reclamation, well drilling, and silos.

<sup>b</sup>Including telegraph, post, television and broadcasting.

#### Production Goals

The estimated increase in production of the major agricultural and industrial products resulting from the development program is shown in Table 45.

The gains in the agricultural crops were expected to result from the anticipated increase in irrigated land. The

TABLE 45

PRODUCTION GOALS OF THE FIVE-YEAR PLAN  
(THOUSAND TONS)

Sector	Base Year	1965	Percent Increase
<u>Agriculture:</u>			
Wheat	875	1,480	69
Barley	435	526	21
Cotton	270	444	64
Sugar Beet	91	563	519
Tobacco	7	17	143
<u>Industry:</u>			
Cement	450	700	55
Fertilizers	-	170	-
Textiles <sup>a</sup>	26	35	35
Refined Sugar	61	79	30
Soap	17	24	41
Vegetable Oil	40	51	28
Olive Oil	2	3	50
Glass	23	29	26
Raw Petroleum	-	2,000	-

Source: U.A.R., The Five-Year Plan, pp. 23-24.

<sup>a</sup>Including cotton, wool and silk products.

irrigation projects were expected to bring about 254,000 hectares under irrigation by the end of 1965.<sup>1</sup> However, the area which would have direct effect on income during the life time of the plan was estimated at 195,000 hectares. This area was expected to come under irrigation by the end of 1964. The additional area of 59,000 hectares which would be reclaimed by the end of 1965 would not yield any benefit, as far as

<sup>1</sup>Ibid., p. 50.



income is concerned, before the middle of 1966.

The installed capacity of electric power was expected to increase from 124,000 kilowatt to about 269,000 kilowatt, and that of generated electricity from 300 million kilowatt hours to 700 million kilowatt hours, registering an increase of 117 percent and 133 percent respectively.<sup>1</sup>

#### Employment Goals

The population was estimated at about 4.55 million and the labor force at about 1.53 million in the base year. By the fifth year of the plan, the population was estimated to reach about 5.12 million and the labor force about 1.72 million, as shown in Table 46. This estimate was based on

TABLE 46  
EMPLOYMENT GOALS OF THE FIVE-YEAR PLAN  
(THOUSAND)

Population and Employment	1960	1965	Increase
Population	4,550	5,120	570
<b>Labor Force</b>			
In Agriculture	820	895	75
In Industry and Construction	110	185	75
In Services	600	640	40
<b>Total Labor Force</b>	<b>1,530</b>	<b>1,720</b>	<b>190</b>

Source: U.A.R., The Five-Year Plan, p. 25.

<sup>1</sup>Ibid., p. 23.

an assumed 2.4 percent average annual rate of growth in population.<sup>1</sup>

It is important to note, however, that not all those included in the labor force were permanently employed. Employment in agriculture is, by nature, seasonal and uncertain depending on whether the harvest in one year is good or bad.

The estimated increase in the labor force shown in Table 46 to be 190,000 by the end of 1965 would result from the natural growth of population throughout the five-year period of the plan. But the development program was expected to create new job opportunities and raise the employment figure above the natural rate. For instance, the planned intensive and extensive expansion of agriculture would require not less than 175,000 workers, out of which 100,000 would be drawn from those who were partially or fully unemployed at the time, and the rest would come from the natural annual increase.

Also, the industrial projects were expected to employ not less than 40,000 workers in addition to the natural rate of growth which was estimated at 40,000.

The additional measures taken to assure full employment included the diversification of production in the various sectors of the economy, the geographic distribution of construction works in agriculture and industry, the facilities for the movement of labor through road construction, the

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<sup>1</sup>Ibid., p. 26.

building of housing units, schools, centers for agricultural and industrial training, clinics, hospitals, and other provisions for social services, all of which were intended to create new job opportunities and provide a favorable and congenial climate for raising labor productivity.

#### Income Goals

The investment program of the development plan aimed at raising national income by about L.S. 960 million in 1964/1965. National income was estimated to grow from L.S. 2,400 million in the base year to about L.S. 3,360 million in the fifth year. In other words, the plan was expected to achieve about 40 percent growth in the level of national income throughout the five-year period. The projected contribution of each sector to the growth in income is shown in Table 47.

Furthermore, the effect of the investment program on the level of consumption and saving was also estimated under the plan. As shown in Table 48, the level of private consumption was expected to rise by about 34.5 percent.

However, the total amount of public and private savings required for the investment program was estimated at L.S. 1,950 million. In order to assure the volume of investment contemplated by the plan, an additional amount of L.S. 770 million was expected to be raised in foreign aid and loans and other means. Thus, savings were expected to grow gradually at a rate ranging from 11.5 percent to 14 percent

TABLE 47

ESTIMATED GROWTH OF NATIONAL INCOME UNDER  
THE FIVE-YEAR PLAN  
(L.S. MILLION)

Sector	1960		1965		Income Increase	
	Income	Percent of Total	Income	Percent of Total	Income Increase	Percent Increase
Agriculture	965	40.2	1,275	38.0	310	32
Industry	275	11.4	425	12.7	150	55
Construction	101	4.2	210	6.2	109	108
Rent	141	5.9	177	5.3	36	26
Finance	45	1.9	63	1.9	18	40
Government	179	7.5	242	7.2	63	35
Transportation	144	6.0	209	6.2	65	45
Commerce	386	16.1	532	15.8	146	38
Services	164	6.8	227	6.7	63	39
<b>Total</b>	<b>2,400</b>	<b>100.0</b>	<b>3,360</b>	<b>100.0</b>	<b>960</b>	<b>40</b>

Source: U.A.R., The Five-Year Plan, p. 21.

throughout the five-year period.

Moreover, per capita income was estimated to grow by about 24.5 percent during the life span of the plan. Per capita consumption was also expected to increase by about 19.5 percent during the five-year period, as indicated in Table 48.

TABLE 48

PROJECTED GROWTH OF POPULATION, INCOME, SAVINGS  
AND CONSUMPTION UNDER THE FIVE-YEAR PLAN

Year	Population (Thousand)	National Income (L.S. Million)	Government Consumption (L.S. Million)	Private Consumption (L.S. Million)	Saving (L.S. Million)	Per Capita Income (L.S.)	Per Capita Consumption (L.S.)
1960	4,550	2,400	400	1,725	275	527	379
1961	4,660	2,566	420	1,836	310	551	394
1962	4,770	2,743	450	1,948	345	575	408
1963	4,885	2,932	480	2,067	385	600	423
1964	5,000	3,134	520	2,184	430	627	437
1965	5,120	3,360	560	2,320	480	656	453

Source: U.A.R., The Five-Year Plan, p. 20.

Conclusion

In planned economies, long range projections of national income play a key role in the planning process. Economic projection serves as one of the guides for public policy makers in designing policies which will help to achieve the economic potential. Projections are also useful to public policy makers in indicating economic targets for the nation. Projection, however, becomes a probability and can serve only as a frame of reference for decision makers.

Forecasting national income is a hazardous undertaking,

especially if done on a long range basis. No matter how elaborate the calculations of the forecaster are, the accuracy of his results will depend primarily on the correctness of his projection regarding the general economic and political conditions that will prevail in the country, and on the policies that the government and various private groups will pursue in the face of these conditions during the given period. These are matters that cannot be determined scientifically. They depend on a multiplicity of circumstances many of which are purely accidental and cannot be predicted. Any chance development may throw off anticipated schedules, no matter how well they are reasoned.

The attempt to make long range forecasts of national income in definitive terms is a hazardous and even futile undertaking. Attempts to portray its possible future development under certain clearly stated hypothetical conditions are entirely feasible and may be exceedingly useful.

Economic projections are merely tools used for exploring economic potentials, and as such are a necessity for the economic planner. Forecasting assumes the availability in abundance of reliable statistical data and ample information, on which the forecaster must base his projections.

The statistical data in Syria is insufficient and rudimentary, but it can be considered reasonably reliable. Syria started collecting basic data in 1948 and has since been publishing it annually in the Statistical Abstract, which

contains official statistical data about the various aspects of the economic and social activities of the country. The Statistical Abstract is designed to be a reference for all statistical data which is supplied regularly by the various government departments and ministries. It is compiled and published by the Directorate of Statistics of the Ministry of Planning. In order to give a true picture of the economic development of the country, the Directorate of Statistics has worked continuously for enlarging and improving the quality of the contents of the Statistical Abstract.

The targets set by the plan must be considered as tentative and must be revised periodically in view of the prevailing economic conditions. As a matter of fact, most of the predictions are based on past performance of the economy and must be carefully viewed as estimates. Other than that, the plan seems to be comprehensive in its coverage, and attempts to tackle the basic problems confronting the economic growth of the country.

In Chapter V the Five-Year Plan will be evaluated in view of its implementation and accomplishments in the first two years.

## CHAPTER V

### EVALUATION OF THE FIVE-YEAR PLAN: REVIEW OF THE FIRST TWO YEARS 1960/1961 - 1961/1962

In this study, the problems confronting the economic development of Syria have been analyzed and portrayed. The author investigated the attempts made through planning at solving these problems. The results of these attempts have yet to be examined and evaluated with a view to their effectiveness in solving the problems.

Before engaging in an overall appraisal of the Five-Year Plan, the plans for the first and second years need to be examined individually, since for the purpose of implementation and follow-up, the Five-Year Plan was broken down into five annual stages.

#### The First Year Plan, 1960/1961

Details for the first year of the plan, whose execution started on the first of July, 1960, were drawn in accordance with the general framework of the Five-Year Plan. This plan constituted a point of departure toward continuous and sustained growth, and as such it could be considered as a transitional stage seeking to contribute to the attainment of the ultimate goals of a long-range development plan.



### The Investment Program

The volume of investment during the first year of the plan was determined in accordance with the following principal considerations:<sup>1</sup>

1. Conformity with the investment program of the Five-Year Plan and with the general goals for doubling national income in ten years;
2. The actual means for financing the first year of the plan from local and foreign sources;
3. Incorporation of projects contracted before the implementation of the plan in July, 1960;
4. Priority granted to projects whose studies were completed;
5. The distribution of projects among the private sector, public sector and other government authorities, according to the abilities and needs of each;
6. Ensuring general economic balance and stability, and avoiding inflationary tendencies which usually accompany the development process.

The development programs of the various sectors were drawn in compliance with the above considerations. The investments pertaining to these programs were appropriated in the Special Budget issued by Presidential Decree No. 423 of

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<sup>1</sup>U.A.R., Syrian Region, Ministry of Planning, The First Year Economic and Social Development Plan, 1960/1961 (Damascus: Government Press, 1960), p. 15. (Hereafter referred to as the First Year Plan).

1960, the Development Budget issued by Presidential Decree No. 1242 of 1960, and the budgets of other public authorities.<sup>1</sup>

The investments of the private sector were assessed in accordance with the nature of projects within its sphere of activity and its capacity for mobilizing private funds for such investments.

The investments of the first year of the plan as distributed between the public and private sectors and appropriated among the various projects, are listed in Table 49. The total investment during this year was set at L.S. 463.9 million, or about 17 percent of the total contemplated expenditure of the Five-Year Plan. The private sector was assigned L.S. 170 million for its projects and the public sector L.S. 293.9 million.

#### Financing the First Year Plan

The available sources for financing the public sector projects were estimated at L.S. 294.5 million, as shown in Table 50. This table shows that local funds for the public sector account for 48.2 percent of the total requisite investments, and foreign funds account for 51.8 percent.

This plan was prepared when Syria was a part of the United Arab Republic. The loans and documentary credits which were expected to come from the Egyptian Region at that time, were regarded as foreign funds because they did not generate

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<sup>1</sup>Ibid.

TABLE #9

THE FIRST YEAR INVESTMENT PROGRAM OF THE FIVE-YEAR PLAN, 1960/1961  
(L.S. MILLION)

Project	Private Sector	Public Sector			Total	Total Investment
		Development Budget	Special Budget	Other Budgets <sup>a</sup>		
Irrigation <sup>b</sup>	10.000	65.000	-	1.000	66.000	76.000
Agriculture	30.000	16.550	1.450	5.000	23.000	53.000
Industry <sup>c</sup>	30.000	45.000	-	10.550	55.550	85.550
Transport <sup>d</sup>	20.000	63.000	1.000	3.000	67.000	87.000
Education	-	17.000	-	-	17.000	17.000
Health	2.000	6.000	3.366	-	9.366	11.366
Social Services	-	6.850	0.900	1.500	9.250	9.250
Public Utilities <sup>e</sup>	-	27.000	0.200	4.300	31.500	31.500
Housing	55.000	2.500	7.500	-	10.000	65.000
Changes in Inventories	15.000	-	-	-	-	15.000
Miscellaneous	8.000	4.500	0.734	-	5.234	13.234
<b>Total</b>	<b>170.000</b>	<b>253.400</b>	<b>15.150</b>	<b>25.350</b>	<b>293.900</b>	<b>463.900</b>

Source: U.A.R., Syrian Region, Ministry of Planning, The First Year Economic and Social Development Plan, 1960/1961 (Damascus: Government Press, 1960), p. 19. (Hereafter referred to as the First Year Plan).

<sup>a</sup>The budgets include those of Agrarian Reform Authority, Port of Latakia, and Fiji Water Authority.

<sup>b</sup>Including land reclamation.

<sup>c</sup>Including electricity, mining and oil.

<sup>d</sup>Including communications.

<sup>e</sup>Including tourism.

TABLE 50

ESTIMATED SOURCES OF FINANCING THE PUBLIC  
SECTOR PROJECTS DURING 1960/1961  
(L.S. MILLION)

Source	Revenue	Percent of Total
<b>A. <u>Domestic Sources:</u></b>		
Surplus in Revenues from Public Debt Fund	20.0	6.8
Surplus from Insurance Fund and Government Salaries	15.0	5.1
Surplus from Social Insurance Authority	20.0	6.8
Surplus from School Buildings Authority	10.0	3.4
Surplus from Government Authorities	13.3	4.5
Surplus from Agrarian Reform Authority	11.0	3.7
Available Funds from Municipalities	18.0	6.1
Other Revenues	14.7	5.0
Extraordinary Revenues	20.0	6.8
Total Domestic Revenues	142.0	48.2
<b>B. <u>Foreign Sources:</u></b>		
Loans, Documentary Credits from Egypt	43.5	14.8
Foreign Loans, Credits, Assistance	109.0	37.0
Total Foreign Revenues	152.5	51.8
Grand Total	294.5	100.0

Source: U.A.R., The First Year Plan, p. 59.

within the Syrian economy, and the development plan for Syria was drawn independently from that for Egypt.

The sources of savings available locally to finance the projects assigned to the private sector were assessed at L.S. 170 million. These funds were to be derived from three major sources:<sup>1</sup>

1. The sector of organized activity which consisted of the savings of organized businesses such as joint-stock companies and private corporations with limited liabilities. Savings from this source were estimated at L.S. 40 million.

2. The sector of unorganized activity which included the savings of all other private businesses excluding agriculture. This sector was expected to accumulate L.S. 60 million in savings.

3. The agricultural and family sectors whose savings were estimated at L.S. 70 million.

The above estimates were based on the average savings of the private sector in the past five years.

#### Execution of the First Year Projects

Total funds envisaged for investment during the first year of the plan were raised to L.S. 532.558 million, or by about L.S. 68 million over the original estimate shown in Table 49. These funds accounted for 19.6 percent of the total investments estimated for the Five-Year Plan. The share of

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<sup>1</sup>Ibid., pp. 82-83.

the public sector during the first year was estimated at L.S. 362.5 million, or about 68 percent, and that of the private sector was estimated at L.S. 170 million, or 32 percent.

The supervision of progress in the execution of the first year projects revealed that the public sector fulfilled about 78 percent of its investment goals. The amount actually invested by the end of the financial year 1960/1961 totalled L.S. 282.065 million.<sup>1</sup> The actual investments of the private sector amounted to L.S. 188.6 million. This has exceeded the allotment of L.S. 170 million for the first year by L.S. 18.6 million and constituted a fulfillment of 111 percent.

It will be seen that 88 percent of the investment appropriated for the first year of the plan has been actually spent. In Table 51, the implementation of projects by categories and sectors is indicated. The tables describing in detail the expenditures on the various projects are shown in the Appendix.

#### Performance of the Public Sector

A contrast between the figures given in Table 49 and Table 51 reveals that the appropriations in Table 51 were increased by about L.S. 68 million over the original estimates shown in Table 49. This was due to additional appropriations allotted to some government authorities and municipalities

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<sup>1</sup>S.A.R., Ministry of Planning, Annual Report on the Economic and Social Development Plan, 1960/1961 (Damascus: Bureau Des Documentations Syriennes et Arabes, 1961), p. 12. (Hereafter referred to as Annual Report on the First Year Plan).

TABLE 51

IMPLEMENTATION OF DEVELOPMENT PROJECTS BY  
SECTORS IN 1960/1961  
(L.S. MILLION)

Project	Appropriated		Actually Spent	
	Five-Year Plan	First Year	Amount	Percent of First Year
<b>1. <u>Irrigation</u><sup>a</sup></b>				
Public Sector	780.000	65.435	56.373	86
Private Sector	50.000	10.000	9.463	95
Total	830.000	75.435	65.836	87
<b>2. <u>Agriculture</u></b>				
Public Sector	95.000	26.656	14.690	55
Private Sector	175.000	30.000	41.470	138
Total	270.000	56.656	56.160	99
<b>3. <u>Industry, Mining, Geology</u></b>				
Public Sector	135.000	15.269	9.372	61
Private Sector	100.000	27.000	46.000	170
Total	235.000	42.269	55.372	131
<b>4. <u>Power and Fuel</u></b>				
Public Sector	105.000	34.209	36.216	106
Private Sector	169.000	3.000	-	-
Total	274.000	37.209	36.216	97
<b>5. <u>Transport, Communications</u></b>				
Public Sector	387.000	90.974	62.083	68
Private Sector	150.000	20.000	27.000	135
Total	537.000	110.974	89.083	80
<b>6. <u>Education</u></b>				
Public Sector	107.000	30.489	25.854	85

TABLE 51--Continued

Project	Appropriated		Actually Spent	
	Five-Year Plan	First Year	Amount	Percent of First Year
<b>7. Health Services</b>				
<u>Public Sector</u>	46.000	9.765	7.161	73
Private Sector	10.000	2.000	-	-
Total	56.000	11.765	7.161	61
<b>8. Housing, Utilities<sup>b</sup></b>				
<u>Public Sector</u>	47.000	76.672	60.181	78
Private Sector	256.000	63.000	64.670	103
Total	303.000	139.672	124.851	89
<b>9. Social Services</b>				
<u>Public Sector</u>	18.000	4.234	2.325	55
<b>10. Cultural Services</b>				
<u>Public Sector</u>	-	2.760	2.222	81
<b>11. Government Buildings</b>				
<u>Public Sector</u>	-	6.095	5.588	92
<b>12. Changes in Inventories</b>				
<u>Private Sector</u>	90.000	15.000	-	-
Total Public Sector	1,720.000	362.558	282.065	78
Total Private Sector	1,000.000	170.000	188.603	111
Grand Total	2,720.000	532.558	470.668	88

Source: S.A.R., Annual Report on the First Year Plan, pp. 74-75.

<sup>a</sup>Including land reclamation.

<sup>b</sup>Including tourism and recreation.



raising the planned investment of the public sector from L.S. 293.9 million to L.S. 362.558 million.

Although some circumstances have required the appropriation of such additional investments to the plan of the first year, this was bound to create unbalance in the plan and the schedule of priorities on which it was established. Furthermore, the plan of the first year was drawn mainly on the basis of an assessment of funds available for the public sector. If the additional investments were all executed, the Syrian economy would have had to shoulder a new burden with possibly unwelcome results. If the goal of planning economic and social development were to replace haphazard acts by organized and coordinated actions, then it would be imperative not to approve any investment not listed in the annual plan-- that plan which in reality was a framework based on the actual economic means of the country. Expansion over and beyond this framework may result in its unbalance and may strain the foundations on which it rests.

This must not suggest that the plan must be inflexible but that close adherence to its outline is desirable and may prove more effective to its outcome.

The standing laws in Syria support the above view. According to Article 6, Law No. 232 of 1960 on national planning, "the goals of the Five-Year Plan and of the annual plans shall be the basis for the general budget of the government, the independent budgets, and the laws and decisions

issued by the public authorities."<sup>1</sup> Article 9 of the same law further states that

. . . whereas the general plan engulfs all national resources and sets the goals of all sectors, no projects or private works relating to economic and social development may be contracted, financed, or executed should they be contrary to the general framework of the plan.<sup>2</sup>

These legal texts clearly testify that no laws or decisions pertaining to the development plan may be promulgated unless they conform with the general goals of the plan and its framework. This requires the submission of draft laws and decisions that may affect the proper implementation of the general development plan to the competent planning authorities.

In all the projects undertaken by the public sector except electricity, the fulfilled proportion was less than the extent planned, and the rate of execution varied from one project to another. This could be attributed to the following factors:

1. Projects that scored a high percentage of fulfillment were either those which were contracted previously, or those whose studies were complete and ready for implementation such as electricity, petroleum, government buildings and some irrigation and land reclamation projects.

2. Services in general, and projects of municipal services, tourism, summer resorts, cultural activity and the

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<sup>1</sup>U.A.R., Syrian Region, Law No. 232 (Damascus: Government Press, 1960), p. 5.

<sup>2</sup>Ibid., p. 10.

like in particular, scored a high degree of fulfillment as the authorities in charge expended much effort.

3. A common factor among the executing bodies was the insufficiency of technical organs of a competent scale to undertake their projects, and the difficulties posed by the standing administrative and financial regulations in the face of reinforcing them.

4. Another factor limiting the general rate of fulfillment was the appropriation of relatively large amounts to projects whose studies were not yet completed, a matter that precluded the utilization of the entire funds. Outstanding examples of such projects included the Kamishly-Latakia Railway, the Damascus International Airport, and the projects of the Economic Institute.

The various government bodies must be prevailed upon not to request the appropriation of funds in the development budgets except on the basis of the actual possible expenses of a project or a stage thereof, depending on actual means of execution. Otherwise, the Five-Year Plan will get unbalanced especially in matters of growth rates and repercussions on income, the level of employment and capital formation. It appears tentatively wise not to list any project in the annual plans or the development budgets unless preliminary technical and economic studies were undertaken.

The above represents a group of general observations pertaining to the implementation of investments during the first year. Certain problems, however, have actually been

attributed by the executing bodies, as causes for failure to realize the investment time table.

1. Delay in the issue of the development budget and its notification to the sectors concerned. Delay in the issue of other budgets pertaining to certain authorities. For example, the Municipal Development Budget was issued in December 1960, six months after the beginning of the financial year.

2. The Public Debt Fund delayed, in transferring to the sectors concerned, the required funds from budget appropriations.

3. Difficulties faced by the executing bodies in obtaining foreign currency, especially during the first six months of the financial year which preceded the drawing of the currency budget.

4. Time consumed by the State Council or other competent bodies for the ratification of contracts.

5. Delay in concluding contracts with foreign countries pertaining to important projects like the nitrogen fertilizers plant, the railway and the other projects whose study and execution were agreed upon to be undertaken by the Soviet Union.

6. The numerical and productive weaknesses of local contractors for undertaking all the projects of the development plan, mainly due to the lack of time-saving mechanical tools and equipment.

These are what seemed to be the major difficulties submitted by the various government administrations and authorities, some of which required urgent attention, while others were mere excuses. Inspection of the stages of execution by some of these bodies revealed that they draw the studies and announce the tenders on the various projects only after they are notified of the appropriation of the budgets.

One wonders what prevents the administrations and authorities from drawing the studies, preparing the tenders and submitting the contracts to the State Council before they are officially notified of the appropriated funds.

Regarding the true difficulties, some solutions were offered and effected by the competent planning authorities.<sup>1</sup>

1. In view of the difficulties in obtaining foreign currency, the sectors concerned drew a foreign currency budget for the period January-June 1961, which enabled the government administrations and authorities to acquire their requirements with a relatively greater ease.

2. Desirous of speeding the execution of projects concluded with local contractors, it was decided to pay local contractors up to 95 percent instead of 90 percent of actual executed work. It was also decided to advance to contractors up to 20 percent of total expenses, against a bank guarantee, provided they forego requesting compensation for price increases.

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<sup>1</sup>S.A.R., Annual Report on the First Year Plan, p. 14.

3. Concerning the strengthening of the planning personnel at the ministries and public administrations, it was decided to hold training courses in this field at the Ministry of Planning, to all personnel in charge of planning and the supervision of execution. The first course consisting of 25 trainees extended from April to May. It is hoped that such courses will be held regularly to enable the greatest number of operators in this field to acquire the practical experience needed.

These are some of the suggestions offered to overcome the difficulties which accompanied the execution of the first year plan. Undoubtedly, the several difficulties that will face the future execution works may be solved totally or partially by the "Planning and Supervision of Execution Committees", formed at the ministries and public administrations in conjunction with the Ministry of Planning. It is indubitably better to discover possible difficulties before they arise than to solve them after they occur. This can be effected by constant revision and follow-up of the executed works by the said committees. Should the latter fail in their task, the Ministry of Planning always stands ready to study the problems and offer suitable solutions.

#### Performance of the Private Sector

The private sector proved to be more successful in its development efforts. Its accomplishments were very encouraging. The record showed that the private sector invested

about L.S. 18.6 million in excess of its allotted share. The total investment of the private sector amounted to L.S. 188.6 million, whereas the investment envisaged for it by the first year plan was originally set at L.S. 170 million. This represented an overall fulfillment of 111 percent during the financial year 1960/1961.

As shown in Table 51, the private sector executed 170 percent of its industrial projects, 138 percent of the agricultural projects, 135 percent of the transportation projects, 103 percent of the housing projects, and 95 percent of its irrigation projects. No account has been given on the execution of the petroleum projects, health services and changes in inventory.

Two salient features appear from the above figures:

1. Actual investments by the private sector during the first year of the plan may have exceeded the above mentioned figures since complete statements on its activity in health services, petroleum projects, and changes in inventory were not available.

2. All available information on actual investments by the private sector showed that they exceeded the estimates by a wide margin except for irrigation.

The absence of complete agreement between the estimated and actual investments of the private sector is partly explained by the following:

1. Estimates of funds available for investment by

the private sector did not include foreign documentary credits and loans.

2. Government bodies supervising their counterparts in the private sector did not heed the investment volumes envisaged by the plan, granting them investment licenses indiscriminately without upholding any consideration of strong bearing to the plan and its principles.

3. Cost estimates of the projects undertaken by the private sector were not sufficiently precise, actual disparities in execution augmenting or decreasing them.

The estimates of the first year plan on the capacity of the private sector to fulfill its allotted share may have been highly conservative, a matter that requires a better understanding of its ability to undertake projects reserved for it, taking into consideration the several factors that affect its psychological attitude toward investment in general, and investment in certain fields in particular.

In conclusion, it is hoped that more detailed and accurate information on private investment activity under the plan would enable a better understanding and a deep comprehensive analysis of its activity and would lead to more useful results.

### The Second Year Plan, 1961/1962

The execution of the second year plan started in July 1961. This plan was an integral part of the long range process of development. It constituted the second stage of



the Five-Year Plan, and as such aimed at contributing to the ultimate objectives of the Five-Year Plan, within the funds appropriated for that purpose.

#### The Investment Program

The total funds appropriated for development projects in the second year plan amounted to L.S. 617.149 million. Out of this total a sum of L.S. 157 million was assigned to the private sector and L.S. 460.149 million to the public sector.

Since no information is available on the classification of the private sector investments, the analysis of this stage of the plan is necessarily confined to the performance of the public sector. Accordingly, the investment program of the public sector only is given in Table 52.

It will be seen that the first five items listed in Table 52, represent what is considered as productive projects. These include irrigation and land reclamation, agriculture, industry, mining and geology, power and fuel as well as, transport and communications. Altogether these projects accounted for about 70 percent of the total appropriations for the second year of the plan. The rest of the projects, which may by nature be classified as services, accounted for about 30 percent.

From such classification it is evident that priority was given to those productive projects which were supposed to contribute directly to the growth of the national income and

TABLE 52

INVESTMENT PROGRAM OF THE PUBLIC SECTOR  
IN THE SECOND YEAR PLAN, 1961/1962  
(L.S. MILLION)

Project	Appropriated Funds	Percent of Total
Irrigation and Land Reclamation	72.780	15.8
Agriculture	29.505	6.4
Industry, Mining, Geology	45.310	9.9
Power and Fuel	100.950	21.9
Transport and Communications	74.928	16.3
Education	26.358	5.7
Health Services	6.579	1.4
Public Utilities, Housing	91.164	19.8
Social and Labor Services	3.075	0.7
Cultural Services	2.300	0.5
Public Administration Services	7.200	1.6
Total	460.149	100.0

Source: S.A.R., Annual Report on the Economic and Social Development Plan, 1961/1962 (Damascus: Government Press, 1963), p. 3. (Hereafter referred to as Annual Report on the Second Year Plan).

lead to the strengthening of the economic base.

#### Sources of Financing the Second Year Plan

The sources available for financing the public sector projects of the second year plan were estimated at

L.S. 460.149 million, as shown in Table 53. As shown in this table, the domestic funds accounted for about 65.2 percent of

TABLE 53

ESTIMATED SOURCES OF FINANCING THE PUBLIC  
SECTOR PROJECTS DURING 1961/1962  
(L.S. MILLION)

Source	Revenue	Percent of Total
<b>A. Domestic Sources</b>		
Surplus in Revenues from Public Debt Fund	19.500	4.3
Surplus from Insurance Fund and Government Salaries	30.000	6.5
Surplus from Social Insurance Authority	30.000	6.5
Surplus from Pension Fund of Municipalities	3.500	0.8
Surplus from Government Authorities	66.750	14.5
Surplus from School Buildings Authority	8.000	1.7
Available Funds from Municipalities	61.655	13.4
Extraordinary Revenues	20.000	4.4
Voluntary Loans	20.000	4.4
Public Participation in Karatshok Oil Well	6.000	1.3
Revenues of the Economic Institute	5.000	1.0
Other Revenues	29.500	6.4
<b>Total Domestic Sources</b>	<b>299.905</b>	<b>65.2</b>
<b>B. Foreign Sources</b>		
Loans, Documentary Credits from Egypt	45.000	9.8
Foreign Loans, Credits, Assistance	115.244	25.0
<b>Total Foreign Sources</b>	<b>160.244</b>	<b>34.8</b>
<b>Grand Total</b>	<b>460.149</b>	<b>100.0</b>

Source: S.A.R., Annual Report on the Second Year Plan, p. 4.

the total estimated sources, and foreign funds accounted for about 34.8 percent.

It will be noticed that among the foreign sources, a total sum of L.S. 45 million was expected to come from Egypt, what was then considered as the Southern Region of the United Arab Republic.

However, local funds were derived from two sources:

1. Public and private savings;
2. Deficit financing.

Public savings accounted for about 48.8 percent of total sources, while private savings accounted for about 5.6 percent, as shown in Table 54. It is important to note,

TABLE 54  
MEANS OF FINANCING THE DEVELOPMENT BUDGET DURING 1961/1962

Source	Revenue (L.S. Million)	Percent of Total
1. Local Savings		
Public Savings	224.405	48.8
Private Savings	26.000	5.6
Total Local Savings	250.405	54.4
2. Deficit Financing	49.500	10.8
3. Foreign Loans	160.244	34.8
Grand Total	460.149	100.0

Source: S.A.R., Annual Report on the Second Year Plan, p. 5.

however, that the revenues listed under public savings consisted primarily of the savings of certain government authorities and agencies such as the Insurance Fund and Government Salaries, and Social Insurance Authority which in fact belonged partly or wholly to government employees and as such could be considered as private savings. But because these funds were managed by government authorities, they were listed under public savings.

Deficit financing, on the other hand, was responsible for about 10.8 percent of all the estimated sources.

#### Execution of the Second Year Plan

The supervision of progress in the execution of the second year projects revealed that the public sector fulfilled about 49.2 percent of the envisaged investment, as shown in Table 55. The amounts actually invested by the end of the financial year 1961/1962 totalled L.S. 226.582 million. The rate of achievement, however, varied from one project to another as described by the tables in the Appendix.

The private sector, on the other hand, fulfilled 100 percent of its investment program by investing the entire funds allocated for its projects, L.S. 157 million.

#### Performance of the Public Sector

It is quite clear from the record of achievement that the development progress of the public sector has slowed down in the second year. Only 49 percent of its planned projects

TABLE 55

**IMPLEMENTATION OF DEVELOPMENT PROJECTS BY  
PUBLIC SECTOR IN 1961/1962  
(L.S. MILLION)**

Project	Appropriated Funds	Actual Investment	
		Amount	Percent Executed
<b><u>I. Productive Projects</u></b>			
Irrigation and Land Reclamation	72.780	33.731	46
Agriculture	29.505	6.054	21
Industry, Mining, Geology	45.310	10.254	23
Power and Fuel	100.950	74.882	74
Transport and Communications	74.928	35.778	48
<b>Total Productive Projects</b>	<b>323.473</b>	<b>160.699</b>	<b>50</b>
<b><u>II. Public Service Projects</u></b>			
Education	26.358	14.428	55
Cultural and Recrea- tional Services	2.300	1.036	45
Public Health	6.579	2.493	38
Housing, Public Util- ities, Tourism	91.164	41.678	46
Social and Labor Services	3.075	1.700	55
Public Administration	7.200	4.548	63
<b>Total Public Service Projects</b>	<b>136.676</b>	<b>65.883</b>	<b>48</b>
<b>Grand Total</b>	<b>460.149</b>	<b>226.582</b>	<b>49</b>

Source: S.A.R., Annual Report on the Second Year Plan, p. 6.

were completed. It was shown in Table 55 that 74 percent of the power and fuel projects and 63 percent of the public administration projects were fulfilled. Both categories of projects showed the highest rate of achievement among the second year projects. Each of the educational and social service projects registered 55 percent execution. The execution of the rest of the projects did not reach 50 percent.

It will be noticed that the productive projects were allotted about 70 percent of the total appropriations in the second year plan, and the public service projects 30 percent. This relationship was maintained by the execution of the projects, as 70 percent of the funds invested were spent on productive projects and 30 percent on public service projects.

Some of the administrative difficulties encountered in the execution of the second year plan were similar to those met in the first year. However, the main reason for the low rate of execution was the shortage in the anticipated funds. The two main sources which were relied upon to finance the second year plan were public savings and foreign loans. Estimates from both sources constituted about 84 percent of the total anticipated funds. However, the revenues that were actually raised from these same sources accounted for about 100 percent of the total revenues actually raised. Only 60 percent of the public savings were realized, and 36 percent of the estimated foreign loans were raised. The total funds raised constituted about 42 percent of the sources anticipated

by the plan, as shown in Table 56.

TABLE 56

ESTIMATED AND REALIZED SOURCES OF FINANCING THE  
PUBLIC SECTOR PROJECTS, 1961/1962  
(L.S. MILLION)

Source	Estimated Revenues	Realized Revenues	Percent Realized
<b>1. Local Sources</b>			
Public Savings	224.405	134.042	60
Private Savings	26.000	-	-
Deficit Financing	49.500	92	-
<b>Total</b>	<b>299.905</b>	<b>134.134</b>	<b>45</b>
<b>2. Foreign Sources</b>			
Loans, Documentary Credits, Egypt	45.000	2.581	6
Foreign Loans, Credits, Assistance	115.244	54.985	48
<b>Total</b>	<b>160.244</b>	<b>57.566</b>	<b>36</b>
<b>Grand Total</b>	<b>460.149</b>	<b>191.700</b>	<b>42</b>

Source: S.A.R., Annual Report on the Second Year Plan, p. 12.

It will be observed from Table 56 that the funds anticipated in private savings did not materialize. This was due to the extraordinary political and economic conditions which did not encourage private individuals and organizations



to invest in public debt bonds and to participate in some of the development projects undertaken by the public sector. The main event which caused the private organizations to shy away from investing their savings, was the nationalization of the banking system and other industrial corporations in July, 1961. This was followed by the military coup d'etat which led to the cessation of Syria from the United Arab Republic in September, 1961.

For the same reason, the government authorities refrained from the use of deficit financing in order to avoid the possible inflationary effects which might have resulted from such action.

As to foreign sources, it will be noticed that only six percent of the credits that were supposed to come from Egypt was realized. This source was discarded after the withdrawal of Syria from the United Arab Republic in September, 1961.

Of the other estimated foreign loans and credits, only 48 percent was raised because the funds that could be used effectively from this source were limited by the stage which a particular project has reached, and by the availability of local funds which were assigned to the project during the financial year. In other words, the funds that were raised in foreign loans and credits were those that could have actually been used.

It appears that the actual investments shown in Table

55 (L.S. 226.582 million) exceeded the funds actually raised, as shown in Table 56 (L.S. 191.7 million), by L.S. 34.882 million. This difference was attributed to the fact that some of the self-financing government agencies spent more than the amounts recorded in the reports of the Public Debt Fund. Also, some government agencies such as the Ministries of Education and Agriculture received foreign aid which was not accounted for in the reports of the Public Debt Fund.

Accordingly, and in conformity with the records of the various government agencies, the total realized revenues of the Development Budget reached L.S. 226.582 million and not L.S. 191.7 million. This means that about 49.2 percent of the estimated sources were realized, instead of the 42 percent indicated in Table 56.

It is important to note that the investments of the public sector which were envisaged for the second year of the Five-Year Plan, were in fact those investments which were embodied in the Development Budget for the financial year 1961/1962, and did not necessarily include all the investments of the public sector during this period. There are various government authorities which undertake investments on their own, outside the sphere of the Development Budget such as the Ministry of Defense, Latakia Harbor Authority, Palestine Refugees Institute, Central Bank, and Agricultural Bank. All of these organizations undertake construction works and other similar projects which are of development

nature. It would give a more accurate and comprehensive picture of the public sector investments if such projects were included in the Development Budget.

### Foreign Loans and Credits

It was pointed out earlier in this study that the sources of financing the Five-Year Plan were not entirely domestic. In fact, foreign loans and aids accounted for 23.5 percent of the estimated sources of financing the Five-Year Plan (as shown in Table 38).

By July of 1963, the Syrian government actually drew \$20.92 million of the \$87 million credit extended by the Soviet Union under the Syro-Soviet Economic and Technical Aid Agreement of 1957.<sup>1</sup> This amount was spent on the provision of Soviet experts and technicians, as well as on equipment for specified projects. The terms of this agreement were described in Chapter III.

In 1960, Czechoslovakia agreed to extend credit to Syria totalling \$11.382 million at an annual interest rate of three percent. The purpose of this credit was to provide equipment for the petroleum refinery at Homs. The entire amount was drawn by July, 1963.<sup>2</sup>

In 1962, Poland agreed to extend credit totalling

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<sup>1</sup>S.A.R., Central Bank Bulletin (Damascus: Central Bank, 1963), p. 2. See also U.N., International Flow of Long-Term Capital and Official Donations, 1959-1961 (New York: United Nations, 1963), pp. 18 and 27.

<sup>2</sup>Ibid.

\$15 million at an annual rate of interest of 2.5 percent. This was in the form of private contracts for the purpose of providing industrial equipment and machinery. However, by 1963, none of this credit was drawn.<sup>1</sup>

Also in 1962, as a consequence of a three-year drought and after Syria broke away from the United Arab Republic, the Syrian government requested assistance from the United States, which resulted in an agreement to sell Syria, under Public Law 480, 100,000 tons of wheat and flour to be paid for in local currency. An additional 50,000 tons of wheat was also provided.<sup>2</sup>

The United States signed a new loan to Syria in 1962 for the main purpose of stabilizing its currency and providing the foreign exchange cost of building a network of silos for cereal storage. The total amount of the loan was \$14 million; of which \$9 million came from AID (Agency for International Development) and \$5 million from the Export-Import Bank.<sup>3</sup> In addition, Syria secured a loan of \$16 million from West Germany and \$5 million from Italy.<sup>4</sup>

Later, in 1963, West Germany agreed to extend additional credit to Syria totalling 350 million Deutsche Marks

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<sup>1</sup>Ibid.

<sup>2</sup>U.S., House of Representatives, Committee on Foreign Affairs, Foreign Assistance Act of 1962, 87<sup>th</sup> Cong., 2<sup>nd</sup> Sess., 1962, p. 566.

<sup>3</sup>Ibid., p. 581.

<sup>4</sup>Ibid.

at an annual rate of interest of 3.25 percent. This loan was intended to provide the foreign exchange needs for the preliminary stages of the Euphrates Dam.<sup>1</sup>

The total commitments of bilateral economic assistance to Syria reached \$148.4 million in 1962. This does not include the recent German loan of D.M. 350 million.

Evaluation of the Five-Year Plan on the  
Basis of Two Years of Experience

From the account given of the progress in execution of the Five-Year Plan, the total investment of the public sector in the first year represented about 16.4 percent of its allocated share in the Five-Year investment program. The private sector, on the other hand, invested about 19 percent of its share in the Five-Year investment program.

In the second year, although the public sector invested only 49.2 percent of the funds appropriated for its projects, the volume of investment fell short of that in the first year by L.S. 55.5 million only. The public expenditure in the second year accounted for about 13.1 percent of the share of the public sector in the Five-Year Plan. The private sector, on the other hand, invested the entire funds allocated for its projects in the second year, and has thereby accomplished about 15.7 percent of its share in the Five-Year investment program.

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<sup>1</sup>S.A.R., Central Bank Bulletin, op. cit.

Overall, the public sector expenditures in the first two years reached 30 percent of its planned share in the Five-Year Plan, and the private sector investments amounted to 34.6 percent.

A close look at the accomplishments of the individual projects reveals that only 12 percent of the irrigation and land reclamation projects were completed by the end of the second year. This low rate of achievement is somewhat misleading, because one single project, that of the Euphrates Valley River, was assigned a little less than half of the total public sector appropriations in the Five-Year Plan. A sum of L.S. 304 million out of a total estimated cost of L.S. 710 million, was earmarked for the Euphrates project which was only in its preliminary stages of surveys and studies. Out of the L.S. 13.4 million appropriated for this project in the first two years, only L.S. 7.3 million was actually spent. However, once the necessary surveys and studies are completed, more funds are expected to be allocated for this project in the coming years.

In agriculture, the public sector executed about 22 percent of the funds allocated in the Five-Year Development Plan. Some of the reasons which accounted for the slow progress in the execution of the agriculture projects were:<sup>1</sup>

1. The appropriation of relatively large funds to

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<sup>1</sup>Adnan Shuman, "The Five-Year Plan of the Syrian Arab Republic in its First Two Years, 1960/1961 - 1961/1962," Al Raed Al Arabi (Kuwait: December, 1962), p. 18.

projects whose studies were not yet completed;

2. The delay in the issuance of the development budgets and the slow transfer of the required funds to the executing bodies. This led to the obstruction in the execution of many projects which were of seasonal nature;

3. The weakness of the technical framework of the executing bodies in the Ministry of Agriculture;

4. The relative shortage of rainfall which led to the slow execution of some of the projects which relied on the efforts and participation of the farmers.

The rate of execution of the industrial projects by the public sector ranged from 61 percent in the first year to 23 percent in the second year, resulting in 15 percent execution by the end of the second year of the funds appropriated in the Five-Year investment program.

On the other hand, the execution of the power and fuel projects fared much better in both years. Although 106 percent execution was registered in the first year, and 74 percent in the second year, the total rate of execution by the public sector in both years reached 106 percent of the funds assigned to such projects in the Five-Year Development Plan, as shown in Table 57. This may mean either an underestimation of the cost of these projects or an overfulfillment of these projects.

The transport and communications projects were executed at the rate of 68 percent in the first year and 48

TABLE 57

PUBLIC SECTOR EXECUTION OF THE FIRST TWO YEARS  
OF THE FIVE-YEAR PLAN  
(L.S. MILLION)

Project	Planned Investment Five-Year Plan	Realized Investments			Percent Real- ized of Five- Year Plan
		First Year 1960/1961	Second Year 1961/1962	Total	
<b>I. Productive Projects</b>					
Irrigation <sup>a</sup>	780.000	56.373	33.731	90.104	12
Agriculture	95.000	14.690	6.054	20.744	22
Industry <sup>b</sup>	135.000	9.372	10.254	19.626	15
Power and Fuel	105.000	36.216	74.882	111.098	106
Transport, Communications	387.000	62.083	35.778	97.861	25
<b>Total</b>	<b>1,502.000</b>	<b>178.734</b>	<b>160.699</b>	<b>339.433</b>	<b>23</b>
<b>II. Service Projects</b>					
Education	107.000	25.854	14.428	40.282	38
Health	46.000	7.161	2.493	9.654	21
Housing, Public Utilities	47.000	60.181	41.678	101.859	217
Social and Labor Services	18.000	2.325	1.700	4.025	22
Cultural Services	-	2.222	1.036	3.258	-
Public Admin- istration	-	5.588	4.548	10.136	-
<b>Total</b>	<b>218.000</b>	<b>103.331</b>	<b>65.883</b>	<b>169.214</b>	<b>78</b>
<b>Grand Total</b>	<b>1,720.000</b>	<b>282.065</b>	<b>226.582</b>	<b>508.647</b>	<b>30</b>

Source: Tables 37, 51 and 55.

<sup>a</sup>Including Land Reclamation. <sup>b</sup>Including Mining and Geology.



percent in the second year. The aggregate rate of execution by the public sector in both years amounted to 25 percent of the appropriations in the Five-Year investment program.

If the irrigation, agricultural, industrial, power and fuel, and transport and communications projects were classified in one category as productive projects, it would seem that the rate of execution of such projects was 77 percent in the first year and 50 percent in the second year. In both years, about 23 percent of the total funds allocated for productive projects in the Five-Year Plan was executed.

The public service projects were executed at the rate of 79 percent in the first year and 48 percent in the second year. The aggregate rate of execution of the Five-Year program in the first two years was 78 percent, as shown in Table 57.

A significant feature is the expenditure on housing and public utilities projects. The funds assigned to the public sector for these projects in the Five-Year Plan did not exceed L.S. 47 million. By the end of the second financial year, a total sum of L.S. 101.859 million was spent on such projects. This represented a rate of accomplishment of 217 percent. The cost of such projects in the Five-Year Plan was highly underestimated.

The education projects, including cultural services, were executed at the rate of 84 percent in the first year and 54 percent in the second year. During the first two years,

however, 41 percent of the funds allocated for these projects in the Five-Year Plan was executed.

### The Rationale of Planning

Planning seems to have become widely accepted as an essential means of guiding and accelerating economic development in underdeveloped countries.

In the Middle East, Syria is not the only country to resort to economic planning. As a matter of fact, Egypt is in the process of implementing its Ten-Year Economic and Social Development Plan of 1960-1970. Iraq is executing its Five-Year Plan of 1961/1962 - 1965/1966.<sup>1</sup> Jordan recently started implementing its Five-Year Plan of 1962-1967.<sup>2</sup> Generally, the basic reasons for planned economic development given by the United Nations Economic Commission for Asia and the Far East are:<sup>3</sup>

1. The functioning of the traditional economies left alone may perpetuate stagnation and wide fluctuations;
2. Private initiative unaided may not easily gather

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<sup>1</sup>U.N., Economic Developments in the Middle East, 1961-1963 (New York: United Nations, 1964), p. 20. The Iraqi plan calls for total expenditure of 556 million Iraqi Dinars.

<sup>2</sup>The Hashemite Kingdom of Jordan, Five-Year Program for Economic Development (Amman: The Jordan Development Board, 1962). Total investment under this plan is set at 127.3 million Jordanian Dinars.

<sup>3</sup>United Nations, Economic Bulletin for Asia and the Far East, Vol. XII, No. 3 (New York: United Nations, December, 1961), pp. 1-2.

sufficient momentum to generate economic growth;

3. The market mechanism with all its imperfections cannot be solely relied on for mobilizing and utilizing effectively the available resources to achieve a maximum possible rate of growth.

Planning must have some centralized decision-making and some government action in effecting such decisions in a coordinated way. There are in the real world no completely planned and completely unplanned economies. Planning is obviously a matter of degree. The degree of planning, however, varies widely from one country to another. There is, on the one hand, the centrally planned economy in the communist countries of the U.S.S.R., China and Eastern Europe, where most labor, raw material and equipment resources are allocated by the government to the majority of the production units, which dispose of the major part of their products according to central direction. In these countries national economic planning is an integral part of the development of a socialist society.<sup>1</sup>

On the other hand, there is the predominantly private enterprise economy of the United States, Japan, and other western countries, in which planning means chiefly projection by the government of the economic activity and the influence of the government on the rate of growth through fiscal and

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<sup>1</sup>Oskar Lange, Essays on Economic Planning (London: Asia Publishing House, 1963), pp. 1-4.

monetary policies.

In between these two extremes, there are various shades of "mixed economy", in which planning contains two major elements:

. . . the government's direct utilization of saving to carry out investment and management of resources for production, particularly in providing economic and social infrastructure; and the government's measures to facilitate, stimulate, guide and even control private economic activity.<sup>1</sup>

In all these forms of planning the government plays the common role of creating the general conditions for development such as political and monetary stability and of making known the available resources and development potentialities.

What is a national plan? How can it rationally derive its criteria? Among the economists who recognize the need for planning in underdeveloped countries is Gunnar Myrdal. According to Myrdal a plan is

a blueprint of a cumulative process of economic development in a country, as this process will evolve when started, sustained and controlled by certain induced exogenous changes in the social system, represented by purposeful state interferences as defined in the plan.<sup>2</sup>

This blueprint must be based on a study of the circular causation between all the relevant factors in the social system of the country.

Myrdal considers three major aims of planning. One

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<sup>1</sup>U.N., Economic Bulletin for Asia and the Far East, op. cit.

<sup>2</sup>Gunnar Myrdal, Rich Lands and Poor (New York: Harper and Brothers Publishers, 1957), p. 87.

purpose of the national plan is to effect the strictest economy with the available resources. Rational economic behavior is always concerned with the allocation of scarce resources among alternative uses. This is the reality behind the notion of "opportunity costs". If, however, many underdeveloped countries demonstrate waste of very scarce resources in "showpiece" projects, this is considered the result of a failure in planning, and the only cure is to improve planning. This involves getting down to "a realistic analysis of the concrete circular causal relations involved in the cumulative development process."<sup>1</sup>

Another purpose of the plan is to overcome the rigidities which characterize an underdeveloped economy. The strategy of economic planning in underdeveloped countries must, very largely, consist in foreseeing by rational analysis where the bottlenecks, due to particularly tough rigidities, are likely to arise and then to direct policy measures accordingly.

A third general purpose of national economic planning is to free the minds of the people and the governments from many popular preconceptions often originating from their envious comparisons with the highly developed countries, which otherwise are certain to dominate the economic policies in underdeveloped countries.

Myrdal stresses the fact that a national economic

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<sup>1</sup>Ibid., p. 94.

plan cannot be rationally constructed by the application of the criteria of the price system and private business profitability but that the plan must consist of the blueprinting in real terms of a cumulative process of circular causation, in the final analysis directed by political decisions. The national plan cannot rationally be made in terms of the costs and profits of individual enterprises because most of the investments to be planned are not profitable from the market point of view. Most of the investments are intended to create external economies for industries which are not yet established but are planned for the future. Also private business calculations in terms of costs and profits are inadequate and do not necessarily reflect the social goals of national planning.

Myrdal concludes that the criteria for national planning are entirely outside the price system and that there do not exist any objective criteria for economic planning. "The plan and its targets have in the final analysis to be determined by decisions which represent choices made among different, alternatively possible, sets of goals and means."<sup>1</sup>

Jan Tinbergen also recognizes the need for planning in underdeveloped countries. He believes that economic development may be furthered by what he calls a purposeful development policy. He considers a plan to be an essential part of that policy. This development policy, according to

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<sup>1</sup>Ibid., p. 91.

Tinbergen, would have four principal objectives:

. . . to create the general conditions favorable to development; to acquaint the government, the business community and the public with the potentialities and advantages of development; to make a number of investments of the "basic" type, which may represent the government investment program or plan, consisting of a number of public projects; and to take measures designed to facilitate and stimulate private activity and investment.<sup>1</sup>

The details of such development policy are governed by the structure of the country's economy, as determined by its natural resources, climate and geographical situation, as well as by temporary bottlenecks that may exist.

According to Tinbergen, the task of planning has three major characteristic features.<sup>2</sup> The first feature is that a plan refers to the future, and to that extent, it contains an element of forecasting. A plan is based on a number of aims, which have to be specified in order to carry out the planning process. A third feature is that a plan requires coordination of the means of economic policy to be used in order to reach the aims and to avoid inconsistencies. He maintains that effective planning depends on the technical competence and integrity of the administration; the level of literacy and the civic spirit of the business community and the population at large; and on the availability of data.<sup>3</sup>

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<sup>1</sup>Jan Tinbergen, The Design of Development (Baltimore: The Johns Hopkins Press, 1958), pp. 3-8.

<sup>2</sup>Jan Tinbergen, Central Planning (New Haven: Yale University Press, 1964), p. 8.

<sup>3</sup>Ibid., pp. 71-72.

Tinbergen suggests that the planning process may involve as many stages as four or more. He describes these stages as follows:

1. The macro-stage, in which the rate of investment is chosen, implying a choice of the rate of development;
2. The sector stage, in which the development of a number of sectors is estimated;
3. The project stage, in which a choice between a number of projects is made;
4. The regional stage, in which the development of one or more regions is contemplated. This stage may either precede the sector stage or follow it, or even follow the project stage, depending on the nature of the planning problem.<sup>1</sup>

Additional stages include a number of preparatory, partial research problems, such as estimation of the optimum size of the enterprises in some industries, market analyses, and repetition of previous stages on the basis of the results of later ones.

Tinbergen suggests four criteria for optimum planning.<sup>2</sup> An important criterion is the degree of accuracy obtainable, taken in the wider sense of being geared to the needs of the economy under the given circumstances. This means not only that the estimates must be as precise as possible, but also that proper variables must be included in the set of estimates, having in mind the aims and means of economic policy. A second criterion is the time needed for the operation; because of the usually short period available, especially for the preparation of short-term plans, economizing on time is

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<sup>1</sup>Ibid., pp. 26-27 and pp. 88-89.

<sup>2</sup>Ibid., pp. 90-91.



an important aspect of the economics of planning. A third criterion is keeping costs down by trying to minimize the number of elementary operations involved. A final criterion is the degree of democracy allowed in the sense of satisfying justified desires of interested groups to have an opportunity of giving an opinion, or even participating in a number of decisions about the plan.

In order to apply the criteria most effectively, their relative importance should be known. Tinbergen admits that it is difficult to apply the criteria in a scientifically accurate way because of the lack of sufficient information.

W. Arthur Lewis stresses the fact that planning requires a strong, competent and incorrupt administration. But since no backward country possesses such an administration, he advocates that "governments should be laissez-faire than they should pretend to plan".<sup>1</sup> In other words, governments should not get involved in comprehensive and rigid planning if they do not have the qualified personnel, the competence and the required machinery to cope with it. He therefore maintains that the first objective of planners must be to create an administrative machine that can do the work of planning, to train young men academically and in the tasks of administration, and to weed out mercilessly the incompetent and the corrupt. In the meantime, he cautions that

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<sup>1</sup>W. Arthur Lewis, The Principles of Economic Planning (London: George Allen and Unwin Ltd., 1952), pp. 121-128.

no administration should be loaded with tasks more numerous or more delicate than it can handle and that the quantity and forms of planning should be limited strictly within the capacity of the machine.

However, in assessing a development plan, Lewis considers three major factors: the contribution of the plan to policy-making; the size of the investment program; and the priorities emphasized in the plan.<sup>1</sup> He regards sound economic policies to be more important to economic development than mere expenditure of money by the government. He maintains that in private enterprise systems the amount the government has to invest is always less than one-half of the total capital formation required in the country. Therefore, if a private enterprise system is to be maintained, it is important to adopt policies which encourage private investment to come forward in the right magnitude in the right places. The most important question to ask, when assessing a development plan, is whether the policies are adequate to stimulate private investment in the production of commodities creating an appropriate framework, through reasonable policies and institutions.

The other factor to be considered in assessing a development plan, according to Lewis, is the size of

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<sup>1</sup>W. Arthur Lewis, "On Assessing a Development Plan," Economic Bulletin of the Economic Society of Ghana (Accra: May-June, 1955), pp. 2-16.  
See also Gerald M. Meier, Leading Issues in Development Economics (New York: Oxford University Press, 1964), pp. 523-528.

expenditure. Development programs are usually prepared with a view to the needs of the country. But the needs of underdeveloped countries are virtually unlimited. So, Lewis suggests that "in determining the size of expenditure, the basis of a development plan is not needs but resources."<sup>1</sup> Lewis agrees that for most underdeveloped countries, the principal limitation in the size of the program is money. For some countries, the limitation is not money, but physical resources. A more serious limitation in almost all underdeveloped countries is political and administrative capacity. To carry out a program, decisions must be made at the right time; preliminary researches must be undertaken; contracts must be placed at the right time. Normally, in most of these countries not enough importance is attached to the absence of preliminary researches, which are "a bottleneck to absorptive capacity".<sup>2</sup> It is, therefore, easier for these countries to prepare a program according to their needs than to administer and effect its execution.

Another way of appraising a development plan is to look at the priorities. According to Lewis, priority must be given to the following projects:

1. Basic surveys including geological and oil surveys, mapping, marine biology, the measurement of river flows, and fundamental agricultural research;

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<sup>1</sup>Meier, Ibid., p. 524.

<sup>2</sup>Ibid., p. 525.

2. Basic training including primary, secondary and higher education, as well as technical training;

3. Public utilities including electricity, roads, water supplies, port services, railroads and telephone;

4. The balance between what is being done for the countryside and what is being done for the towns.

Lewis emphasizes that prestige expenditures must be kept to reasonable proportions.

I would give high marks to a development program in which only 10% of the expenditures was in nonsense of this kind, whereas a programme in which the figure reached 30% would seem to be well below par.<sup>1</sup>

The above presentation leads this author to believe that the essential task of planning economic development consists in assuring an amount of productive investment which is sufficient to provide for a rise of national income substantially in excess of the rise in population, so that per capita income increases. Consequently, the problem of development planning is one of mobilizing the resources of the country for purposes of productive investment, and then of directing that productive investment into such channels as will provide for the most rapid growth of the productive power of the national economy.

In order to achieve this task, a comprehensive plan should consist at least of the following parts:

1. Objectives and aggregate targets, primarily in

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<sup>1</sup>Ibid., p. 528.

terms of national income and employment;

2. A public investment program with distribution of development expenditures among major sectors, chiefly for building up the economic and social infrastructure;

3. A projection of private investment among various major sectors;

4. Policy measures (especially in the fiscal, financial, foreign trade, foreign exchange and foreign investment fields) to stimulate, direct and influence private investment;

5. Sectoral programs containing individual projects;  
and

6. Policies aiming at basic institutional changes, including land reform and labor policy.

There seems to be a consensus among economists that there are no objective criteria that can be generally applied to economic planning in underdeveloped countries. This is largely due to the lack of sufficient information and the inadequacy of the price system. It is, therefore, most appropriate to evaluate the Five-Year Plan of Syria in terms of the set goals and achievements (as has been suggested by Myrdal and has already been done in the first part of this chapter), as well as in terms of the criteria suggested by Lewis.

Syria does not have a completely planned economy, nor does it have a predominantly private enterprise system. Rather, it has a "mixed economy", in which the government plays a direct role in providing economic and social

infrastructure and in guiding and controlling private economic activity. One of the declared objectives of the Five-Year Plan (stated in Chapter IV) was to seek and encourage the cooperation of private enterprise. As a result, the private sector was allotted about 37 percent of the investment program of the Five-Year Plan. The policies of the government, through the plan, have aimed at stimulating private investment.

The other factor considered by Lewis in assessing a development plan is the size of expenditure. In preparing the Five-Year Plan, the Syrian authorities took into consideration the needs of the country. Apparently, most of the limitations mentioned by Lewis were encountered in the execution of the plan. It was obvious that the investment achievements in the first two years of the plan fell short of the objectives. Some of the reasons accounting for this result were the overestimation of available funds, the lack of administrative competence and the absence of preliminary researches. It seems that the resources of the country were not given proper consideration in the preparation of the plan.

Another way of appraising a development plan is to look at the priorities. Lewis attaches great significance to projects in basic surveys and researches, basic training and education, public utilities, and balance between the countryside and the towns. The Syrian Five-Year Plan seems to have followed these priorities closely. The tables in

the Appendix, describing the implementation of projects in the first two years, show that large amounts of the allocated funds were spent on basic surveys, training and public utilities. The balance in investment between the countryside and the towns was given proper attention. This was indicated in the provision of electricity, drinking water, education, health centers and social services to the rural areas. Prestige expenditures seem to be absent from the plan. Although the expenditures allocated to the irrigation and land reclamation projects accounted for about 30.5 percent of the Five-Year investment program, they were allocated to several irrigation and land reclamation projects all over the country.

As far as balance among the economic sectors is concerned, the plan, in its allocation of funds, seemed to favor the agricultural sector. It is clear from the investment program (shown in Table 37) that the agricultural sector (including irrigation and land reclamation) was allotted about 40.4 percent of the total planned investment. This seems to be consistent with the growth problems which were pointed out in Chapter II, mainly the stabilization of the agricultural sector. However, the actual investment in the first two years of the plan was more evenly distributed among the various economic sectors. For instance, the agricultural sector (including irrigation projects) received 22 percent of the total public investment in the first two years. The power and fuel sector received 22 percent. Housing and

public utilities received 20 percent, transport and communications 19 percent, education nine percent, industry four percent, and the rest of the services four percent.

One may ask whether the investment program of the plan, as was drawn up, aimed at balanced growth or unbalanced growth. Ragnar Nurkse defines balanced growth as "more or less synchronized application of capital to a wide range of different industries".<sup>1</sup> In this sense, it would seem that the plan did not aim at balanced growth. This was apparent from the allocation of the bulk of investment to the agricultural sector. Also in the industrial sector the investment was concentrated more on raising the production of electricity than on a wide range of different industries.

By and large, the Five-Year Plan was intended to provide a pragmatic solution to the problems hindering the sustained growth of the Syrian economy.

#### Economic Growth in Syria During Two Years of Planning

Thus far, the execution of the individual plans of the first two years and the record of achievement of both plans vis-a-vis the Five-Year Economic and Social Development Plan has been studied.

It is now appropriate to pose one important question. What was the effect of the two years of planning on the

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<sup>1</sup>Nurkse, op. cit., p. 11.



various sectors of the Syrian economy? At the present time, it is difficult to assess the contribution of the development expenditure, undertaken in the first two years of the plan, to the rate of growth of the Syrian economy. Some of the projects were started long before the implementation of the plan, such as the Ghab and Asharne, while others of long-range nature, such as the Euphrates and Khabour, will not yield any result for many years to come.

Although it is difficult yet to establish for sure the direct effect of two years of planning on the economy, an examination of the national income figures during this period may help to indicate the trend of growth of the economy. In Table 58, the financial year 1959/1960 is taken as a base year for the purpose of comparison.

The agricultural sector which constituted about 31.9 percent of the national income in the base year has grown by 6.2 percent in the first year 1960/1961. This rate of growth is quite moderate because of the averse natural factors. Although the time distribution of rainfall was good, it was lower than the average quantity which usually gives a moderate yield, especially in the big region of agricultural production. In addition, a heat wave scorched a large part of the cereal crops in the month of May. However, the progress realized in agriculture in 1960/1961 by comparison to 1959/1960 was due to the natural factors which, though not as good as expected were, nevertheless, more favorable than during

TABLE 58

GROWTH OF NATIONAL INCOME COMPONENTS, 1959-1962<sup>ab</sup>  
(L.S. MILLION)

Sector	Base Year <sup>c</sup> 1959/1960		1960/1961 <sup>d</sup>			1961/1962 <sup>e</sup>			Percent Growth in Two Years
	Amount	Percent of Total	Amount	Percent of Total	Percent Increase	Amount	Percent of Total	Percent Increase	
Agriculture	679	31.9	721	32.2	6.2	1,011	37.8	40.2	48.9
Industry	328	15.4	346	15.5	5.5	369	13.8	6.6	12.5
Construction	98	4.6	118	5.3	20.4	124	4.7	5.1	26.5
Transport and Communications	138	6.5	136	6.1	-1.5	152	5.7	11.8	10.1
Trade	314	14.7	322	14.4	2.6	378	14.2	17.4	20.4
Finance	45	2.1	39	1.7	-13.3	41	1.5	5.1	-8.9
Residential Dwellings	166	7.8	174	7.8	4.8	181	6.8	4.0	9.0
General Government Services	180	8.5	192	8.5	6.7	212	7.9	10.4	17.8
	180	8.5	192	8.5	6.7	204	7.6	6.3	13.3
<b>Total</b>	<b>2,128</b>	<b>100.0</b>	<b>2,240</b>	<b>100.0</b>	<b>5.3</b>	<b>2,672</b>	<b>100.0</b>	<b>19.3</b>	<b>25.6</b>

Source: Calculated from S.A.R., Statistical Abstract, 1962, Table 3, p. 495.

<sup>a</sup>Net Domestic Product at Factor Cost.

<sup>d</sup>Average for 1960 and 1961.

<sup>b</sup>At Constant Prices of 1956.

<sup>e</sup>Average for 1961 and 1962.

<sup>c</sup>Average figures for 1959 and 1960.

the three preceding years of drought. Another factor was partly the implementation of the plan. The irrigation projects of a long period of gestation were not expected to contribute to such progress. It was rather the investments in such projects as fertilization, the use of improved sowing seeds, and the expansion of cultivated areas which gave immediate results within the year.

This shows the agricultural sector to be still subject to severe oscillations, in spite of the fact that the first year plan was able to help stabilize it in 1961 and increase its general revenue in the fiscal year 1960/1961. In 1960/1961 the agriculture income accounted for 32.2 percent of the national income.

However, in the fiscal year 1961/1962, the agricultural sector registered a more impressive rate of growth over the preceding year. This is evident from the 40.2 percent increase in agricultural income in this particular year. Most of this increase was largely due to the favorable natural factors and a good rainy season. The long range irrigation projects under execution could not have possibly influenced such growth, but some agricultural projects may have contributed to it.

In the first two years of the Five-Year Plan, agricultural income has grown by about 48.9 percent over the base year. This is a rather remarkable achievement, and undoubtedly contributes to the stability of the agricultural sector

which is one of the major goals of the plan. In fact, the agricultural income by the end of 1962 reached a peak level of L.S. 1,217 million, instead of the figure shown in Table 58 for the fiscal year 1961/1962. The agricultural share of the national income has grown to 37.8 percent in 1961/1962.

The industrial sector has shown a moderate rate of growth of 5.5 percent in the first year and 6.6 percent in the second year. In the first two years of the plan, the industrial income has grown by about 12.5 percent over the base year. The rate of growth in this sector cannot be compared with that in the agricultural sector, because agriculture is the backbone of the economy and the major source of income. However, this rate of growth was partly attributed to the new capacities established during the years preceding the first year plan, and partly to the projects initiated by the first and second year plans.

The building and construction sector witnessed a great expansion, second only to agriculture, in the first two years of the plan. The growth rate in this sector during the first two years of the plan reached 26.5 percent over the base year. This rate of growth may rightfully be attributed to the plan, because of the relatively great funds invested in this sector.

Trade, finance, transport and communications were not able to expand in 1960/1961 by comparison to 1959/1960, because of the collapse of banking activities which led to the

reduction in monetary transfers, documentary credits, discounts, and the reduction in the quantity of goods transported from production centers to ports. Only the trade sector registered 2.6 percent increase, while the transport and communications declined by 1.5 percent and finance fell by 13.3 percent.

However, this trend was reversed in 1961/1962, when the transport and communications sector registered 11.8 percent increase over the previous year, and the trade sector rose by 17.4 percent. Although the finance sector has somewhat recovered in 1961/1962, the record for both years showed a decline of 8.9 percent over the base year. Altogether, the transport and communications sector witnessed an expansion of 10.1 percent in the first two years of the plan over the base year, and the trade sector showed 20.4 percent growth by the end of the second year over the 1959/1960 level.

The rental income showed a relatively moderate rate of growth of 4.8 percent in the first year and four percent in the second year. In both years the rental income has grown by nine percent over the base year.

The government sector showed a growing rate of expansion which was necessitated by the role it has assumed. In both years of the plan, it has grown by 17.8 percent over the base year.

Income from services increased by 13.3 percent in both years. This was largely due to the great expansion of

both public and private services which was effected by the plan.

According to Table 58, national income has grown from L.S. 2,128 million in 1959/1960 to L.S. 2,240 million in 1960/1961, or 5.3 percent. In the fiscal year 1961/1962, national income rose to L.S. 2,672 million, or 19.3 percent over the previous year. This jump in the rate of growth was mainly due to the expansion of the agricultural sector. However, in the first two years of the plan, national income witnessed a growth of 25.6 percent over the 1959/1960 level. In fact, the end of the year figures showed that the national income has grown from L.S. 2,133 million in 1959 to L.S. 2,987 million in 1962, a growth of 40 percent.

It is obvious that agriculture is the major component of national income, and its rate of growth greatly influences that of national income. It is the central force around which the economic activity of the country rotates. It will be recalled that the main concern of the Five-Year Plan was to regulate the agricultural activity and production in such a way as to sustain its rate of growth at a high level in order to attain the economic stability which is so much needed for the plan to achieve its goals.

If the government can succeed in this endeavor under the plan, then there is a better chance for growth to be sustained. The reasons for the necessity of maintaining the high level of agricultural income and its growth, at this

stage of planning, are manifold.

1. The level of agricultural income directly influences the volume of national income.

2. Agricultural income has an indirect effect on the economic activity of the country insofar as it affects the levels of income of the other sectors in the economy. Agricultural products furnish the raw material for some major industries, such as textile and canning.

3. With the measures taken to limit land ownership and the subsequent distribution of land to farmers, it is quite possible that the rise in income could be more widely diffused throughout the population, leading to a higher purchasing power and expansion of the home market.

4. Agriculture has a direct effect on the balance of payments position. It is a major source of foreign exchange, since over 75 percent of the exports are agricultural products. Foreign exchange revenues from this source do not merely help to redress the balance of payments deficits, but also aid in financing the import of machinery and equipment required for the execution of the plan.

5. The savings which result from the high level of agricultural income can be channelled into financing the development projects of the other sectors of the economy.

Thus, it is desirable to strengthen the agricultural sector and maintain its high rate of growth, at least until the industrial sector catches up and balanced growth becomes

a normal condition. The prospects for the success of the plan in effecting a steady rate of growth regularly sustained become greater.

However, expanding agricultural production in a world market, which is showing ever-increasing exportable surpluses, may spell danger and uncertainty to the economy. It exposes the Syrian economy to the vagaries of international price fluctuations of agricultural products, particularly of cotton and wheat. It would seem that the main requirement in agriculture is to diversify output with emphasis on such products for which there is large potential demand locally and abroad. At present, Syria imports large quantities of rice, raw sugar, fruits and live animals which can be locally produced and for which there is also a large and expanding market in neighboring Arab countries.

Agricultural exports should be diversified as far as possible in order to minimize Syria's dependence mainly on two crops for its foreign exchange earnings. Should the yields or prices of these products fall in one year, the country would immediately face foreign exchange difficulties, as well as suffer from a fall in income. With its small share of total world production, Syria cannot hope to influence the international supply or prices of cotton or cereals whether by control of internal production or of stocks. It has to follow the policies set by major producers and make the best profits in the short run so long as they last. The



weak position of Syria in this field is obvious. The best it would hope to do is to adjust itself to international changes as quickly as possible so as to minimize losses, and to exploit to the full any natural advantage, in the way of low costs, that it has in producing certain products. To diversify production and stabilize yields, the area under irrigation has to be extended. In order to raise productivity greater use must be made of fertilizers, chemicals, selected breeds and strains, and direct investment in more and better livestock and implements. To make the best of natural advantages for export purposes, transport means have to be improved; raw materials should be cleaned, graded and, if possible, processed; efficient storing, refrigerating and marketing organizations should be established in order to take advantage, among other things, of early-season production of cereals and of some fruits and vegetables.

As has been noted, most of these projects are embodied in the Five-Year Plan, and some of them are already under execution. As a matter of fact, the plan is well on its way toward achieving these objectives.

There is, however, one important condition which underlies the future success of the plan, and that is the political stability which is so essential for assuring the continuity of development and growth. If this factor can be guaranteed then Syria can succeed in launching the take-off.

So far, Syria has successfully fulfilled most of the

preconditions for the take-off. The changes in attitudes, values, and social structure have become conducive to growth. The transition from the traditional society to modern society has been effected. The feudal system has been uprooted. Revolutionary changes have been introduced and are taking place in agriculture and transportation. Modern manufacturing enterprises using new methods of production have appeared and some of them have even become well established such as the textile industry. Financial institutions for mobilizing capital are well entrenched, and their contribution to development has become quite significant.

The central government has emerged as an indisputable powerful force in guiding the affairs of the country. It has resorted to economic and social planning as a means of regulating and sustaining the rate of growth of the economy. Its efforts are manifested in the execution of the first two years of the Five-Year Plan, discussed earlier in this study.

The Five-Year Plan, like most plans, has its weaknesses, and many obstacles will have to be surmounted in the course of its implementation. Central economic planning in general is always a difficult task and, where it has been tried, has seldom been a complete success in the advanced countries. Now, what amounts to a sort of superplanning has to be staged by underdeveloped countries with weak political and administrative structures and largely illiterate populations. Gunnar Myrdal believes that there are reasons for

expecting numerous mistakes and in many cases total failure and maintains that "the alternative to making the heroic attempt is continued acquiescence in economic and cultural stagnation, or regression, which is politically impossible in the world of today".<sup>1</sup>

However, the launching of the plan has brought about two important developments:

1. The willingness and readiness of the government to assume a vital role in solving the problems of economic growth and in removing the bottlenecks which have interrupted growth and prevented it from becoming sustained.

2. The establishment of the institutional framework for economic and social planning.

This course of action is irreversible. Experience in this field will contribute to further success in the future.

It may be reasonably concluded that Syria has entered the phase of the take-off. It may take the country more than three decades before it can pass on to the next stage of the drive to maturity. This, however, is a mere speculation. The take-off period may not even last that long, because Syria, unlike some underdeveloped countries, does not suffer from overpopulation. This may be foreseen as a helpful factor in speeding up the process of development and growth.

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<sup>1</sup>Myrdal, op. cit., p. 86.

## CHAPTER VI

### SUMMARY AND CONCLUSIONS

Throughout this study, an attempt was made to answer two basic questions:

1. Has a steady rate of growth been sustained in Syria from 1950 to 1960?

2. What have been the contributions of economic planning in Syria? Has planning provided the answer to the fulfillment and maintenance of a sustained rate of growth in Syria?

In the process of answering the first question, the author traced the factors underlying the rate of growth of the Syrian economy from 1950 to 1960 and pointed out the problems encountered in the process of development. The answer to the second question involved an examination of the attempts made to tackle these problems and an evaluation of the Five-Year Plan.

It became clear from the analysis presented in Chapter II that the scarcity of goods and the expenditures of Allied Forces during the war, reinforced by profit opportunities and manipulated by an "investment conscious" business community which has engaged in little conspicuous

spending, induced the expansion of agricultural output and made possible the establishment of modern industry immediately after the end of the Second World War. These motivating forces set the Syrian economy on the path to growth. Later on, the Korean War and the cotton boom contributed to the consolidation of that growth and led to further expansion of production and income.

Despite this rapid upsurge of the economy, which occurred early in the fifties, Syria was unable to maintain a steady rate of growth. This was manifested in the fluctuation of the rate of growth of national income throughout the decade. It was shown in Chapter II that national income grew steadily from L.S. 1,380 million in 1950 to L.S. 2,176 million in 1954. This represented 57.6 percent growth in four years, or an average annual rate of 14.4 percent. In 1955, however, not only was national income unable to maintain the level reached in 1954, but actually dropped by about 11.8 percent to a level of L.S. 1,920 million. In 1956, national income rose by about 19.9 percent over the 1955 level to L.S. 2,303 million. This level exceeded the 1954 level by about 5.8 percent. In 1957, national income grew by about 6.4 percent over the previous year to L.S. 2,451 million. In 1958, the level of national income dropped by about 14.2 percent to L.S. 2,102 million. In 1959, national income rose by about 1.5 percent to L.S. 2,133 million, and in 1960, it dropped by about 0.5 percent to L.S. 2,123 million.

However, on 1961, the trend was reversed, and national income started gaining momentum by rising to L.S. 2,357 million, a rate of growth of about 11 percent over the previous year. The growth of the economy was even more impressive in 1962, when national income reached a peak level that was never attained before. This was L.S. 2,987 million, an increase of about 26.7 percent over the 1961 level, and for the first time surpassing the previous record reached in 1957 by about 22 percent.

In general, a rather surprisingly high rate of growth was achieved from 1950 to 1957 which was interrupted only in 1955. From 1958 to 1960, the rate of growth tapered off and, in fact, the economic activity fell drastically throughout most of this period. In 1961, the trend was reversed and economic growth started gaining momentum, until the level of income reached in 1962 surpassed the previous record of 1957.

It followed from the above trend of economic development in Syria that the high rate of growth attained in the early part of the decade, 1950-1957, was not regularly sustained, in spite of the fact that the rate of gross investment never fell below 11 percent of national income and actually averaged about 14 percent annually.<sup>1</sup>

There were several factors responsible for the slow down and irregularity of the rate of growth. To begin with,

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<sup>1</sup>Throughout the decade, the ratio of gross investment to national income fluctuated between 11 and 19 percent. The maximum ratio was reached in 1960.

when the favorable wartime conditions, which contributed to the rapid growth in the postwar period, spent their force, economic expansion seemed to slow down considerably thereafter. The activity of private enterprise, which played a prominent role in the postwar expansion, was hindered by the shortage of overhead facilities. By 1955, the Syrian economy reached a stage in its development at which the government was forced to undertake a more important promotional role. Private enterprise alone became unable to maintain the past rate of growth because, within the given prevailing conditions, agricultural expansion reached its zenith. The amount of idle land that could be cultivated, within the capacity of private enterprise and without significant investment, was severely diminished, and agricultural prices no longer afforded such a powerful stimulus to the expansion of acreage. It was obvious that the extension of irrigated area depended increasingly on public investment, particularly since the area which could be economically irrigated by privately installed pumps could not be greatly expanded. Furthermore, high transport costs and the low quality of wheat became serious handicaps to Syria in an increasingly competitive world wheat market.

The unreliability of rainfall and the frequent recurrence of drought was perhaps the major cause of the fall in agricultural production and income. The drought in 1955 was mainly responsible for the fall in income. This happened

again in three consecutive years 1958, 1959 and 1960. No economy, so heavily dependent upon agriculture, could survive such natural catastrophes and still be able to maintain a high rate of growth.

The need for widespread irrigation projects became imminent. The continual availability of water supplies in abundance was the only means by which the economy could be safeguarded against the scarcity of rainfall and drought because, by stabilizing the agricultural sector, the stability of the entire economy could be secured.

Positive action was needed to maintain and stimulate Syria's wheat exports by providing better and cheaper transport and establishing facilities for the storage, grading and cleaning of cereals in order to reduce losses and improve quality. Certain measures were needed for raising agricultural and livestock yields. Stimulation of the use of selected seeds and better implements was required in order to improve crop rotation in the direction of soil-building crops and greater diversification.

By 1955, it became clear that the economy was facing an acute shortage of electric power. Transport became the most important bottleneck in the economy. While the expansion of the production base of the economy was the paramount problem, the extension of educational facilities, the improvement of public health and housing conditions, as well as the provision of other important social services, required



immediate attention.

Most of these problems called for a substantial increase in public investment. The government became increasingly aware of the need for assuming a positive role in the economy. Several foreign experts were invited to study the economic problems of Syria and advise the government on the means to solve them. The concern of the government was further testified to by its request for an International Bank Mission in 1954 to work out recommendations for development. The reports and recommendations of these experts were presented in Chapter III.

Consequently, the issues raised in the second question concerning the contributions of economic planning toward the solution of these problems were tackled in the latter part of this study.

It became apparent that economic planning was a necessity. The first step came in 1955 when the government issued the Extraordinary Budget for Economic Development embodying the Seven-Year Plan. The institutional framework required for the formation and execution of the plan was founded by the establishment of the Economic Council and the Economic Development Institute.

As pointed out in Chapter III, the execution of the Seven-Year Plan was halted in 1956, as a result of the soaring military expenditures necessitated by the Suez crisis. Immediately following the Suez crisis, Syria sought foreign

aid from the Soviet Union which resulted in the ratification of the Syro-Soviet Economic and Technical Aid Agreement in 1957.

In 1958, shortly after the unity with Egypt was declared, economic and social planning became an integral part of the economic policy of the government. The concept and goals of planning were broadened to cover not only the development of economic resources but also the reorganization of the social structure. With the issuance of the Ten-Year Plan, a war was waged on ignorance, disease and poverty.

The Ten-Year Plan was broken down into two stages for the purpose of implementation and follow-up. The Five-Year Economic and Social Development Plan, described in Chapter IV, was put to execution in 1960/1961. Details of the execution and follow-up of the first two years of this plan were discussed in Chapter V.

The plan was evaluated in terms of the set goals and accomplishments in the first two years, as suggested by Myrdal, as well as in terms of the criteria suggested by W. Arthur Lewis. These methods of evaluation were chosen by this author because, as the discussion in Chapter V indicated, there were no generally acceptable objective criteria that could be applied to economic planning in underdeveloped countries. This was largely due to the lack of sufficient information and the inadequacy of the price system.

Myrdal suggested that the plan and its targets had in

the final analysis to be determined by decisions which represented choices made among different, alternatively possible, sets of goals and means. These choices were policy decisions reached in terms of national development goals as determined by the political process. Lewis considered three major factors to be important in assessing a development plan. The first factor was the contribution of the plan to policy-making. In other words, the plan should be assessed in terms of the adequacy of the policies adopted in stimulating private investment. The other factor was the size of expenditure which, according to Lewis, must be determined on the basis of the country's resources rather than its needs. The limitations to the size of the investment program in most underdeveloped countries were considered by Lewis to be not only financial, but physical resources including political and administrative capacity. The third factor was priorities. Lewis attached great significance to investments in basic surveys and researches, basic training and education, public utilities, and balance between the countryside and the towns.

Accordingly, in evaluating the Five-Year Plan of Syria, it was shown that the public sector invested about 78 percent of the funds allocated for its projects in the first year 1960/1961, or about 16.4 percent of its share in the Five-Year investment program. In the second fiscal year 1961/1962, the public sector invested only 49.2 percent of the funds appropriated for its projects, accounting for about

13.1 percent of its share in the Five-Year Plan. In the first two fiscal years 1960/1961 and 1961/1962, the aggregate expenditures of the public sector accounted for about 30 percent of its planned share in the Five-Year Plan.

The performance of the private sector was more impressive. In the first year, the private sector scored about 111 percent accomplishment of its allocated investment, accounting for about 19 percent of its share in the Five-Year investment program. In the second year, the private sector invested the entire funds allocated for its projects, which accounted for 15.7 percent of its share in the Five-Year Plan. In both years, the aggregate funds invested by the private sector amounted to about 34.6 percent of its total share in the Five-Year Plan.

The total performance of both sectors in the first year amounted to 88 percent of the first year investment program, representing 17.3 percent of the Five-Year total investment program. In the second year, the total performance of both sectors amounted to 62 percent of the second year investment program and represented 14.1 percent of the total investment planned by the Five-Year Plan. The overall investments by both sectors in the first two years reached L.S. 854.25 million, accounting for about 31.4 percent of the investment program of the Five-Year Plan.

Most of the problems encountered in the execution of the plan were of technical and administrative nature, as

mentioned in Chapter V. The public investment program was oriented more toward furnishing the needed social overhead facilities. About two-thirds of the public investment in both years went to productive projects and one-third to public service projects.

It was stated in Chapter V that Syria had a "mixed economy" in which the government played a direct role in providing economic and social infrastructure and in guiding and controlling private economic activity. One of the declared objectives of the Five-Year Plan (stated in Chapter IV) was to seek and encourage the cooperation of private enterprise. As a result, the private sector was allotted about 37 percent of the investment program of the Five-Year Plan. It would, thus, seem that the policies of the government, through the plan, aimed at stimulating private investment.

In preparing the Five-Year Plan, the Syrian authorities took into consideration the needs of the country. Apparently, most of the limitations mentioned by Lewis were encountered in the execution of the plan. It was obvious that the investment achievements, in the first two years of the plan, fell short of the objectives. Some of the reasons accounting for this result were the overestimation of available funds, the lack of administrative competence, and the absence of complete preliminary researches concerning the individual projects, at the time the funds were appropriated.

It seemed that the resources of the country were not given proper consideration in the preparation of the plan.

It was further shown that the Syrian Five-Year Plan followed closely the priorities emphasized by Lewis. The tables in the Appendix, describing the implementation of projects in the first two years, showed that large amounts of the allocated funds were spent on basic surveys, training and public utilities. It also seemed that the balance in investment between the countryside and the towns was given proper attention. This was indicated in the provision of electricity, drinking water, education, health centers and social services to the rural areas. Prestige expenditures were absent from the plan. Although the expenditures allocated to the irrigation and land reclamation projects accounted for about 30.5 percent of the Five-Year investment program, they were not assigned to one project. As a matter of fact, they were allocated to several irrigation and land reclamation projects all over the country.

As far as balance among the economic sectors was concerned, the plan seemed to favor the agricultural sector in its allocation of funds. It was clear from the investment program (shown in Table 37) that the agricultural sector (including irrigation and land reclamation) was allotted about 40.4 percent of the total planned investment. This seemed to be consistent with the growth problems which were pointed out in Chapter II, mainly the stabilization of the agricultural

sector. However, the actual investment in the first two years of the plan was more evenly distributed among the various economic sectors. For instance, the agricultural sector (including irrigation projects) received 22 percent of the total public investment in the first two years. The power and fuel sector received 22 percent. Housing and public utilities received 20 percent, transport and communications 19 percent, education nine percent, industry four percent, and the rest of the services four percent.<sup>1</sup> The reason why industry received only four percent was because the power and fuel (electricity and oil) were dealt with separately and because the private sector was given greater share of the investment in industry.

It would also seem that the plan, as was drawn up, did not aim at balanced growth. This was apparent from the allocation of the bulk of investment to the agricultural sector. In the industrial sector, the investment was concentrated more on raising the production of electricity than on a wide range of different industries. By and large, the Five-Year Plan was intended to provide a pragmatic solution to the problems hindering the sustained growth of the Syrian economy.

However, at the present rate of execution, the government may not be able to complete the implementation of the

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<sup>1</sup>The rest of the services included public health, social and labor services, and public administration.

Five-Year Plan by the end of the fiscal year 1964/1965. The investment program totalling L.S. 2,720 million cannot possibly be fulfilled. This program was overly ambitious. The plan assumed average fair weather conditions. It also assumed fairly stable political conditions.

The first assumption is beyond the control of the government, because the average rainfall varies from one year to another. While rainfall was below the average in 1960/1961, it rose above the average in 1961/1962. The fact that this assumption is hard to attain presents in itself the very problem which the plan aims to solve. This can be achieved only in the long run after the irrigation projects are implemented.

The latter assumption also did not stand. Since the initiation of the plan, Syria has witnessed two military coups d'etat, in September 1961 and March 1963, with a major political shake-up in July 1963. The government is continuously threatened by constant attempts to overthrow it. It is unrealistic to assume political stability under the present conditions. Syria has been in a constant state of war with Israel since 1948, a condition which necessitated high defense budgets even at the expense of development.

With political instability prevailing and the nationalization laws taking place, it is hardly possible to create a conducive and healthy climate for private enterprise to operate. The participation and full cooperation of private



enterprise, presumed by the plan, cannot be counted upon. However, political stability for Syria is a relative matter. Undoubtedly, the creation of political stability can help a great deal in speeding up the implementation of the plan and assuring continual progress and sustained growth.

Syria has had a checkered history of economic development. As to the stage it has reached in economic development, it may be reasonably concluded that the economy has passed the stage of the preconditions for the take-off.<sup>1</sup> It has successfully fulfilled most of the conditions for the take-off, in that the rate of gross investment of the national income has been maintained above the 10 percent level stipulated by Rostow. Also, the emergence of the textile industry together with the cement and canning industries, as substantial manufacturing sectors demonstrating a high rate of growth, fulfills Rostow's second condition for the take-off. The emergence of the central government as a powerful force in guiding the economic and social affairs of the country through planning, together with the existence of the required institutional framework, all of which, tending to exploit the impulses to expansion, testify to the fact that Syria has fulfilled the conditions for the take-off.

It may be reasonably concluded that economic planning has proved to be the answer to Syria's problems of economic

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<sup>1</sup>The year 1960, upon the issuance of the Five-Year Plan, may be arbitrarily considered as the turning point from the preconditions stage to the take-off phase.

growth. The growing public investment in agriculture and irrigation, fuel and power, transport, housing and public utilities, is an indication of the concentration of efforts to remove the bottlenecks which have prevented the economy from sustaining its rate of growth.

This author maintains that strengthening the agricultural sector and stabilizing its production and income should be the prime tasks of the government. Since agriculture in Syria is the major component of national income, and its rate of growth greatly influences that of national income, maintaining its high rate of growth will tremendously improve the chances for growth to be sustained. A high level of agricultural income can help improve the balance of payments position of Syria and provide the savings which can be channelled into financing the development projects of the other sectors of the economy.

However, to maintain a high level of agricultural income, productivity must be raised and diversification in output is needed. To diversify output and stabilize yields, the area under irrigation must be extended and irrigation projects must be speeded up. In order to raise productivity, greater use must be made of fertilizers, chemicals, selected seeds and breeds, and better implements.

The future success of the plan will also depend on the full cooperation of private enterprise. Since the activity of this sector has proved to be successful and its

past contribution to growth is unquestionable, its full participation must be sought and encouraged. So long as the government regulates and controls the operations of private enterprise, it can easily direct its investments in the productive projects scheduled by the plan.

Furthermore, the creation of an environment of greater political stability will undoubtedly enhance the prospects of success of development efforts and will tend to assure a sustained rate of growth.

**APPENDIX**

**IMPLEMENTATION OF PROJECTS DURING THE FIRST TWO YEARS  
OF THE SYRIAN FIVE-YEAR PLAN**

TABLE 1

IMPLEMENTATION OF IRRIGATION AND LAND RECLAMATION  
PROJECTS IN 1960/1961  
(L.S. THOUSAND)

Project	Appropriated Investment	Actual Investment	
		Amount	Percent of First Year
<b>A. Public Sector</b>			
<b>1. Euphrates Project</b>			
Study of Storage Dam	3,250	2,470	76
Study of Lower Basin	3,750	2,992	80
Total	7,000	5,462	78
<b>2. Khabour Project</b>	3,000	2,055	68
<b>3. Ghab and Asharne Projects</b>			
Dams and Arches	25,575	25,451	99
Drainage Works	1,778	1,778	100
Irrigation Works	5,999	5,998	100
Roads	1,262	1,261	100
Various Works	5,386	4,898	91
Total	40,000	39,386	98
<b>4. Upper Orontes Basin</b>	500	240	48
<b>5. Rouge Project</b>	4,000	2,547	64
<b>6. Sinn Project</b>	1,975	954	48
<b>7. Barada and Awaj Projects</b>	700	236	34
<b>8. Yarmouk Project</b>	2,625	1,369	52
<b>9. Irrigation of Southern Frontier Land</b>	70	12	17
<b>10. Land Reclamation</b>	2,000	583	29
<b>11. Various Projects</b>			
Study of Dams and Irriga- tion Canals	200	136	68
Flood Control in Hama	230	68	30
Administrative and Expropria- tion Expenses	2,300	2,918	127
Total	2,730	3,122	114

TABLE 1--Continued

Project	Appropriated Investment	Actual Investment	
		Amount	Percent of First Year
12. Agrarian Reform Authority Projects	700	284	41
13. <u>Ministry of Public Works</u> Projects			
Exploitation of Irrigation Canals	95	85	89
Expenses for Water Measure- ments	40	38	95
<b>Total</b>	<b>135</b>	<b>123</b>	<b>91</b>
<b>Total of Public Sector</b>	<b>65,435</b>	<b>56,373</b>	<b>86</b>
<b>B. <u>Private Sector</u></b>	<b>10,000</b>	<b>9,463</b>	<b>95</b>
<b>Grand Total of Irrigation and Land Reclamation</b>	<b>75,436</b>	<b>65,836</b>	<b>87</b>

Source: S.A.R., Annual Report on the First Year Plan, pp. 79-82.

TABLE 2

EXECUTION OF AGRICULTURAL PROJECTS IN 1960/1961  
(L.S. THOUSAND)

Project	Appropriated Investment	Actual Investment	
		Amount	Percent of First Year
<b>I. Public Sector</b>			
<b>A. Ministry of Agriculture</b>			
<b>1. Agricultural Projects:</b>			
Cotton and Cereals			
Seeds Breeding	1,824	1,094	60
Trees and Forestation	1,424	723	51
Crops Protection	999	999	100
<b>Total</b>	<b>4,247</b>	<b>2,816</b>	<b>66</b>
<b>2. Animal Resources:</b>			
Water and Fodder	1,496	1,496	100
Fodder Warehouses	500	82	16
Improvement of Breeds	416	416	100
Veterinary Care	823	823	100
Development of Fisheries	109	35	32
<b>Total</b>	<b>3,344</b>	<b>2,852</b>	<b>85</b>
3. Agricultural Guidance	703	672	96
4. Technical Training and Education	610	610	100
5. Experimental Stations and Research	2,716	2,701	100
6. Silos	3,840	1,042	27
7. Wells and Underground Water Supply	2,500	1,696	68
<b>Total of Ministry of Agriculture</b>	<b>17,960</b>	<b>12,389</b>	<b>69</b>

TABLE 2--Continued

Project	Appropriated Investment	Actual Investment	
		Amount	Percent of First Year
<b>B. Ministry of Agrarian Reform</b>			
1. Fowl Breeding Station at Hama	300	204	68
2. Cow Stations at Deir Ezzor, Hama & Ghab	2,675	506	19
3. Cooperatives	170	51	30
4. Farm, Engineering and Office Equipment	1,833	1,398	76
5. Forestation, Tree Nurseries	305	142	47
6. Reserve Fund	3,413	-	-
<b>Total Ministry of Agrarian Reform</b>	<b>8,696</b>	<b>2,301</b>	<b>26</b>
<b>Total Public Sector</b>	<b>26,656</b>	<b>14,690</b>	<b>55</b>
<b>II. Private Sector</b>	<b>30,000</b>	<b>41,470</b>	<b>138</b>
<b>Grand Total of Agriculture</b>	<b>56,656</b>	<b>56,160</b>	<b>99</b>

Source: S.A.R., Annual Report on the First Year Plan, pp. 80-81.



TABLE 3

IMPLEMENTATION OF INDUSTRIAL, MINING AND GEOLOGY  
PROJECTS, IN 1960/1961  
(L.S. THOUSAND)

Project	Appropriated Investment	Actual Investment	
		Amount	Percent of First Year
<b>I. Industry</b>			
<b>A. Public Sector</b>			
Nitrogen Fertilizers Plant	1,100	31	3
Technical Training	1,700	1,055	62
National Salt Factory	1,000	-	-
Aid to Yarns and Fabrics Fund	500	500	100
Economic Institute Projects	3,500	1,028	29
Industrial Projects Authority	1,270	66	5
Rural Industries, Training	732	478	65
Agricultural Industries	1,000	659	66
<b>Total Public Sector</b>	<b>10,802</b>	<b>3,817</b>	<b>35</b>
Reserves in First Year Plan	1,290		
<b>Total After Deduction of Reserves</b>	<b>9,512</b>	<b>3,817</b>	<b>40</b>
<b>B. Private Sector</b>	<b>27,000</b>	<b>46,000</b>	<b>170</b>
<b>Total of Industry</b>	<b>36,512</b>	<b>49,817</b>	<b>136</b>

TABLE 3--Continued

Project	Appropriated Investment	Actual Investment	
		Amount	Percent of First Year
<b>II. <u>Mining and Geology</u></b>			
Geological Maps	2,200	1,600	73
Topographical Map	2,500	1,500	60
Iron Ore Prospection	1,857	1,600	86
Chrome and Manganese Prospection	150	285	190
Salt Rocks Prospection	400	285	71
Phosphates Prospection	450	285	63
<b>Total</b>	<b>7,557</b>	<b>5,555</b>	<b>73</b>
Reserves in First Year Plan	1,800		
<b>Total After Deduction of Reserves</b>	<b>5,757</b>	<b>5,555</b>	<b>96</b>
<b>Grand Total of Industry, Mining and Geology</b>	<b>42,269</b>	<b>55,372</b>	<b>131</b>

Source: S.A.R., Annual Report on the First Year Plan, p. 83.

TABLE 4

ACCOMPLISHMENT OF POWER AND FUEL  
PROJECTS IN 1960/1961  
(L.S. THOUSAND)

Project	Appropriated Investment	Actual Expenditures	
		Amount	Percent of Approp- riations
<b>I. Electricity Projects</b>			
<b>A. Public Sector</b>			
<b>1. Nationalized Companies</b>			
Damascus Co.	3,950	6,055	153
Aleppo Co.	3,085	3,767	122
Homs and Hama Co.	4,001	3,122	78
Deir Ezzor Co.	96	70	73
Kamishli Co.	334	224	67
<b>Total</b>	<b>11,466</b>	<b>13,238</b>	
Transfers to Ministry of Education	250		
<b>Total after Deduction of Transfers</b>	<b>11,216</b>	<b>13,238</b>	<b>118</b>
<b>2. Ministry of Municipalities</b>			
Electricity for Wadi Barada	150	150	100
Jdaydet el Wadi	30	30	100
Yabroud	100	62	62
Irne	25	25	100
Mshata, Ayoun el Wadi, Kfarein	120	120	100
Salma, Dreikish, Kanawat	94	34	36
New Electric Unit, Slifne	40	40	100
<b>Total</b>	<b>559</b>	<b>461</b>	<b>82</b>

TABLE 4--Continued

Project	Appropriated Investment	Actual Expenditures	
		Amount	Percent of Approp- riations
3. Municipal Electricity Projects	4,100	3,230	79
Total Public Sector Reserve Fund	15,875 1,066	16,929	
Total after Deduction of Reserves	14,809	16,929	114
<u>B. Private Sector</u>	1,000		
Total Electricity Projects	15,809	16,929	107
<u>II. Petroleum Projects</u>			
<u>A. Public Sector</u>			
1. Prospection			
Survey under Contract No. 944	2,000	2,232	112
Prospection at Karatshok	5,000	3,077	61
Deep Drilling	9,000	6,404	71
Total	16,000	11,713	73
2. Storage and Transport			
Completion of Tanks in Governorates	1,300	1,300	100
Latakia Pipeline Network	500	129	26
Latakia and Homs Tanks	2,000	52	3
Butane Tank, Homs Refinery	300	237	79
Pipelines for Oil Products	5,200	5,821	112
Total	9,300	7,539	81

TABLE 4--Continued

Project	Appropriated Investment	Actual Expenditures	
		Amount	Percent of Approp- riations
3. Oil By-Products			
Butane Unit	100	-	-
Oxygen Unit	250	35	14
Total	350	35	10
Total Public Sector Reserve Fund	25,650 6,250	19,287	
Total after Deduction of Reserves	19,400	19,287	99
<u>B. Private Sector</u>	2,000	-	-
Total Petroleum Projects	21,400	19,287	90
Grand Total of Power and Fuel	37,209	36,216	97

Source: S.A.R., Annual Report on the First Year Plan, pp. 84-85.

TABLE 5

**EXECUTION OF TRANSPORT AND COMMUNICATIONS  
PROJECTS IN 1960/1961  
(L.S. THOUSAND)**

Project	Appropriated Funds	Actual Investment	
		Amount	Percent Execution
<b>I. Public Sector</b>			
<b>1. Land Communications</b>			
Main Roads Outside Cities	17,923	16,081	90
Roads Inside Cities	7,500	6,711	89
Bridges	2,000	1,326	66
Railways	21,056	13,522	64
Transport Inside Cities	300	273	91
<b>Total</b>	<b>48,779</b>	<b>37,913</b>	<b>78</b>
<b>2. Civil Aviation</b>			
New Damascus Airport	3,800	170	4
Existing Airports	2,262	2,162	95
Syrian Arab Airways	9,483	9,483	100
<b>Total</b>	<b>15,545</b>	<b>11,815</b>	<b>76</b>
<b>3. Harbors</b>			
Tartous Harbor	6,466	5,771	89
Latakia Harbor	5,506	1,634	30
<b>Total</b>	<b>11,972</b>	<b>7,405</b>	<b>62</b>
<b>4. Wire and Wireless Communications</b>			
Sbayne Receiving Station	525	164	31
Dimas Transmission Station	750	771	103
Telephone Network Expansion	10,610	1,484	14
<b>Total</b>	<b>11,885</b>	<b>2,419</b>	<b>20</b>

TABLE 5--Continued

Project	Appropriated Funds	Actual Investment	
		Amount	Percent Execution
5. Postal Services			
New Post Office Buildings	400	85	21
Means of Transport	300	18	6
Equipment	240	-	-
Total	940	103	11
6. Television and Broadcasting	2,600	2,428	93
Total Investments by Public Sector Reserve Fund	91,721 747	62,083	
Total after Deduction of Reserves	90,974	62,083	68
II. <u>Private Sector</u>	20,000	27,000	135
Grand Total	110,974	89,083	80

Source: S.A.R., Annual Report on the First Year Plan, pp. 86-87.

TABLE 6

EXECUTION OF EDUCATION PROJECTS IN 1960/1961  
(L.S. THOUSAND)

Project	Appropriated Funds	Actual Investment	
		Amount	Percent Executed
<b>1. <u>Various Stages of Education</u></b>			
Elementary	4,328	3,394	78
Secondary	666	224	34
Teachers' Training	466	249	53
Secondary Industrial	837	463	55
Secondary Female	50	29	58
High School Industrial	803	454	56
High School Female	28	16	57
High School Commercial	114	41	36
School Health Services	185	153	83
<b>Total</b>	<b>7,477</b>	<b>5,023</b>	<b>67</b>
<b>2. <u>Higher Education</u></b>			
Commerce College, Aleppo	300	254	85
Technical Training College, Aleppo	1,174	1,127	96
Agricultural College, Damascus	456	290	63
College of Fine Arts, Damascus	400	212	53
<b>Total</b>	<b>2,330</b>	<b>1,883</b>	<b>81</b>
<b>3. <u>School Buildings Authority</u></b>			
Elementary School Buildings	4,008	3,947	98
Secondary, High School and Teachers' Training Buildings	1,114	1,114	100
Technical Education Buildings	1,878	1,877	100
Liquidation of School Buildings	6,500	6,100	94
Various Works	500	400	80
<b>Total</b>	<b>14,000</b>	<b>13,438</b>	<b>96</b>



TABLE 6--Continued

Project	Appropriated Funds	Actual Investment	
		Amount	Percent Executed
<b>4. <u>Universities</u></b>			
<b>A. <u>Damascus University</u></b>			
Sites for Buildings	400	195	49
Chemistry Department Wing	635	634	100
Purchase of University City Sites	1,213	1,211	100
Construction of Buildings	500	466	93
Equipment	100	100	100
Basement for Dental Department	15	15	100
<b>Total</b>	<b>2,863</b>	<b>2,621</b>	<b>91</b>
<b>B. <u>Aleppo University</u></b>			
Purchase of University City Sites	650	649	100
Construction of Buildings	1,212	635	52
Equipment	100	100	100
<b>Total</b>	<b>1,962</b>	<b>1,384</b>	<b>70</b>
<b>5. <u>Scholarships</u></b>			
Ministry of Education	260	101	39
Major Projects Administration	400	207	52
Central Bank	24	24	100
Foreign Scholarships	1,173	1,173	100
<b>Total</b>	<b>1,857</b>	<b>1,505</b>	<b>81</b>
<b>Grand Total</b>	<b>30,489</b>	<b>25,854</b>	<b>85</b>

Source: S.A.R., Annual Report on the First Year Plan, pp. 88-89.

TABLE 7

PLANNED AND REALIZED INVESTMENTS IN HEALTH SERVICE  
PROJECTS DURING 1960/1961  
(L.S. THOUSAND)

Project	Planned Investment	Realized Investment	
		Amount	Percent Realized
<b>I. <u>Public Sector</u></b>			
<b>1. <u>New and Enlarged Hospitals</u></b>			
Sweida, Hama, Aleppo Hospitals	2,500	2,388	95
Hassakeh Hospital	930	569	61
Damascus Hospital, New Story	550	452	82
Expansion of Homs Hospital	400	305	76
<b>Total</b>	<b>4,380</b>	<b>3,714</b>	<b>85</b>
<b>2. <u>New and Expanded Clinics</u></b>			
Two New Clinics, Idlib	110	90	82
New Clinic, Kadmous	80	71	89
Two New Clinics, Derta	130	125	96
Two New Clinics, Malkie	54	-	-
Clinics in Mraybet, Dmair, Sadad, Sirrin, Rakka	300	221	74
Industrial Labor Clinic, Deir Ezzor	60	50	83
Agricultural Labor Clinics, Hama, Rakka	60	5	8
New Yarmouk Camp Clinic	79	79	100
<b>Total</b>	<b>873</b>	<b>641</b>	<b>73</b>
<b>3. <u>Health Centers</u></b>	<b>465</b>	<b>182</b>	<b>39</b>
<b>4. <u>Damascus Nursing School</u></b>	<b>450</b>	<b>450</b>	<b>100</b>
<b>5. <u>Mobile Health Units</u></b>	<b>366</b>	<b>1</b>	<b>-</b>

TABLE 7--Continued

Project	Planned Investment	Realized Investment	
		Amount	Percent Realized
<b>6. <u>Other Health Projects</u></b>			
Hospital and Clinic Equipment Reconstruction, Kamishli	2,020	1,210	60
Hospital	25	15	60
Expropriation of U.S. Mission Hospital, Deir Ezzor	381	381	100
Expansion of Ministry of Health Building	187	30	16
Kitchen of Ibn Sina Hospital Repairs and Equipment, Deir Ezzor Hospital	63	63	100
	150	145	97
<b>Total</b>	<b>2,826</b>	<b>1,844</b>	<b>65</b>
<b>7. <u>Completion of Health Services Buildings</u></b>			
	405	329	81
<b>Total Public Sector</b>	<b>9,765</b>	<b>7,161</b>	<b>73</b>
<b>II. <u>Private Sector</u></b>	<b>2,000</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>11,765</b>	<b>7,161</b>	<b>61</b>

Source: S.A.R., Annual Report on the First Year Plan,  
pp. 90-91.

TABLE 8

**EXECUTION OF PUBLIC UTILITIES, HOUSING, TOURISM  
AND SUMMER RESORTS PROJECTS IN 1960/1961  
(L.S. THOUSAND)**

Project	Planned Investment	Realized Investment	
		Amount	Percent Realized
<b>I. Public Sector</b>			
1. Drinking Water			
Water Networks for Towns and Villages	5,675	4,660	82
Drilling and Equipping Wells	3,466	3,106	90
Maintenance of Drinking Water	856	856	100
Water Supplies to Villages	1,200	951	79
<b>Total</b>	<b>11,197</b>	<b>9,573</b>	<b>85</b>
2. Town and Village Planning	333	333	100
3. Tourism and Summer Resorts	3,580	2,521	70
4. Housing	29,194	21,222	73
5. Independent Water Corporations	13,068	9,979	76
6. Municipalities	19,300	16,553	86
<b>Total Public Sector</b>	<b>76,672</b>	<b>60,181</b>	<b>78</b>
<b>II. Private Sector</b>			
1. Residence Housing	55,000	60,707	110
2. Office Buildings	5,000	3,963	79
3. Recreation Projects	3,000	-	-
<b>Total Private Sector</b>	<b>63,000</b>	<b>64,670</b>	<b>103</b>
<b>Grand Total</b>	<b>139,672</b>	<b>124,851</b>	<b>89</b>

Source: S.A.R., Annual Report on the First Year Plan,

TABLE 9

PLANNED AND REALIZED INVESTMENTS IN SOCIAL  
AND LABOR SERVICES, 1960/1961  
(L.S. THOUSAND)

Project	Planned Investment	Realized Investment	
		Amount	Percent Realized
1. Industrial Labor Unions	96	62	64
2. Agricultural Training	30	19	63
3. Cooperative Establishments	584	290	50
4. Social Services			
Equipping Three New Social Centers	522	434	83
Operating Social Centers	1,118	370	33
Completion of Maslamye Delinquents Center	148	109	74
Completion of Koudsaya Delinquents Center	108	68	63
Equipping and Operating Delinquents Centers	104	94	90
Model Institute for Rehabilitation of Blind	290	1	-
Training of the Blind	49	40	82
Completion of Social Centers at Harran el Awameed, el Bourghal, Ifreen	1,155	814	70
Studies for Construction of Social Centers in Hassake, Deir Ezzor, Rakka	30	24	80
<b>Total Social Services</b>	<b>3,524</b>	<b>1,954</b>	<b>55</b>
<b>Grand Total</b>	<b>4,234</b>	<b>2,325</b>	<b>55</b>

Source: S.A.R., Annual Report on the First Year Plan,  
p. 93.

TABLE 10

PLANNED AND REALIZED INVESTMENTS IN CULTURAL AND  
RECREATIONAL SERVICES, 1960/1961  
(L.S. THOUSAND)

Project	Planned Investment	Realized Investment	
		Amount	Percent Realized
<b>1. <u>Ministry of Culture</u></b>			
Cultural Centers, Salaries of Employees	370	283	76
Establishment of Centers and Mobile Units	200	200	100
Purchase of Works of Art	65	59	91
Art Delegations, Conferences	70	29	41
Implementation of Cultural Agreements	30	25	83
Translation, Publication, Lectures	85	72	85
Film Production	50	37	74
Literacy Campaign	95	59	62
Festivals, Conferences, Exhibitions	45	35	78
<b>Total</b>	<b>1,010</b>	<b>799</b>	<b>79</b>
<b>2. <u>Directorate of Museums</u></b>			
Extension, Damascus Museum	100	40	40
Construction, Palmyra Museum	400	400	100
Construction, Aleppo Museum	350	350	100
<b>Total</b>	<b>850</b>	<b>790</b>	<b>93</b>

TABLE 10--Continued

Project	Planned Investment	Realized Investment	
		Amount	Percent Realized
<b>3. <u>Higher Youth Council</u></b>			
Playgrounds and Clubs, Sweida, Homs, Hassakeh	400	254	63
Playgrounds and Clubs, Der'a, Idlib, Deir Ezzor, Latakia	500	379	76
Total	900	633	70
Grand Total	2,760	2,222	80

Source: S.A.R., Annual Report on the First Year Plan,  
p. 94.

TABLE 11

PLANNED AND INVESTED FUNDS IN PUBLIC ADMINISTRATION  
PROJECTS, 1960/1961  
(L.S. THOUSAND)

Project	Planned Funds	Funds Invested	
		Amount	Percent Invested
<b>1. <u>Government Buildings</u></b>			
Completion of Palace of Justice, Damascus	140	133	95
Completion of Palace of Justice, Aleppo	768	625	81
Completion of Ministry of Finance Building	1,150	1,150	100
Offices of Directors of Districts	100	100	100
Government Employees Houses, Hassakeh	8	8	100
Government Building, Mayadin	50	-	-
Central Bank	887	887	100
<b>Total</b>	<b>3,103</b>	<b>2,903</b>	<b>93</b>
<b>2. <u>Prisons and Police Stations</u></b>			
Homs, Hassakeh, Mambej Prisons	1,525	1,518	99
Police School Construction	425	404	95
Reconstruction of Police Station, Aleppo	64	63	98
Frontier Stations	172	163	95



TABLE 11--Continued

Project	Planned Funds	Funds Invested	
		Amount	Percent Invested
Stable for Mariamain Station	6	6	100
Study of Aleppo Central Prison	50	25	50
<b>Total</b>	<b>2,242</b>	<b>2,179</b>	<b>97</b>
<b>3. <u>Studies, Wages, Salaries</u></b>			
Cost of Mechanical Equipment	75	59	79
Studies of Various Construction Projects	250	144	58
Inspection of Constructions	300	186	62
Wages, Salaries Compensation to Experts	125	117	94
<b>Total</b>	<b>750</b>	<b>506</b>	<b>67</b>
<b>Grand Total</b>	<b>6,095</b>	<b>5,588</b>	<b>92</b>

Source: S.A.R., Annual Report on the First Year Plan, p. 95.

TABLE 12

**EXECUTION OF IRRIGATION AND LAND RECLAMATION  
PROJECTS IN 1961/1962  
(L.S. THOUSAND)**

Project	Planned Investment	Actual Investment	
		Amount	Percent Executed
Euphrates Project	6,450	1,792	28
Khabour Project	1,000	180	18
Ghab and Asharne Projects	35,000	24,969	71
Upper Orontes Basin	1,000	140	14
Rouge Project	3,500	1,247	36
Sinn Project	8,500	1,380	16
Barada and Awaj Basins	1,000	62	6
Yarmouk Project	6,000	1,262	21
Irrigation of Southern Frontier	3,000	19	1
Agrarian Reform Authority Projects	80	-	-
Land Reclamation	4,500	112	2
Administrative and Execution Expenses	2,750	2,568	93
<b>Total</b>	<b>72,780</b>	<b>33,731</b>	<b>46</b>

Source: S.A.R., Annual Report on the Second Year Plan, p. 23.

TABLE 13

EXECUTION OF AGRICULTURAL PROJECTS IN 1961/1962  
(L.S. THOUSAND)

Project	Appropriated Funds	Actual Investment	
		Amount	Percent Executed
<b>I. Ministry of Agriculture</b>			
<b>1. Agricultural Projects</b>			
Cotton and Cereals			
Seed Breeding	10	-	-
Trees and Forestation	2,948	1,121	38
Crops Protection	617	426	69
Total	3,575	1,547	43
<b>2. Animal Resources</b>			
Water and Fodder	2,500	1,131	45
Fodder Warehouses	30	-	-
Improvement of Breeds	699	134	19
Veterinary Care	300	148	49
Development of Fisheries	195	16	8
Total	3,724	1,429	38
3. Agricultural Guidance	435	102	23
4. Technical Training and Education	820	280	34
5. Experimental Stations and Research	2,691	790	29
6. Silos	2,970	610	21
7. Wells and Underground Water Supply	1,000	704	70
8. Cooperatives	350	54	15
9. Ministry of Supply Projects	2,300	-	-
10. Ministry of Agrarian Reform	11,640	538	5
Grand Total	29,505	6,054	21

Source: S.A.R., Annual Report on the Second Year Plan, pp. 33-34.

TABLE 14

IMPLEMENTATION OF INDUSTRIAL, MINING AND GEOLOGY  
PROJECTS DURING 1961/1962  
(L.S. THOUSAND)

Project	Appropriated Funds	Actual Investment	
		Amount	Percent Executed
<b>I. Industrial Projects</b>			
Nitrogen Fertilizers Plant	685	94	14
National Salt Factory	815	-	-
Technical Training, Research	4,000	1,900	48
Industrial Projects Authority	20,000	174	1
Aid to Yarns and Fabrics Fund	2,500	2,500	100
Economic Institute Projects	5,000	-	-
Rural Industries and Training	655	445	68
Agricultural Industries	405	37	9
Tobacco Administration	2,750	1,410	51
<b>Total Industrial Projects</b>	<b>36,810</b>	<b>6,560</b>	<b>18</b>
<b>II. Mining and Geology</b>			
Geological and Topographical Maps <sup>a</sup>	5,500	2,243	41
Salt Rocks and Phosphates Prospection	3,000	1,451	48
<b>Total Mining and Geology</b>	<b>8,500</b>	<b>3,694</b>	<b>43</b>
<b>Grand Total</b>	<b>45,310</b>	<b>10,254</b>	<b>23</b>

Source: S.A.R., Annual Report on the Second Year Plan, pp. 39-40.

<sup>a</sup>Includes Iron Ore, Chrome and Manganese Prospection.

TABLE 15

PLANNED AND REALIZED INVESTMENTS IN POWER AND FUEL  
PROJECTS DURING 1961/1962  
(L.S. THOUSAND)

Project	Planned Investment	Realized Investment	
		Amount	Percent Realized
<b>I. <u>Electricity Projects</u></b>			
1. Damascus Company	11,750	14,055	120
2. Aleppo Company	6,100	4,843	79
3. Homs and Hama Company	12,600	5,922	47
4. Kamishly Company	350	300	86
5. Deir Ezzor Company	950	47	5
<b>Total</b>	<b>31,750</b>	<b>25,167</b>	<b>79</b>
<b>II. <u>Petroleum Projects</u></b>			
<b>1. Prospection</b>			
Geophysical Survey	2,000	1,943	97
Deep Drilling	32,800	32,630	99
Prospection at Karatshok	17,000	1,875	11
Prospection for Gas	1,000	-	-
<b>Total</b>	<b>52,800</b>	<b>36,448</b>	<b>69</b>
<b>2. Storage and Transport</b>			
Completion of Tanks in Governorates	300	136	45
Latakia Storage Tanks	1,705	743	43

TABLE 15--Continued

Project	Planned Investment	Realized Investment	
		Amount	Percent Realized
Homs Refinery Butane Tank	250	159	64
Pipelines for Oil Products	14,000	12,194	87
Total	16,255	13,232	81
3. Oil By-Products			
Butane Unit	45	8	18
Oxygen Unit	100	27	27
Total	145	35	24
Total Petroleum Products	69,200	49,715	72
Grand Total	100,950	74,882	74

Source: S.A.R., Annual Report on the Second Year Plan, pp. 49-50.

TABLE 16

EXECUTION OF THE TRANSPORT AND COMMUNICATIONS  
PROJECTS IN 1961/1962  
(L.S. THOUSAND)

Project	Planned Investment	Realized Investment	
		Amount	Percent Realized
<b>1. <u>Land Communications</u></b>			
Main Roads Outside Cities	12,100	9,941	82
City Streets (Municipalities)	8,320	6,141	74
Bridges	4,000	1,389	35
Railways	14,500	3,295	23
City Transport (Municipalities)	767	453	59
Total	39,687	21,219	53
<b>2. <u>Civil Aviation</u></b>			
New Damascus Airport	10,000	4,020	40
Existing Airports	1,541	530	34
Total	11,541	4,550	39
<b>3. <u>Tartous Harbor</u></b>			
	4,000	3,933	98
<b>4. <u>Wire and Wireless Communications</u></b>			
Sbayne Receiving Station	200	176	88
Dimas Transmission Station	100	77	77
Expansion of Telephone Network	13,720	2,777	20
Total	14,020	3,030	22

TABLE 16--Continued

Project	Planned Investment	Realized Investment	
		Amount	Percent Realized
<b>5. <u>Postal Services</u></b>			
New Post Office Buildings	380	250	66
Means of Transport	150	8	5
Equipment	150	-	-
Total	680	258	38
<b>6. <u>Television and Broadcast-</u></b>			
<b><u>ing</u></b>	5,000	2,788	56
Grand Total	74,928	35,778	48

Source: S.A.R., Annual Report on the Second Year Plan, pp. 57-59.



TABLE 17

EXECUTION OF EDUCATION PROJECTS IN 1961/1962  
(L.S. THOUSAND)

Project	Appropriated Funds	Realized Investment	
		Amount	Percent Executed
<b>1. <u>Various Stages of Education</u></b>			
Elementary	3,058	1,645	54
Secondary and High School	2,230	480	22
Teachers' Training	416	255	61
Secondary and High School Industrial	2,515	650	26
High School Commercial	159	28	18
Secondary and High School Female	106	24	23
School Health Services	30	27	90
Aid to Private Schools	100	-	-
<b>Total</b>	<b>8,614</b>	<b>3,109</b>	<b>36</b>
<b>2. <u>Higher Educational Institutes</u></b>			
Agricultural College, Damascus	400	100	25
College of Fine Arts, Damascus	300	53	18
Commerce College, Aleppo	200	133	66
Technical Training College, Aleppo	100	36	36
<b>Total</b>	<b>1,000</b>	<b>322</b>	<b>32</b>
<b>3. <u>School Buildings Authority</u></b>			
Elementary School Buildings	3,500	2,827	81
Secondary, High School and Teachers' Training Buildings	1,250	967	77
Technical Education Buildings	2,250	2,823	125
<b>Total</b>	<b>7,000</b>	<b>6,617</b>	<b>95</b>

TABLE 17--Continued

Project	Appropriated Funds	Realized Investment	
		Amount	Percent Executed
<b>4. Universities</b>			
<b>A. Damascus University</b>			
Sites for Buildings	500	676	135
Equipment	500	-	-
Chemistry Department Wing	1,000	581	58
Construction of Buildings	1,100	183	17
Purchase of University City Sites	900	648	72
<b>Total</b>	<b>4,000</b>	<b>2,088</b>	<b>52</b>
<b>B. Aleppo University</b>			
Building Sites	1,200	1,199	100
Equipment	700	-	-
College of Engineering New Wing	300	-	-
College of Agriculture New Wing	1,000	43	4
Purchase of University City Sites	800	240	30
<b>Total</b>	<b>4,000</b>	<b>1,482</b>	<b>37</b>
<b>Total Universities</b>	<b>8,000</b>	<b>3,570</b>	<b>45</b>
<b>5. Scholarships</b>			
Ministry of Education Major Projects	700	526	75
Administration	300	40	13
Foreign Scholarships	244	244	100
<b>Total</b>	<b>1,244</b>	<b>810</b>	<b>65</b>

TABLE 17--Continued

Project	Appropriated Funds	Realized Investment	
		Amount	Percent Executed
6. <u>Council of Higher Education</u>	500	-	-
Grand Total	26,358	14,428	55

Source: S.A.R., Annual Report on the Second Year  
Plan, pp. 65-68

TABLE 18

PLANNED AND REALIZED INVESTMENTS IN CULTURAL  
AND RECREATIONAL SERVICES DURING 1961/1962  
(L.S. THOUSAND)

Project	Planned Funds	Realized Investment	
		Amount	Percent Realized
<b>1. <u>Ministry of Culture</u></b>			
Establishment of Centers in Deir Ezzor, Sweida and Dar'a	220	92	42
Construction of Centers in Homs and Ein el Arab	230	31	13
Purchase and Equipment of Three Mobile Units	120	30	25
Damascus Music Institute	200	110	55
Damascus and Aleppo Theatres	350	120	34
<b>Total</b>	<b>1,120</b>	<b>383</b>	<b>34</b>
<b>2. <u>Directorate of Museums</u></b>			
Construction of Aleppo Museum	500	495	99
Extension of Damascus Museum	80	58	73
Construction of Palmyra Museum	100	100	100
Equipment and Repair	500	-	-
<b>Total</b>	<b>1,180</b>	<b>653</b>	<b>55</b>
<b>Grand Total</b>	<b>2,300</b>	<b>1,036</b>	<b>45</b>

Source: S.A.R., Annual Report on the Second Year Plan, pp. 72-73.

TABLE 19

PLANNED AND REALIZED INVESTMENTS IN HEALTH  
SERVICES DURING 1961/1962  
(L.S. THOUSAND)

Project	Planned Investment	Realized Investment	
		Amount	Percent Realized
<b>1. <u>New and Enlarged Hospitals</u></b>			
Sweida, Hama, Aleppo Hospitals	2,842	1,375	48
Hassakeh Hospital	600	21	4
Completion of Rakka Hospital	600	398	66
Damascus Hospital, Equipment	289	48	17
Homs Hospital, Equipment	269	-	-
<b>Total</b>	<b>4,600</b>	<b>1,842</b>	<b>40</b>
<b>2. <u>New and Expanded Clinics</u></b>			
Construction of Clinics in Mraybet, Dmair, Sadad, Sirrin, Rakka	200	134	67
Agricultural Labor Clinic, Deir Ezzor	35	29	83
<b>Total</b>	<b>235</b>	<b>163</b>	<b>69</b>
<b>3. <u>Health Centers</u></b>	<b>530</b>	<b>97</b>	<b>18</b>
<b>4. <u>Damascus Nursing School</u></b>	<b>765</b>	<b>175</b>	<b>23</b>
<b>5. <u>Mobile Health Units</u></b>	<b>165</b>	<b>-</b>	<b>-</b>

TABLE 19--Continued

Project	Planned Investment	Realized Investment	
		Amount	Percent Realized
<b>6. <u>Other Health Projects</u></b>			
Expropriation of U.S. Mission Hospital, Deir Ezzor	119	119	100
Expansion of Ministry of Health Building	150	88	59
Equipment Damascus Eye Hospital and Douma Hospital	15	9	60
<b>Total</b>	<b>284</b>	<b>216</b>	<b>76</b>
<b>Grand Total</b>	<b>6,579</b>	<b>2,493</b>	<b>38</b>

Source: S.A.R., Annual Report on the Second Year Plan, pp. 77-79.

TABLE 20

EXECUTION OF PUBLIC UTILITIES, HOUSING, TOURISM AND  
RESORTS PROJECTS IN 1961/1962  
(L.S. THOUSAND)

Project	Planned Investment	Realized Investment	
		Amount	Percent Realized
Drinking Water Projects	13,750	3,401	25
City and Village Planning	333	173	52
Tourism and Resorts	6,284	2,787	44
Drainage	800	175	22
Housing	4,250	556	13
Frontier Villages, Ministry of Defense	1,466	1,466	100
Independent Water Corporations	11,713	8,512	73
Municipalities	52,569	24,608	47
<b>Total</b>	<b>91,165</b>	<b>41,678</b>	<b>46</b>

Source: S.A.R., Annual Report on the Second Year Plan, pp. 84-85.

TABLE 21

PLANNED AND REALIZED INVESTMENTS IN SOCIAL AND  
LABOR SERVICES, 1961/1962  
(L.S. THOUSAND)

Project	Planned Investment	Realized Investment	
		Amount	Percent Realized
1. Industrial Labor Unions	100	57	57
2. Agricultural Training	40	23	58
3. Social Services			
New Social Center, Sweida	1,695	1,237	73
Delinquents Centers, Damascus, Aleppo	325	227	70
Model Institute for Re- habilitation of Blind	490	15	3
High Institute for Social Services	215	64	30
Training for Social Services Officers	20	-	-
Care for the Delinquents	100	32	32
Care for the Disabled Persons	50	20	40
Care for the Aged	10	-	-
Reforming and Housing the Destitute	20	15	75
Aid for the Prisoners and their Families	10	10	100
<b>Total Social Services</b>	<b>2,935</b>	<b>1,620</b>	<b>55</b>
<b>Grand Total</b>	<b>3,075</b>	<b>1,700</b>	<b>55</b>

Source: S.A.R., Annual Report on the Second Year Plan, pp. 90-91.



TABLE 22

EXECUTION OF PUBLIC ADMINISTRATION PROJECTS IN 1961/1962  
(L.S. THOUSAND)

Project	Planned Investment	Realized Investment	
		Amount	Percent Executed
<b>1. Government Buildings</b>			
Government Building, Rakka	250	111	44
Government Building, Mayadin	142	88	62
Studies of Various Building Projects	58	44	76
Completion of Damascus Palace of Justice	90	27	30
Completion of Aleppo Palace of Justice	340	250	73
Completion of Ministry of Finance Building	750	510	68
Customs Buildings	1,240	471	38
Damascus International Fair	1,750	1,750	100
<b>Total</b>	<b>4,620</b>	<b>3,251</b>	<b>70</b>
<b>2. Prisons and Police Stations</b>			
Completion of Markadeh Police Station	30	20	67
Completion of Homs and Hassakeh Prisons	1,050	984	94
Completion of Damascus Police School	1,000	293	29
Construction of New Police Stations	500	-	-
<b>Total</b>	<b>2,580</b>	<b>1,297</b>	<b>50</b>
<b>Grand Total</b>	<b>7,200</b>	<b>4,548</b>	<b>63</b>

Source: S.A.R., Annual Report on the Second Year Plan, pp. 94-95.

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