

# Jordan in 2018: Too Stable to Fail, Too Small to Flourish

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Despite the claims often made about Jordan, ranging from the positive view that it is an island of stability in a sea of regional turmoil, to the more apocalyptic predictions of imminent collapse due to insurmountable problems, the one inescapable fact is that the Hashemite monarchy remains and Jordan is stable – even if it is not flourishing. A survey of public dissent in Jordan over the past 20 years found that concerted politically-related public dissent has significantly declined since 2011-2012, and in comparison to neighbouring states, has been very limited over the past two years. Furthermore, this dissent has generally targeted external actors (Israel and the US have been targeted the most) and the Jordanian government and individual politicians. Public dissent directed towards King Abdullah II or the monarchy in general has been limited: only 15 out of 272 occurrences of significant public dissent explicitly targeted King Abdullah over the past decade or so. The Hashemite monarchy does not face an imminent threat to its survival, and neither does Jordan. Furthermore, Jordan's stability and prosperity remain central to the security of neighbouring states (especially Israel) and the broader Middle East; and the US, European powers and GCC states, in particular, remain committed to supporting Jordan. However, there are serious long-term structural challenges to the country's political stability and economic growth that command the at-

tention of the government, and other domestic and foreign stakeholders in the short term.

## Economic Liberalization and the Politics of Tradition in Jordan

Economic liberalization in Jordan has rapidly expanded under King Abdullah, and is presented as a means to transform Jordan into a *business-friendly environment* in order to attract foreign direct investment, kick-start domestic industrialization and improve the well-being of average Jordanians. This programme of reform has its roots in the post-1989 financial crisis recovery directed largely by the IMF, and includes a wide-ranging privatization programme (begun in 2000), World Trade Organization membership (2000), a series of bilateral and multilateral Free Trade Agreements, the creation of the Jordan Anti-Corruption Commission (2004), and the creation of the Integrity and Anti-Corruption Committee (2016). Privatization, free trade and anti-corruption legislation have all exposed Jordanian companies and ordinary citizens to greater competition from the global economy and have subsequently been criticized (with 'talk on the streets' that the privatization programme, for example, has been misused by the political elite to fill their own bank accounts).

This programme of economic reform is reshaping the ways in which the Jordanian market has traditionally operated, and this has become more evident in the past year. Economic liberalization has begun to alter the socio-economic and socio-political landscape, undermining traditional practices that are not seen as business-friendly. *Wasta*,<sup>1</sup> nepotism

<sup>1</sup> *Wasta* is an Arabic word that refers to a type of social relationship between two or more individuals. *Wasta* refers to having a personal connection that is used in order to attain something that would otherwise be unattainable, or at least very difficult to attain. It derives from the Arabic word '*Wasitah*' which can be translated as 'medium' or 'in the middle.'

and favouritism, for example, are slowly being replaced by an emphasis on meritocracy, productivity and profitability. The creation of a business-friendly and globally-integrated neoliberal economic environment does not sit well with the politics of tradition in Jordan. The Arab Spring experience of 2011-2012, best embodied by the HIRAK Movement of East Bank tribal youths (Yom, 2014) provided evidence of the erosion of the traditional monarchical support base. The most vocal and organized dissent since 2011 came from the HIRAK Movement, tribal elders and public sector workers. At the centre of this criticism lay concerns with the uneven effects of Jordan's economic liberalization and political retrenchment. Three primary facets of economic reform have caused most discontent: macro-economic structural adjustments, privatization of national assets, and trade liberalization.

Support for the monarchy has historically come from East Banker communities (what we can term the political right) (Antoun, 2006). In particular, East Bank tribes and the small Circassian community provided the backbone of the public (low level), political (elite level) and defence sectors in Jordan. The East Banker domination of the public, political and defence spheres has traditionally relied on, and in turn fostered, a state-society contract that has embedded *Wasta*, nepotism, public sector practices of favouring East Bankers over West Bankers, inequitable political representation, and what most would term endemic corruption and a lack of transparency (Loewe et al., 2008). This state-society contract has been most evident in the practice of providing public sector employment (often expected or unofficially guaranteed for East Bankers and/or those with *Wasta*) with little regard for qualifications and skills. We can best describe this system as one of favouritism with the balancing feature being West Banker domination of the private sector.

But herein lies the root of the emerging crisis in Jordanian politics that is likely to deepen further in 2018. The politics of tradition are being undermined. The economic reforms initially driven by outside actors (the IMF and World Bank) and now driven by domestic stakeholders (including King Abdullah) require a systemic shift away from the embedded traditional structures with an emphasis increasingly being placed on meritocracy, efficiency, productivity and accountability. The business-

friendly and globally integrated environment created by neoliberalization means that *Wasta*, nepotism and corruption have come under greater scrutiny and play a reduced role. But as cornerstones of East Banker support for the monarchy, their decline could weaken the traditional monarchical support base as East Bankers are marginalized from the private sector while at the same time receiving less favours from the State.

### **A Weathered Democratic Façade**

Jordan's governing system is a classic example of an autocratic constitutional monarchy where the King has a great deal of authority with few real restrictions and little oversight. We can identify moments in Jordan's political history that represent a carefully managed process of democratization – the legalization of political parties and resumption of parliamentary elections in the late 1980s and early 1990s, for example – but we can just as easily say that Jordan has had at best a democratic façade (Milton-Edwards, 1993; Alkadiri, 2007; Ryan, 2013) that has in the past two years or so weathered even further away. Jordanian political parties remain underdeveloped: 22 parties currently operate, but since the last election in September 2016 only nine have members elected to the House of Representatives (Jordan's lower house of parliament). Combined, these parliamentarians total only 30 out of the 130 seats, with the remaining 100 seats occupied by independents. All 65 seats in the Senate (Jordan's upper house of parliament) are occupied by independents, and the most important executive level positions, including the Prime Ministership (Hani Mulki since May 2016) are also staffed by independents. No party has a broad popular base and national agenda, and the Islamic Action Front (the political wing of the Jordanian branch of the Muslim Brotherhood) with the broadest membership and longest history of political participation, only has 10 seats in the House of Representatives. In short, politics in Jordan is still dominated by localized agendas and narrow support bases, determined by tribal affiliations (for East Bankers) and the day-to-day concerns of ordinary citizens (especially for West Bankers). This has led to divisive political discourse at the national level, and narrow, short-

term politics at the local level that do not appear to be going away in the near future. This situation has also allowed the monarchy to re-centralize political power, even to the extent of rolling back political reforms enacted as a response to the Arab Spring.

### **Persistent Challenges to Growth and Stability**

As a small, resource-poor and largely arid state, Jordan faces severe structural limitations to its economic development and political stability. At the end of 2017 Jordan's population approached 10 million (including significant numbers of Syrian and Iraqi refugees that most estimates put at between 1.5 to 2 million). Its GDP is approximately US\$39.5 billion – ranking 91st out of 191 countries according to the International Monetary Fund. The World Bank classifies Jordan as a lower middle-income country, a status demonstrated by its relatively low US\$5,092 per capita income (which has remained largely unchanged since the 2008-2009 financial crisis). Jordan has very limited reserves of almost all of the natural resources modern economies need and it continues to rely on imports for 97% of its fuel needs, and large quantities of its food, manufactured goods, chemicals and other high-value-added products. In 2017, imports of hydrocarbons (primarily liquefied natural gas from Qatar and natural gas from Egypt) cost the government approximately US\$3.5 billion – the government is the initial purchaser of fuel, which it then sells on to the domestic market. This has put enormous pressure on the government's budget and accounts for a large proportion of the budget deficit, which hit \$2.653 billion in 2017 (equivalent to 6.5% of GDP). As Laurie Brand (1994) demonstrated, regime survival and budgetary security in Jordan are inseparably linked. Jordan's perennial budget deficit is, therefore, of great concern for the Hashemite monarchy.

The most pressing resource scarcity faced by Jordanians is the lack of freshwater (Cammett et al., 2015) and this problem has only worsened over the last year. The UN-designated freshwater poverty line is 1,000 cubic metres per person per year, yet Jordan's internal renewable resources dwindled further in 2017 and it now only possesses 123.4 cubic metres per person (AQUASTAT). The UN's Food

and Agriculture Organization ranks Jordan as one of the five most freshwater poor countries in the world, and predicts that this situation is set to worsen with the continued pressure of the more than one million Syrian refugees that have found sanctuary in Jordan since 2011 (approximately one Syrian for every five Jordanians). With no end in sight to the Syrian civil war, the pressure that this rapid increase in population has placed on Jordan's limited freshwater reserves is not likely to be alleviated in 2018.

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Another key limitation to Jordan's growth and stability also worsened in 2017: unemployment and *underemployment*. The official unemployment rate recorded by the Jordanian government is 16.5% of the total working-age population. The official figure is widely regarded as optimistic and the real unemployment rate is likely to be closer to 30%. This is high and is concerning given the need to placate Jordan's well-educated and young labour force. A large proportion of the population is unable to earn a living wage to support themselves and their dependents which hinders efforts aimed at both poverty alleviation and human development. Furthermore, this high unemployment rate means Jordan's labour market is saturated, driving down salaries. The problem of underemployment is rarely considered, but is perhaps just as worrying for Jordan in the coming years. Out of the 83.5% of the working age population in 2017 that were regarded as being employed, a significant number are likely to be employed in only seasonal, day-to-day, or part-time work meaning they have little job security and very low incomes. The government does not offer sufficient support to those who are unemployed because of the very constrained government budget. Unemployment and underemployment pose even more serious obstacles to development when in 2017 approximately 55% of the population was re-

corded as being under 25 years old, and unemployment and underemployment are most prevalent in the 15 to 30-year-old age range. The concern for the government in particular, therefore, is that Jordan has an expanding, youthful and educated population that does not have sufficient employment opportunities.

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Over the coming year this could translate into more frustration and dissent on the streets as Jordan's economy is expected to once again grow very slowly. This will further undermine the government's attempts at poverty alleviation, which is seen as another factor working against continued political stability. Poverty in Jordan is an enduring problem, with 2017 estimates suggesting that 14.2% of the population lives below the poverty line (which the World Bank puts at US\$1.90 per person per day). The inroads made by Islamist extremist ideology and Salafist groups in Jordan's lower and middle classes (Jordan is estimated to have had the highest per capita rate of extremists fighting with the so-called Islamic State and other jihadist groups in Syria and Iraq since 2014) has in part been fuelled by unemployment, underemployment and poverty. The failure to combat these three problems is, therefore, likely to encourage the spread of Islamist influence in Jordanian society.

### **Conclusion: Jordan's Balancing Act**

In the second year of its 18th Parliament, Jordan needs to continue its balancing act between responding to long-term challenges to its economic

growth and political stability on the one hand, and maintaining short-term budgetary security and pursuing political reform on the other. Underlying macroeconomic weakness combined with the slow marginalization of East Bankers in the era of economic liberalization is likely to undermine the traditional support base of the Hashemite monarchy. Yet, the continued leadership of King Abdullah and the stability of the current government look set to carry Jordan through another year of economic and political challenges through being proactive and realistic.

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