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PUTTING THE MONEY TO WORK

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# FORTRESS JORDAN: PUTTING THE MONEY TO WORK

SULTAN BARAKAT & ANDREW LEBER<sup>1</sup>

A lot can change in a year. In late August 2013, with the U.S. administration contemplating air strikes against Syria's Assad regime following chemical weapons attacks against civilians in the suburbs of Damascus, Jordanian officials were publicly adamant that their country would play no supporting role. Yet barely a year later, on September 23, 2014, government spokesman and Minister of Information Muhammad al-Momani announced that Jordanian aircraft had bombed targets deep within Syria as part of a U.S.-led coalition combating the jihadi Islamic State (IS) group.

While Jordan's participation certainly reflects deeply held fears of the IS threat within Jordan's political and security establishment, it also reminds the international community, in particular the United States, of the country's most valuable exports: regional security and stability. Jordan has been a reliable Arab ally to Western powers for decades, and serves as a key base for regional humanitarian and diplomatic activity. Its competent military and intelligence services provide an effective security buffer for Israel and the Gulf alike. Jordan has also hosted millions of refugees, most recently from Syria with over 600,000 registered by the UNHCR, though the country has likely taken in many more.<sup>2</sup>

Since its inception, the resource-and-export-poor Kingdom of Jordan has relied heavily on

the strategic "rents" of foreign donor support to make ends meet. It has lobbied for such aid by constantly selling itself as an "island of stability" in a troubled region, a security bulwark against violent extremism, or a "model reformer" (both politically and economically) in an authoritarian neighborhood. The Kingdom has been broadly successful in this strategy, securing over \$12 billion in loan guarantees, development assistance, and military aid, with promises of more to come, just since the first tremors of the Arab Spring once again called into question the Kingdom's stability.<sup>3</sup>

The authors contend, however, that merely buttressing Jordan with ever greater amounts of cash will not secure its long-term stability, and that the Kingdom's direct participation in the anti-IS coalition undermines its ability to provide security in a fractured and uncertain region. If Jordan and its allies want stability and security, they should improve their development efforts qualitatively as well as quantitatively. In particular, they should work to strengthen the Kingdom's resilience through the development of a strong, inclusive economy that takes advantage of the influx of willing labor and the widespread destruction of industrial and commercial capacity in Syria and Iraq.<sup>4</sup>

Based on a series of interviews conducted with current and former government officials, political figures, and prominent businessmen

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<sup>2</sup> See Cynthia Orchard and Andrew Miller, "Protection in Europe for Refugees from Syria," Forced Migration Policy Briefing Number 10, Refugee Studies Center, University of Oxford, September 2014, <<http://www.rsc.ox.ac.uk/files/publications/policy-briefing-series/pb10-protection-europe-refugees-syria-2014.pdf>>.

<sup>3</sup> This is a conservative estimate of monies pledged to Jordan, factoring in only the (often-augmented) \$660 million in annual military and financial aid from the United States as well as \$2.25 billion in loan guarantees from the same, the \$5 billion GCC development grant, a \$2 billion loan from the IMF and some \$700 million in grants from the World Bank.

<sup>4</sup> Such a strategy would also provide something of a focal point for a U.S. administration whose foreign policy toward the Middle East often seems adrift, widely perceived as trying to pare down U.S. commitments in the region yet unable to fully extricate itself from the region's conflicts.

in Jordan, as well as foreign diplomats and humanitarian officials in August and September of 2014, the authors have identified four key aspects of such a strategy. First, meaningful steps towards more representative, transparent governance would go a long way toward resolving the growing divide between state and society. Second, greater emphasis should be placed on foreign assistance that underpins long-term investment in the country's economic future rather than serving as a short-term palliative for economic ills. Furthermore, Jordan's government should find a formula that incorporates the willing labor of Syrian refugees rather than shunning them as a burden

and a threat. Lastly, the government must also coordinate with potential investors at home and abroad and slash red tape to encourage the growth of productive, large-scale industry and trade exports.

The ultimate goal of these recommendations, which are expanded upon in this paper, is further, and more effective, economic reform. Instead of relying on aid to prop up an uncertain status quo, the Jordanian government and its allies would be best served by developing a believable economic vision that can inspire the country's citizens.

## JORDAN: UNEASY STABILITY

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Formed in the wake of the First World War, first the Emirate of Transjordan and then the subsequent Hashemite Kingdom of Jordan have endured numerous internal fault lines. One major division runs between “East Banker” tribal communities who view themselves as the country’s “original” inhabitants and the more numerous Palestinian Jordanians, the legacy of successive waves of refugees following the 1948 and 1967 Arab-Israeli wars. To generalize, East Bankers have traditionally formed the bedrock of the Hashemite monarchy’s ruling coalition and have consequently been overrepresented in the public sector, while Palestinian communities have instead tended to dominate the private sector. Recently, divisive identity politics have been fueled in part by East Banker perceptions that palace-led reform efforts, both economic and political, benefit a new Palestinian technocratic elite at the expense of East Banker influence and jobs.<sup>5</sup>

Additional tensions relate to the Jordanian Muslim Brotherhood’s political marginalization, despite being the country’s single largest opposition group. Regime-Brotherhood relations, once cordial, have grown increasingly acrimonious as the Brotherhood refuses to even pay lip service to what it considers the country’s contorted and unrepresentative election laws, boycotting elections in 2010 and again in 2013. The group was a key force in mobilizing restrained anti-government demonstrations in 2011 and 2012, calling for democratic reforms to the constitution

and elections law. Against this, King Abdullah II has raised the specter of religious tyranny should “unqualified” Islamists come to power in Jordan, especially in the wake of the increasingly autocratic behavior of Egyptian president—and Muslim Brother—Muhammad Morsi.<sup>6</sup>

Given the Muslim Brotherhood’s historic antipathy toward Israel, Palestinian Jordanians’ desires to one day return to their homeland, and East Banker fears that Israel will seek to turn Jordan into a permanent alternative homeland for Palestinians, the Kingdom’s often fraught yet strategically vital relations with Israel only exacerbate these tensions. It is a relationship built far more on tacit high-level understanding than any degree of popular support—in a recent poll conducted by Jordan University’s Center for Strategic Studies (CSS), Jordanian respondents identified Israel as far and away the greatest threat to security and stability in the Middle East.<sup>7</sup>

There is also the economy, a perennial weakness of the Kingdom. At the macroeconomic level, Jordan’s economy has performed relatively well, given the circumstances (see Figure 1). Foreign grants and remittances from Jordanians abroad have kept GDP growing by about 3 percent as budget deficits have narrowed.<sup>8</sup> Nonetheless, unemployment officially stood at 12.6 percent, skewing as high as 18 percent in marginalized areas such as Ma’an and Tafleeh, where efforts to reduce economic disparity between urban

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<sup>5</sup> Curtis R. Ryan, “Identity Politics, Reform and Protest in Jordan,” *Studies in Ethnicity and Nationalism* 11, no. 3 (2011), 569-570.

<sup>6</sup> Sarah Daniel, “Jordanie: Un entretien avec le roi Abdallah II” [Jordan: an interview with King Abdullah II], *Le Nouvel Observateur*, 11 January 2013, <<http://sara-daniel.blogs.nouvelobs.com/archive/2013/01/11/un-entretien-avec-le-roi-abdallah-ii-de-jordanie.html>>.

<sup>7</sup> “Isttila’ lil-ra’i al –‘am hawl b’ad al-qadaya al-rahina al-wataniya wa al-iqlimiya” [Public Opinion Poll on Current National and Regional Issues], Center for Strategic Studies, University of Jordan, 30 September 2014, <<http://css.ju.edu.jo/Photos/635478413205219966.pdf>>.

<sup>8</sup> “Recent Monetary and Economic Developments in Jordan,” Monthly Report, Central Bank of Jordan, November 2014, <[http://www.cbj.gov.jo/uploads/monthly\\_english.pdf](http://www.cbj.gov.jo/uploads/monthly_english.pdf)>; “Growth in Jordan, 2002–2010,” The World Bank, October 2012, <<http://elibrary.worldbank.org/doi/pdf/10.1596/1813-9450-6249>>.

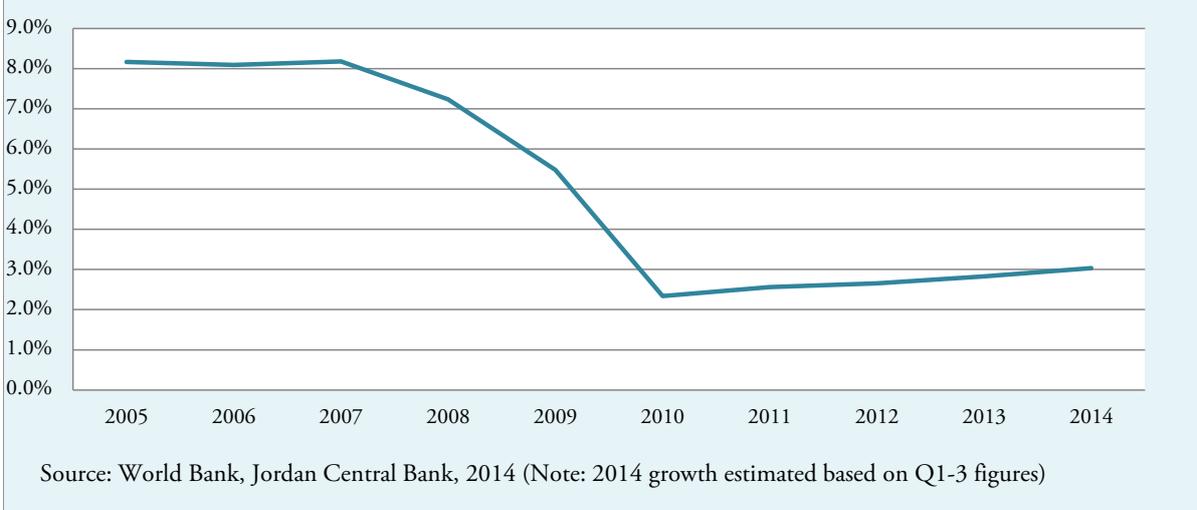
centers and outlying regions (mainly through public employment) have faltered since 2008.<sup>9</sup> Imports outweighed the country’s meager exports by a substantial \$10.8 billion in the first three quarters of 2014, a deficit exacerbated by the loss of trade routes to Syria, Iraq, Lebanon, and Europe (see Figure 2).<sup>10</sup>

Additionally, the prolonged stay of Syrian refugees (see Figure 3) on the heels of many thousands of Iraqi refugees over the past decade (around 30,000 registered Iraqi refugees still reside in Jordan), has taken a toll. Many Jordanian citizens perceive Syrians to be depressing wages, taking jobs, and driving up prices for rent, food, and energy. Despite price hikes due to the country’s subsidy reduction program, the state electricity company lost \$1.7 billion in 2014.<sup>11</sup> The 9-10 percent population increase has also increased pres-

sure on Jordan’s meager water resources.

Over the past few years, commentators have frequently cautioned that the Jordanian regime was once again “hovering on the brink” due to popular demonstrations or the burdens of the Syrian crisis.<sup>12</sup> Yet more sober observers have noted the regime’s overall stability and even consolidation of power. Gregory Gause, for example, has pointed to the monarchy’s ability to deflect public anger by acceding to limited reforms while continuing to shore up a new base of support among Amman’s economic elite.<sup>13</sup> With the Syrian conflict dampening the appetite for disruptive, wholesale changes, the regime now faces little domestic pressure. Most opposition groups have fallen out over political differences, been subtly co-opted by the regime, or quietly subdued by state security forces.<sup>14</sup> On the international level, Jordan has also benefited

**Figure 1: Jordan's Annual GDP Growth, 2005-2014**



<sup>9</sup> Official unemployment numbers in Jordan, like most unemployment statistics, suffer from underreporting due to those who fail to register as “unemployed.” Hussein Shraim (President of Zarqa Chamber of Commerce), interview with the authors, Zarqa, Jordan, 1 September 2014; “Table 2.3: Jordanian Population Age 15+ Years by Activity Status, Urban-Rural, Governorate & Sex (Percentage Distribution),” Department of Statistics, Jordan, 2013, <[http://www.dos.gov.jo/owa-user/owa/emp\\_unemp\\_y.show\\_tables1\\_y?lang=E&year1=2013&ct\\_no=17](http://www.dos.gov.jo/owa-user/owa/emp_unemp_y.show_tables1_y?lang=E&year1=2013&ct_no=17)>; Wael Mansour, “The Patterns and Determinants of Household Welfare Growth in Jordan, 2002–2010,” The World Bank, October 2012, <<http://elibrary.worldbank.org/doi/pdf/10.1596/1813-9450-6249>>.

<sup>10</sup> Notably, many exports pass through Jordan’s Free Zones and Qualified Industrial Zones, producing little tax revenue for the government. “Recent Monetary and Economic Developments in Jordan,” Central Bank of Jordan.

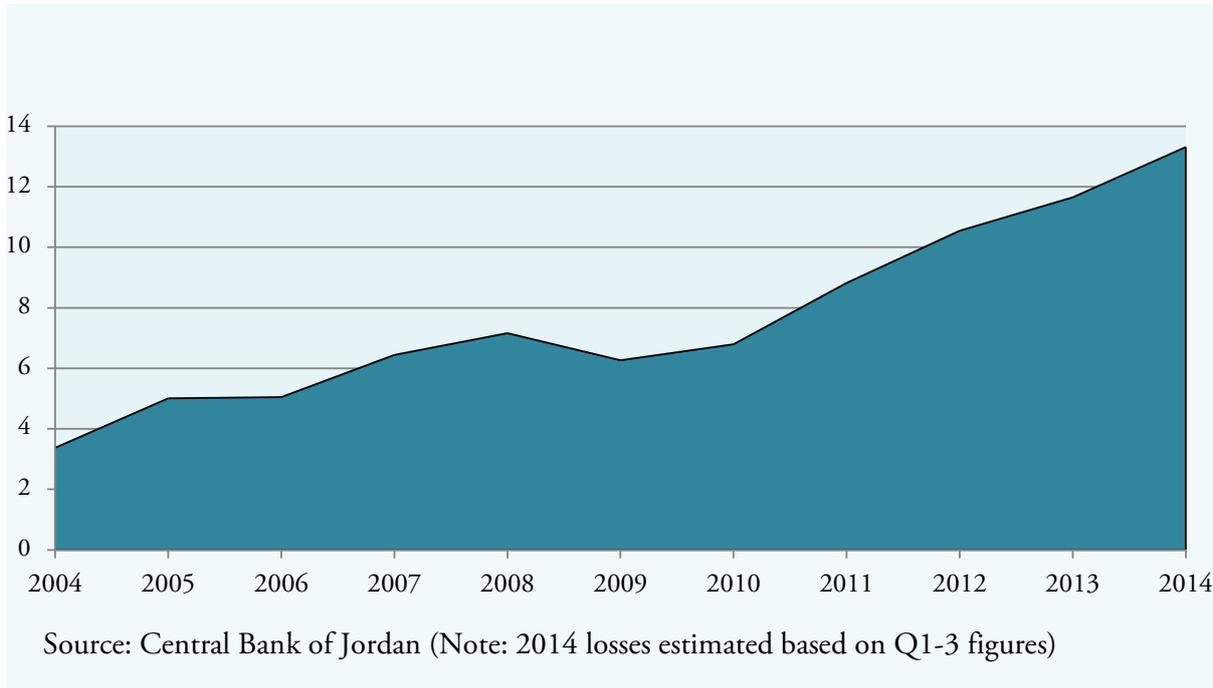
<sup>11</sup> “Electricity Tariffs to Go Up According to Schedule in 2015 — Minister,” *The Jordan Times*, 31 December 2014, <<http://jordantimes.com/electricity-tariffs-to-go-up-according-to-schedule-in-2015----minister>>.

<sup>12</sup> See, for example, “Jordan is Living Dangerously as Syria Burns,” *TIME*, 16 January 2013, <<http://world.time.com/2013/01/16/jordan-is-living-dangerously-as-syria-burns/>>.

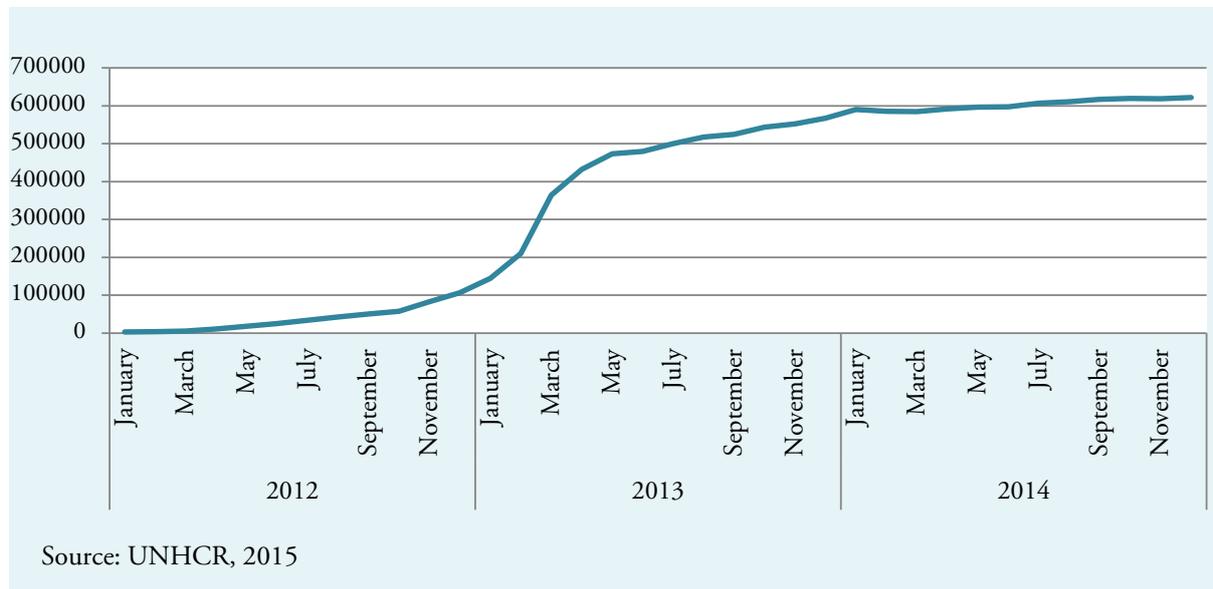
<sup>13</sup> F. Gregory Gause III, “Kings for All Seasons: How the Middle East’s Monarchies Survived the Arab Spring,” Brookings Doha Center Analysis Paper, no. 8, September 2013, <<http://www.brookings.edu/research/papers/2013/09/24-resilience-arab-monarchies-gause>>.

<sup>14</sup> Ahmed Obeidat (former prime minister and senator), interview with the authors, Amman, 4 September 2014.

**Figure 2: Jordanian Trade Losses by year (\$US Billion)**



**Figure 3: Number of Registered Syrian Refugees**



from the apparent notion among its allies' that it is "too strategic to fail."<sup>15</sup> Any true threat to its ongoing stability is thus likely to bring a rush of foreign assistance, as in the aftermath of the Arab Spring and throughout the Syria crisis—Jordanian officials' claims of receiving little 'effective' support notwithstanding.<sup>16</sup>

Unfortunately, this political breathing room has allowed Jordan's regime and its allies, especially the United States, to avoid focusing on the country's internal development. The sense among the monarchy and its allies is that Jordan is in a position to take on nearly any

role in the region without significantly risking internal stability, given enough guarantees of foreign aid and military support.<sup>17</sup> However, considering the current economic and social woes of two of the United States' other strategic allies in the region—Egypt and Yemen—Jordan's ruling elite should be wary of assuming that foreign backing is enough to ward off domestic instability. Instead, both Jordan and its allies are doubling down on this long-term bet through the Kingdom's overt participation in the fight against IS.

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<sup>15</sup> Journalist and commentator Issandr El Amrani deserves credit for first making this argument with respect to Egypt, see "Too Big to Fail," *Egypt Independent*, 27 July 2010, <<http://www.egyptindependent.com/opinion/too-big-fail>>.

<sup>16</sup> Senior Ministry of Planning official, interview with the authors, Amman, 3 September 2014.

<sup>17</sup> Ahmed Obeidat, interview.

## NOT JORDAN'S FIGHT

Jordan's public role in the air strikes against IS contrasts greatly with the government's cautious handling of the Syria conflict. The government has not officially acknowledged Central Intelligence Agency training programs and Gulf operations to arm rebel groups within Jordan's borders. Even the ejection of Syrian Ambassador to Jordan Bahjat Suleiman was carefully stage-managed to convey that Jordan took issue only with the specific ambassador, not the Assad regime as a whole.<sup>18</sup>

To be sure, taking the fight to IS reflects grave concerns within the ruling elite and security establishment about home-grown terrorism and potential spillover of the Syrian conflict. The consensus view of the Jordanian experts and senior officials attending a closed-door meeting organized by CSS was that participation in coalition airstrikes was "necessary... to protect Jordanian national security" and that the country's decision-makers "had no other choice."<sup>19</sup> Likewise, as donor fatigue sets in, the specter of IS or other Islamic extremists threatening the Kingdom's borders provides a potent reminder of Jordan's fragility and need for international support. In a December interview with CBS, King Abdullah's rhetoric on this point reached new heights. He labeled the fight against IS "a third world war by other

means" and called on the Arab world to "be courageous to stand up and face ISIS head on."<sup>20</sup> His stance has already paid dividends, with President Obama pledging to increase annual U.S. aid to Jordan from around \$660 million to a full \$1 billion.<sup>21</sup>

Still, the country's participation came as a surprise to many Jordanians. Prime Minister Abdullah al-Nasour claimed as late as September 6 that Jordan would not "fight others' wars," while Interior Minister Hussein al-Majali stressed that there were "no real security threats" to Jordan's borders even after air strikes had begun with the government citing border provocations as a key motivation.<sup>22</sup> The Jordanian Muslim Brotherhood's governing Shura Council had already rejected Jordan's participation on the grounds that the country's interests were not at stake, while several lower-house parliamentarians had signed a petition to the same effect. Even the broadly supportive CSS report contained several reservations, from the complete lack of a broader political strategy for ending the Syria crisis to the uncertain staying power of the United States and coalition's other Western members.

Air strikes against IS have thus far shown mixed results, halting the group's advances

<sup>18</sup> Amjad Abdulhadi (former director of the Office of Prime Minister Marouf al-Bakhit), interview with the authors, Amman, 1 September 2014.

<sup>19</sup> "Markaz al-dirasat al-istratijiyya: al-'urdun wa suriyya wa al-harb al-rahina nahu buna' jadwal 'amal wataniyy" [Center for Strategic Studies: Jordan and Syria and the Current War—Towards a National Agenda], *al-Dustur*, 6 October 2014, <[www.addustour.com/17356/3%الردن%الوطني%أعمال%جدول%بناء%نحو%نة%والحرب%وسوريا%الأردن.html](http://www.addustour.com/17356/3%الردن%الوطني%أعمال%جدول%بناء%نحو%نة%والحرب%وسوريا%الأردن.html)>.

<sup>20</sup> King Abdullah II, interview by Charlie Rose, "CBS This Morning," 5 December 2014, <<http://www.cbspressexpress.com/cbs-news/releases/view?id=41416>>.

<sup>21</sup> Steve Holland, "Obama Promises More Aid, Loan Guarantees to Jordan," Reuters, 5 December 2014, <<http://www.reuters.com/article/2014/12/05/us-usa-jordan-idUSKCN0JJ1UF20141205>>.

<sup>22</sup> Muhammad al-Fadilat, "Ra'is al-wuzara' al-'urduni: lan nusharik fih darab al-da'ish" [Jordanian Prime Minister: We Will Not Participate in striking ISIS], *al-Araby al-Jadeed*, 6 September 2014, <<http://www.alaraby.co.uk/politics/274a0a7f-a115-4030-8679-d72cd20e8a70>>; "La tahdidat amniyya lil-'urdun" [No security threats to Jordan], *Kul al-'Urdun*, 28 September 2014, <<http://www.allofjo.net/index.php?page=article&cid=78309>>.

but falling short of “rolling back” its presence.<sup>23</sup> Meanwhile, even Western capitals are increasingly concerned about potential “blowback” in the form of returning jihadis or IS sympathizers perpetrating domestic terror attacks.<sup>24</sup> These concerns are even sharper in Amman, given that Jordan is adjacent to both Syria and Iraq and home to a small but vocal contingent of jihadi Salafis, as many as 2,200 of whom have travelled to Syria to participate in the conflict.<sup>25</sup> Jordan’s courts have seen numerous cases against jihadi Salafis and suspected returning fighters over the past year. Analysts also saw the hand of Jordanian security services in the June release of jihadi ideologue Abu Muhammad al-Maqdisi and the acquittal of radical cleric Abu Qatada, likely with the tacit understanding that each would commit to pushing an anti-IS line among Jordan’s Salafis.<sup>26</sup> Maqdisi was brought up on new charges in October, however, after criticizing the anti-IS coalition as a “crusader war against Islam.”<sup>27</sup> The Ministry of Religious Endowments and Islamic Affairs has banned several preachers from the nation’s mosques and referred some to the State Security Court for having pro-IS sympathies.

The regime is also clamping down further on what it considers to be dangerous dissent, especially after enacting new anti-terrorism laws this past June. Specifically, the security forces have arrested dozens of Muslim Brothers

in recent months on charges related to the new law, including deputy leader Zaki Bani Ershid. King Abdullah has meanwhile toughened his criticism of the group’s activities.<sup>28</sup>

Popular anger over Israeli actions in Jerusalem has raised the stakes even further. Jordan’s lukewarm official response to Israel’s continued demolition of Palestinian homes, construction of housing units, and initial provocations at the Jordanian-administered holy sites has provided Islamist and opposition movements with ammunition to challenge the government’s legitimacy. This may explain the government’s exceptionally harsh reaction to a further provocation regarding the al-Aqsa Mosque amidst a backdrop of rising Israeli-Palestinian violence in Jerusalem.<sup>29</sup> Now, even the Jordanian government’s potential \$15 billion dollar gas deal with Israel, viewed by Jordanian energy officials as key to meeting the country’s energy needs over the next few years (see Figure 4), is under fire. At the time of writing, the Jordanian government claimed to have halted negotiations, citing the impact of an Israeli anti-trust ruling against the multinational consortium developing Israel’s offshore gas fields. Yet popular demonstrations had criticized the purchase of Israeli gas on political grounds, with 79 out of 150 parliamentarians signing a petition to scrap the deal. Some parliamentarians even levied normally unheard-of accusations of interference by the palace and intelligence services in parliamentary affairs.<sup>30</sup>

<sup>23</sup> See experts polled in Nathan Jensen, “Experts Mixed on Effectiveness of U.S. Airstrikes Against ISIS,” *The Washington Post*, 12 November 2014, <<http://www.washingtonpost.com/blogs/monkey-cage/wp/2014/11/12/experts-mixed-on-effectiveness-of-u-s-airstrikes-against-isis/>>. For a broader critique of the coalition’s aims and means, see Daniel Levy, Ellie Geranmayeh, and Julien Barnes-Dacey, “How the West’s Campaign Against IS Lets the Region off the Hook,” *Middle East Eye*, 18 December 2014, <<http://www.middleeasteye.net/essays/how-west-campaign-against-lets-region-hook-1631704210>>.

<sup>24</sup> Charles Lister, “Profiling the Islamic State,” Brookings Doha Center Analysis Paper no. 13, November 2014, <<http://www.brookings.edu/research/reports/2014/12/profiling-islamic-state-lister>>, 34-36.

<sup>25</sup> Taylor Luck, “Clashes Erupt Anew Along Syrian Border,” *The Jordan Times*, 18 May 2014, <<http://www.jordantimes.com/clashes-erupt-anew-along-syria-border>>.

<sup>26</sup> Mohamed al-Daameh, “Abu Qatada, Maqdisi Can Unify Islamist Ranks Against ISIS: Experts,” *Asharq Al-Awsat*, 27 September 2014, <<http://www.aawsat.net/2014/09/article55336996>>.

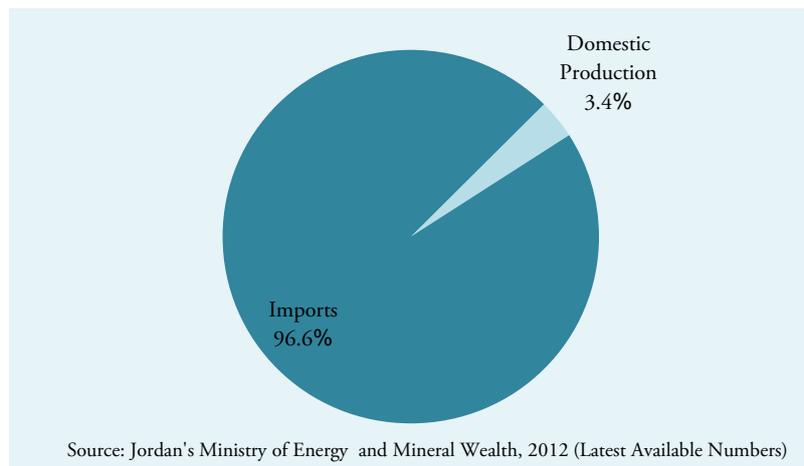
<sup>27</sup> Muwafaq Kamal, “Mud’i ‘am ‘amn al-dawla’ yuwaqaf munazzir al-tiyar al-salafi 15 yawman istinadan li-qanun man’a al-irhab” [Attorney General for State Security detains Salafi current theorist 15 days on basis of anti-terrorism law], *al-Ghad*, 27 October 2014, <<http://www.alghad.com/articles/832994-التوقيف-للتطرف-بتهمة-الرجوع-الى-السلطنة-بمذاهب-التي-تدعو-الى-الارهاب>>.

<sup>28</sup> Tamer Samadi, “Qalaq min al-Tanzim al-askary lil-Ikhwan wa tawqif tullab min al-diffa al-gharbiyya” [Concerns of a Brotherhood “military branch” and detention of students from the West Bank], *Al-Hayat*, 6 December 2014, <<http://www.alhayat.com/Articles/6123654/قلق-من-تنظيم-عسكري-لل-الاخوان-وتوقيف-طلاب-من-الضفة-الغربية>>.

<sup>29</sup> The Jordanian government recalled its ambassador to Israel for consultations on November 5, something it made no move to do during the prolonged fighting in Gaza this past summer.

<sup>30</sup> See discussion in “Mu’taz Abu Ruman wa ‘Ali Saneed yatahadathan ‘an istiqalat al-nawab” [Mu’taz Abu Ruman and ‘Ali Saneed discuss representatives’ resignations], *RoyaNews*, 21 December 2014, <<https://www.youtube.com/watch?v=ZNUVtPPRkDU>>.

Figure 4: Sources of Energy in Jordan



In short, Jordan's participation in the anti-IS coalition has only increased the country's vulnerability to internal radicalization while exposing its leadership to further criticism that it defers to the priorities of its foreign (and especially Western) allies. Admittedly, an Arab Center for Research and Studies poll showed in November that a healthy majority of Jordanians supported the coalition and its aims, but most Jordanian respondents viewed the main beneficiaries of the air strikes as Israel, the United States, and Iran—the same three countries they identified as the greatest threats to the security and stability of the region.<sup>31</sup> Jordanians will now have to weigh these views against the knowledge that theirs is the only coalition nation to have had a service member captured by IS, with a real likelihood of his being tortured or publicly executed.<sup>32</sup>

It would be difficult for Jordan to reverse course given the King's harsh rhetoric in entering the fight, but it makes little strategic sense for the country to continue its front-line participation in the latest U.S.-led intervention of uncertain aims, scope, and duration. Of all the various coalition partners striking targets in IS-controlled territory, Jordan is one of only two with a nominal per-capita GDP of less

than \$10,000 (the other being Morocco), the only one that directly borders Syria as well as Iraq, and one of only a few hosting more than a token number of refugees. In the unlikely yet catastrophic event of further population displacement, where would refugees go? The West Bank? Israel? Saudi Arabia?

This does not mean that Jordan has nothing to offer. It simply means that its allies should envisage a smarter role that safeguards and exploits the Kingdom's strategic assets—its ability to gather intelligence, provide border security, host refugee populations, and act as a humanitarian hub—instead of putting them at risk through direct combat. Supporters of Jordanian participation can point to few unique contributions or successes by Jordan's air force, while detractors can easily point to the as-yet uncertain fate of captured pilot Muadh al-Kasasbeh. Jordan's decision-makers would do well to adopt a longer view, de-emphasize direct support for the fight against IS, and focus instead on addressing internal political grievances, specifically by providing a credible economic vision. In the short term, the coalition should publicly maintain Jordan's active role in the alliance while privately curtailing Jordanian sorties to limit future exposure.

<sup>31</sup> "Istitla'a al-ra'i al-'am al-'arabi hawl al-tahaluf al-dawli did tanzeem 'Da'ishi,'" [Public Arab Opinion Poll Regarding the International Coalition Against ISIS], Arab Center for Research and Studies, November 2014, <<http://www.dohainstitute.net/file/Get/58a11c25-0f08-4cb5-9dda-fd65054eb5e3.pdf>>.

<sup>32</sup> Hugh Naylor, "Jordan Pilot Purportedly Interviewed by Islamic State," *The Washington Post*, 30 December 2014, <[http://www.washingtonpost.com/world/islamic-state-media-captured-jordan-pilot-shot-down-over-syria/2014/12/30/45186ec2-ce82-41f5-a216-28252ad-ca457\\_story.html](http://www.washingtonpost.com/world/islamic-state-media-captured-jordan-pilot-shot-down-over-syria/2014/12/30/45186ec2-ce82-41f5-a216-28252ad-ca457_story.html)>.

## TOWARD BETTER GOVERNANCE

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Most interviewees were pessimistic about the likelihood of further reform, emphasizing Jordan's security and economic concerns instead. "Just accept the political reforms that have happened," said one official and former opposition journalist exasperatedly, referring to the constitutional amendments agreed to in the months following initial protests. "We're trying to balance a very complex situation!"<sup>33</sup>

However, a new constitutional amendment, rushed through parliament in late August, granted the King full legal power to appoint the head of the army and the General Intelligence Directorate (GID), completely bypassing the advice, much less the consent, of the elected parliament. Prime Minister Abdullah Ensour and other commentators claimed this was necessary to "insulate" sensitive positions from populist feelings prior to the further empowerment of political parties and the parliament.<sup>34</sup> Regardless, the amendment only increases the direct power of the palace while the King is also pushing to re-activate and expand the Ministry of Defense, which would provide yet another royally appointed position. The amendment also ties the King to the actions of his political appointees more closely, making it harder to shift blame in the event of a scandal.<sup>35</sup>

Extensive political reform seems unlikely so long as Jordan's ruling elite views itself as more beholden to foreign allies than its public. There are few signs of progress, and it is unclear

where pressure for further political change might come from. As noted previously, much of the opposition that forced some concessions in 2011-2012 is internally divided, subdued due to the specter of Syria, or split up into a myriad small, competing parties, in part due to current election laws. Washington has all but abandoned democracy promotion, which was never on the agenda of Jordan's key Gulf allies. The Israeli government likewise prefers negotiating with the King and a limited governing elite rather than a broader spectrum of Jordanian society, much of which stands firmly opposed to any cooperation with it.

Yet even participants in the aforementioned CSS round table referred to a "dangerous lack of trust between state and street," which has been exacerbated by Jordan's participation in the war against IS.<sup>36</sup> If the country's ruling elite is truly intent on minimizing Jordan's risks in the face of IS, then it must discard its expectation that citizens will be defined by *al-walaa' wa al-intima'*, or complete loyalty, and permit some real openings for their participation in and criticism of government, rather than simply waxing poetic about the importance of doing so.<sup>37</sup> This would only increase the resilience of the Jordanian political system. Conversely, concentrating more power in the hands of the King makes the country more vulnerable if some misfortune should befall him.

Those allies who still maintain some rhetorical support for democratization in the Middle

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<sup>33</sup> Former minister of media affairs and communication, interview with the authors, Amman, 2 September 2014.

<sup>34</sup> Abdullah al-Hadidi, "Al-Nasour: al-hukumat al-barlaminiyya hadaf al-t'adeelat al-dasturiyya" [Ensour: goal of constitutional amendments is parliamentary government], *al-Ra'i*, 7 September 2014, <<http://www.alrai.com/article/668244.html>>.

<sup>35</sup> By way of example, previous GID directors Samih al-Battikhi and Muhammad al-Dahabi were convicted on corruption charges in 2003 and 2012, respectively.

<sup>36</sup> "Markaz al-dirasat al-istratijiyya: al-'urdun wa suriyya wa al-harb," *Al-Dustur*.

<sup>37</sup> Ahmed Obeidat, interview.

East—particularly the United States and the European Union—should encourage small but tangible reforms, seeking to outmaneuver those allies—namely in the Gulf—who view any democratic opening as potentially destabilizing. Such practical measures should include:

- Providing a greater role for elected municipal governments. This would allow regional councils to advocate for their respective communities, work to ensure that key grievances are heard in the centers of power, and reduce citizens' sense of alienation from state affairs. This will require prioritizing twin draft laws for decentralization and governorate-level councils on the royally-defined legislative agenda.<sup>38</sup> The government should also look towards more imaginative methods of decentralization, such as relocating key government ministries towards outlying regions instead of concentrating all national institutions (and their second-order economic effects) in the capital.
- Loosening press restrictions contained within the country's press and publications law and reigning in the security services' harassment of journalists. Continuing to censor dissent will not make it disappear—but it will further isolate the palace and security services from popular concerns.
- Expanding political and financial backing for the Jordanian Anti-Corruption Council, allowing it to steadily combat corruption by methodically pursuing cases, thereby improving public trust in government. The public needs to see concrete outcomes on cases in order to gain a sense of closure. The monarchy should lead by example, reviewing the issue of state lands registered to the monarchy that were later parceled out for various development projects—a key point of contention among the country's East Banker communities.
- Increasing transparency regarding how monies are allocated to the Royal Court, army, and intelligence services, as officers and security officials often perceived as siphoning off funds. Allies providing Jordan with military and security aid—chiefly the United States—should publicize how their aid dollars are requisitioned and spent.
- Actually revising the country's single, non-transferable vote election law, much as it seems like a tired refrain. At a bare minimum, this should include doubling the amount of proportional representation in the parliament. With a cautious eye to the long-run, the government should look to settle the issue of proportional versus tribal representation by exploring political models whereby the lower house of parliament is permitted progressive amounts of proportional representation and the Senate serves to secure more symbolic representation for key areas.

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<sup>38</sup> Rula al-Hroub (member of parliament for Stronger Jordan Party), interview with the authors, Amman, 3 September 2014.

## SHORING UP JORDAN

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Even if Jordan's allies are unwilling to risk leveraging foreign aid to encourage political reform in the Kingdom, all sides seem frustrated with the current aims and mechanisms of aid provision. In interviews, Jordanian officials generally stressed that international support, given the burden of Syrian refugees and necessary defense spending, was insufficient, misdirected, and often benefitted the Western agencies, companies, and NGOs tasked with implementing projects.<sup>39</sup> On the other hand, some foreign officials expressed exasperation with the sense that Jordanian counterparts were exaggerating their country's challenges to wring more funds out of the international community while using these strategic "rents" to sidestep the needed substantive reforms in public spending or the economy.<sup>40</sup>

Neither side is necessarily wrong. Western and Gulf countries should certainly move to accept significant numbers of Syrian refugees in a show of solidarity with burdened host countries, at least to the level of Germany or Sweden, which have committed to hosting around 80,000 and 60,000 refugees, respectively. If Jordan's allies remain unwilling to do so, then they should accept a fair measure of inefficiency and corruption as a cost of relying on a relatively resource-poor country like Jordan to handle the problem. At the same time, the Jordanian government should know that for as long as the Syrian refugee crisis continues, delays or discrepancies in the processing and allocation

of donor money will draw increased scrutiny.

With this in mind, both the Kingdom and its strategic allies have a clear interest in ensuring that future aid dollars help to fundamentally strengthen Jordan's institutions and economy over the long term. A generous Gulf Cooperation Council (GCC) grant brokered in 2012 can serve as a model in this respect, as it is providing \$3.75 billion over several years to help expand and refurbish infrastructure such as roads, schools, hospitals, water networks, etc.<sup>41</sup>

The United States should take a similar approach as it renews its 5-year Memorandum of Understanding with the Kingdom. While U.S. assistance is set to hit \$1 billion annually, more of these regular, predictable levels of aid should be channeled into productive investments in Jordan's economic infrastructure. If the Jordanian government appeals for additional money, it should be for projects that could be game-changers for the economy, particularly energy projects such as bringing a nuclear power plant online by 2019 or the exploration of shale oil reserves.<sup>42</sup>

A flood of investment money, though, will do little good if stymied by the inefficiencies and limited capacity of Jordanian bureaucracy. For example, almost half of the Gulf grant's funds for 2014 went unspent because the overburdened Ministry of Planning and International Cooperation (MPIC) has

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<sup>39</sup> Senior Ministry of Planning official, interview.

<sup>40</sup> Western diplomat, interview with the authors, Amman, 3 September 2014. This divide is also embodied in the numbers referred to for Syrian refugees in the country – Jordanian officials point to some 1.5, even 2 million Syrians in the country, while most outside observers refer to the official number of around 620,000 registered Syrian refugees.

<sup>41</sup> \$5 billion was initially pledged, with funding split between Kuwait, Saudi Arabia, the UAE and Qatar. Qatar has yet to disburse any funds of its pledged \$1.25 billion.

<sup>42</sup> For more on Jordan's nuclear ambitions and the difficulties contained therein, see Nicholas Seely, "The Battle Over Nuclear Jordan," *Middle East Report* 271 (Fall 2014), <<http://www.merip.org/mer/mer271/battle-over-nuclear-jordan>>.

struggled to complete enough applications for them.<sup>43</sup> Capacity-building is thus a key area where U.S.- and perhaps EU-supported training can complement existing GCC financial backing, ensuring that Jordan's economy benefits quickly while Jordanian bureaucrats gain experience.<sup>44</sup> Foreign aid agencies should acquire their implementation and project management needs from local companies and NGOs wherever possible—UNHCR's partnership with Jordan-based IrisGuard and the Cairo-Amman bank to ease the dispersal of cash payouts is a good example. MPIC officials should demand the same when they negotiate foreign aid agreements.

For its part, Jordan's government should work to increase the transparency of the negotiation and provision of aid. This will strengthen public confidence that development projects and budget support are improving their daily lives, not being siphoned off due to corruption

or private interests. Several interviewees also pointed to the importance of a kind of "executive planning council" that, isolated from the day-to-day fundraising and compliance pressures of the MPIC, could strategically guide and expedite development investments.<sup>45</sup>

As for Israel, while it is unlikely to provide Jordan with direct economic assistance, Netanyahu's administration should broaden its support for the Kingdom beyond security service-coordination. While the stalled Israeli-Palestinian peace process shows few signs of progress, Israeli officials must keep in mind the spillover effects of its actions in Gaza, Jerusalem, or the West Bank, especially given mounting Jordanian-Israeli tension in recent months.<sup>46</sup> If Israel can ultimately settle the matter of natural gas supplies to the Kingdom, it should also quietly coordinate with Jordan to provide additional water at favorable prices in the event of a desalination surplus.<sup>47</sup>

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<sup>43</sup> "Al Rai's Qadamani on Gulf Cooperation Council's Grant to Jordan," *The Jordan Times*, 1 December 2014, <<http://vista.sahafi.jo/art.php?id=10edc5f008439d1fd4da428e566d31023bdc7af4>>.

<sup>44</sup> Independent reports and Ministry of Planning officials held that implementation of the GCC grant is being held up by a lack of bureaucratic capacity. Senior Ministry of Planning official, interview; Nesreen Barakat (former minister of social development and founding partner of To Excel Consulting), Amman, 31 August 2014.

<sup>45</sup> Amman-based private banker, interview with the authors, Amman, 3 September 2014; Senior Ministry of Planning official, interview with the authors.

<sup>46</sup> Akiva Eldar, "Israel Should Protect 'Old Front' with Jordan," *Al-Monitor*, 27 October 2014, <<http://www.al-monitor.com/pulse/ru/originals/2014/10/jordan-israel-peace-anniversary-stability-yaalon-netanyahu.html>>.

<sup>47</sup> Israel's desalination plants operated at only 70% of capacity in 2014 after years of decent rainfall, see Avi Bar-Eli, "With Rainfall Aplenty, Israel to Rely Less on Expensive Desalinated Water this Year," *Haaretz*, 3 January 2014, <<http://www.haaretz.com/news/national/premium-1.566863>>.

## REFUGEES: BENEFIT, NOT BURDEN

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With no end to the prolonged Syrian conflict in sight, it is becoming increasingly evident that the vast majority of the refugees now residing in Jordan as a result are facing a protracted stay. Clearly, this does not sit well with many Jordanian officials, given rising tensions between the refugees and the communities hosting them over mounting competition for jobs and increased housing and food prices, to say nothing of acute water shortages. Polls conducted by the CSS have shown growing popular support for closing Jordan off to refugees (see Figure 5), which likely prompted the government to effectively do so in early October.<sup>48</sup> On October 28, Foreign Minister Nasser Judeh stated flatly that “the limits of our abilities have been reached” in addressing an international conference on the Syrian refugee crisis.<sup>49</sup>

As noted previously, the international community has a clear obligation to support Jordan in serving as a “shock-absorber” for refugees, as King Abdullah bluntly reminded his audience at the September meeting of the United Nations General Assembly.<sup>50</sup> Yet the Jordanian government also has an obligation to coordinate support activities within the Kingdom, both to ensure proper receipt and disbursement of funds and to provide assistance to communities hosting refugees.

Aid practitioners and Jordanian parliamentarians alike noted their surprise at the fact that

Jordan had no Minister-level position responsible for refugee affairs, despite the country’s long history of hosting refugees.<sup>51</sup> This is somewhat understandable, given Jordanian society’s sensitivity to formalizing refugees’ status. Still, Jordan’s government should establish a cabinet-level official who can serve as the main point of contact for humanitarian agencies as they liaise with numerous government bodies such as the Ministries of Foreign Affairs, the Interior, and Planning, as well as the GID.

Officials should also permit the World Bank to undertake an economic and social impact assessment of the presence of Syrian refugees, similar to that already completed in Lebanon. While the government may be wary of such an analysis showing that Syrian refugees are having a positive impact on Jordan’s economy, an objective assessment would reduce squabbling over the level of the government’s needs. An in-depth analysis would likewise assist the government in effectively distributing assistance to affected communities.

Finally, to think a bit more outside the box, both the Jordanian government and donor nations would do well to start viewing the potential contributions of the Syrian refugee population as a development opportunity, rather than solely treating refugees as a burden or security threat. While their presence exacerbates Jordan’s economic difficulties, it did not create

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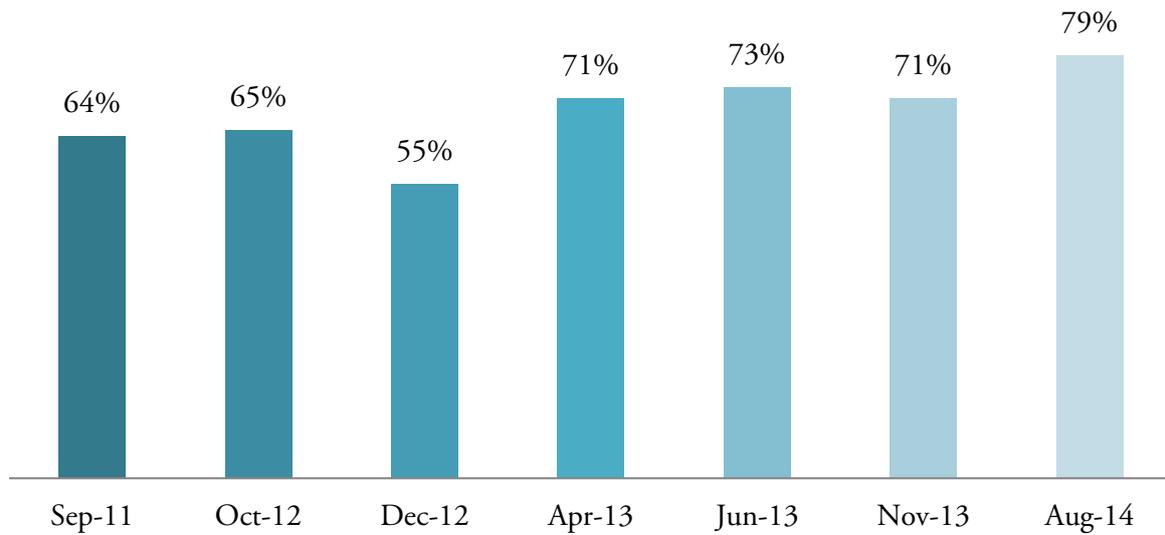
<sup>48</sup> “Istitla’ lil-ra’i al-‘am,” Center for Strategic Studies.

<sup>49</sup> “Speech by Minister of Foreign Affairs & Expatriates Affairs His Excellency Nasser Judeh at the International Conference on ‘Syrian Refugee Situation—Supporting Stability in the Region,’” Embassy of the Hashemite Kingdom of Jordan, Washington, D.C., 28 October 2014, <<http://jordanembassyus.org/news/speech-minister-foreign-affairs-expatriates-affairs-his-excellency-nasser-judeh-international>>.

<sup>50</sup> “Remarks by his majesty King Abdullah II at the Summit on Threats to International Peace and Security caused by Terrorist Acts - United Nations Security Council,” Royal Hashemite Court, 24 September 2014, <[http://kingabdullah.jo/index.php/en\\_US/speeches/view/id/545/videoDisplay/0.html](http://kingabdullah.jo/index.php/en_US/speeches/view/id/545/videoDisplay/0.html)>.

<sup>51</sup> Andrew Harper (Head of Mission for UNHCR in Jordan), interview with the authors, Amman, 4 September 2014; Wafaa Bani Mustafa (parliamentary representative for Jerash), interview with the authors, Amman, 4 September 2014.

Figure 5: Jordanians Opposed to Receiving Further Syrian Refugees



Source: Jordan Center for Strategic Studies, 2014

them.<sup>52</sup> Syrian refugees clearly want to work, whether to supplement dwindling essential support from the UNHCR and the World Food Programme, to set aside money for the future, or to reclaim dignity by supporting themselves rather than relying exclusively on handouts.

Jordan's Ministry of Labor should work to implement the International Labour Organization's recommendation to grant work permits to Syrians in specific sectors such as low-skill manufacturing, agriculture, or construction, where they are less likely to be seen as directly competing with Jordanians for desirable jobs.<sup>53</sup> As the income and consumption of these workers (and Syrian investors) creates

new economic activity, the provision of permits should be presented as complementing—rather than competing with—overall efforts to expand employment. Syrians will inevitably enter the country's informal economy, especially as donor funding for cash handouts and food assistance falters. Yet by formalizing their participation, the Jordanian government can better keep track of the situation while strengthening the country's overall labor regime. Such programs could also serve to shift some refugees away from the Syrian border in an orderly fashion, reducing the Jordanian government's security concerns in this respect. This would also provide clear development opportunities to governorates further afield.

<sup>52</sup> For example, even prior to the refugee crisis Jordan's economy employed some 400,000 Egyptian laborers, as well as tens of thousands of Indonesians and Bangladeshis in the country's textiles mills (including the country's Qualified Industrial Zones) despite high unemployment.

<sup>53</sup> Salem Ajluni and Mary Kawar, "The Impact of the Syrian Refugee Crisis on the Labour Market in Jordan: A Preliminary Analysis," International Labour Organization, 30 April 2014, <[http://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms\\_242021.pdf](http://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_242021.pdf)>.

## EMPHASIZING THE ECONOMY

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Ultimately, it cannot be stressed enough that if what the King and senior Jordanian officials truly fear is the threat of IS-style extremism, then their first priority should be to develop the economy and make it more inclusive. They should seize on the diminished regional “market-share” of Jordan’s conflict-ridden neighbors—particularly in manufacturing and tourism—to promote growth at home. Weeks before the announcement of air strikes in Syria, a senior official at Jordan’s National Center for Security and Crisis Management stressed to the authors that “[IS] cannot be defeated militarily—you have to destroy popular support for them.... The issue is not [IS], it’s how you face the home front...if we don’t build our society, if we don’t have enough socio-economic investment, then no matter what we pay in defense it will not be enough.”<sup>54</sup>

While the King has referred to the economy as the country’s greatest problem in the past, chronic economic concerns have never elicited as dramatic a response as the current campaign against IS. To be sure, economic reform requires layers of policy, strategy and negotiation over the long term rather than rapid, clear-cut orders and targets. Still, finding a way to provide unemployed Jordanians with “acceptable employment” and cut down on regional inequalities will do far more to address the roots of violent extremism than any number of arbitrary arrests or airstrikes. IS is reportedly tempting impoverished Jordanians with \$1000 monthly salaries, but individuals that join extremist groups continue to be

overwhelmingly driven by unmet aspirations, both political and economic.<sup>55</sup>

Curbing terrorism and promoting social harmony is not a matter of addressing abject poverty through handouts, but of providing opportunities for individuals who see a stark mismatch between their economic expectations and the unappetizing realities in front of them. It is this same climate of unmet expectations that has led Jordan to make an outsized contribution to the global jihadi movement, including the founder of al-Qaeda in Iraq, Abu Musab al-Zarqawi (of Zarqa, Jordan).

Sustained pledges of support to Jordan can certainly shore up the foundations of its economy, but no matter how well-targeted, foreign capital alone will not produce an economic miracle in the Kingdom. Furthermore, as the World Bank has warned, continued reliance on foreign aid ties Jordan’s economic well-being to the economic and political fortunes of donor countries.<sup>56</sup> That even the entrenched welfare states of the Gulf may consider reigning in spending due to falling oil prices underlines the risks of such dependence.

The United States, Europe, and the Gulf monarchies can encourage investments in Jordan by highlighting key opportunities (such as the country’s free zones and Qualified Industrial Zones) or bringing in delegations of potential investors. These partners can also work to improve access to Jordanian goods in their home markets. Likewise, targeted development

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<sup>54</sup> Senior official at the National Center for Security and Crisis Management, interview with the authors, Amman, 3 September 2014.

<sup>55</sup> See analysis by Mohammed Abu Roman, “Da’ish wa Nusra hadnan daf’ian lil-shabab!” [ISIS and Nusra Offer “Warm Embrace” for Youth!], *al-Araby al-Jadeed*, 3 November 2014, <<http://www.alaraby.co.uk/opinion/e2acce87-35fb-42ab-89f4-3fe0feacb9d3>>.

<sup>56</sup> World Bank, “Hashemite Kingdom of Jordan: Development Policy Review,” 30 June 2012, <[http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2012/12/13/000333037\\_20121213230719/Rendered/PDF/NonAsciiFileName0.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2012/12/13/000333037_20121213230719/Rendered/PDF/NonAsciiFileName0.pdf)>, 16.

assistance as recommended above would be pivotal to helping Jordan improve upon its aid-dependent, rentier economy. Still, Jordan needs to be receptive to such external efforts, and more importantly, to domestic entrepreneurs and investors, as well as those from the Jordanian diaspora. Specifically, the country must strive to improve upon a ranking of 117<sup>th</sup> on the World Bank's "Ease of Doing Business" survey if it is to become an attractive destination for economic activity.<sup>57</sup> While there are larger issues of education and bureaucratic red tape to consider, a key first step would be to give real power to the Jordanian Investment Board to serve as an actual "single investment" for potential investors, allowing them to avoid the frustration of numerous, and often corruption prone, layers of bureaucracy.

Additionally, even those interviewees who criticized foreign support as being wholly inadequate for building a stronger, more resilient country conceded that it falls to Jordan's leadership "to put forward a clear vision for the economy."<sup>58</sup> Though King Abdullah has ordered the preparation of a "Jordan 2025" strategic vision focused on the next ten years of Jordan's economy, details remain murky. Even the country's National Resilience Plan, drafted to point to key areas of investment over the next three years, reads more like a wish list for foreign aid than a strategy for helping the country's economy to grow to stand on its own feet.

While the International Monetary Fund's structural adjustment program works to "slim down" the state—freezing new hires and steadily reducing subsidies—Jordan's ruling elite must do more than clear the way for the market to effectively support inclusive growth.<sup>59</sup> With the extensive destruction of industrial capacity in Syria and now Iraq, the re-orientation of major trade routes, and an available, capable workforce, there is a clear opportunity for

Jordanian businesses to claim a greater share of the regional economy. Jordan should also strive to better define the GCC-Jordan relationship to serve Jordanian purposes. It could leverage its current situation not just to secure more aid dollars, but also to press for greater economic cooperation than the occasional GCC-Jordan economic task force meeting.

The Ministries of Planning, Labor, Trade, and Social Development should coordinate with the private sector as represented by regional chambers of industry and commerce, to see where targeted investments in industry and infrastructure can create jobs and generate exports. The country's technology startup scene, for example, has provided a clear example of government and industry working hand-in-hand to develop an increasingly prominent sector of the Jordanian economy.<sup>60</sup>

Beyond such coordination, the government should use a combination of tax incentives and the strategic granting of labor permits to cheaper non-Jordanian workers to encourage investments in marginalized areas outside of major urban areas. Prominent Syrian businesspeople now residing in Jordan should also be encouraged to invest in the economy by establishing or re-establishing businesses that can employ Syrians and Jordanians alike.

Much will rely on whether Jordan's ruling elites channel their fears about regional instability and extremism into productive action on the economy. That the Kingdom can do so is not unthinkable. Much of Jordan's initial drive for modernization and industrialization during the 1950s came about despite the 1948 war with Israel suddenly cutting the Kingdom off from traditional markets and forcing it to absorb a huge influx of refugees.<sup>61</sup> A similar drive today would pay far greater dividends for the country's resilience than any amount foreign aid or military adventurism.

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<sup>57</sup> World Bank Group, "Doing Business 2015: Going Beyond Efficiency," *Doing Business*, 29 October 2014, <<http://www.doingbusiness.org/-/media/GIAWB/Doing%20Business/Documents/Annual-Reports/English/DB15-Full-Report.pdf>>.

<sup>58</sup> Ibrahim Badran (former minister of education), interview with the authors, Jerash, 1 September 2014.

<sup>59</sup> This is explicitly noted in Jordan's "National Employment Strategy 2011-2020," Jordanian Ministry of Planning and International Cooperation, June 2012, <<http://inform.gov.jo/en-us/By-Date/Report-Details/ArticleId/36/National-Employment-Strategy>>, 83.

<sup>60</sup> United Nations, "National Profile of the Information Society in Jordan," Economic and Social Commission for Western Asia, 15 November 2011, <<http://www.escwa.un.org/wsis/reports/docs/Jordan-11-E.pdf>>.

<sup>61</sup> Oliver Wils, "Fiscal Policy Reform in Jordan," in *Networks of Privilege in the Middle East: The Politics of Economic Reform Revisited*, ed. Steven Heydemann (New York: Palgrave Macmillan, 2004), 139-142.

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