

## Jordan's Summer of Discontent and Its Consequences

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*Note: Some names of local Jordanians in this article have been changed due to political sensitivities.*

On October 21, 2018, Jordan's King Abdullah II informed Israel that he would not renew two annexes of the 1994 peace treaty between Israel and Jordan that leased the territory of Naharayim and Zofar to Israel.<sup>1</sup> Many factors contributed to this decision, including Jordan's anger over its exclusion from issues related to Jerusalem, the Temple Mount, and the recent diplomatic talks with the Palestinians.<sup>2</sup> The single most significant factor that led to this decision, however, was Abdullah's need to shore up his legitimacy in the aftermath of the protests and social unrest that erupted in Jordan over the summer. Indeed, in a Tweet that could not have been more direct, the King explained that the "decision [] to terminate the Baqoura and Ghumar annexes from the [1994 Jordan-Israel] peace treaty [stems from] our keenness to take all decisions that would serve Jordan and Jordanians."<sup>3</sup>

The summer's mass demonstrations and protests began on May 30 in response to a draft law that would have raised taxes to generate more revenue for the state.<sup>4</sup> It was meant to address the kingdom's debt and fiscal deficit, which became a more urgent issue for Jordan after accepting a three-year \$723 million loan from the International

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<sup>1</sup> Jack Khoury, "Jordan Canceling Annexes of Peace Treaty with Israel, King Abdullah Says," *Haaretz*, October 21, 2018, <https://www.haaretz.com/israel-news/jordan-canceling-parts-of-peace-treaty-with-israel-king-abdullah-says-1.6575745>. In Jordan, these areas are known as al-Baqura and al-Ghamr.

<sup>2</sup> Zvi Bar'el, "Jordan's King Nixes Peace Treaty Annexes as Payback Against Trump, Netanyahu," *Haaretz*, October 22, 2018, <https://www.haaretz.com/middle-east-news/jordan/.premium-jordan-s-king-uses-nixed-peace-treaty-annexes-as-payback-against-trump-netanyahu-1.6584975>.

<sup>3</sup> Mohammad Ghazal, "Jordan terminates Baqoura, Ghumar annexes in peace treaty with Israel," *The Jordan Times*, October 22, 2018, <http://jordantimes.com/news/local/jordan-terminates-baqoura-ghumar-annexes-peace-treaty-israel>.

<sup>4</sup> Suha Maayeh, "Jordan protests will continue says union leaders," *The National*, June 6, 2018, <https://www.thenational.ae/world/mena/jordan-protests-will-continue-says-union-leaders-1.737647>; Annette Ranko, Leontine Von Felbert, Bayan Al-Halawani. "#JordanStrikes: Protests and Government Change in the Hashemite Kingdom." *Konrad Adenauer Stiftung*, June 28, 2018, <http://www.kas.de/wf/en/33.52960/>.

Monetary Fund (IMF) in 2016. While the protests began on May 30,<sup>5</sup> and the international media picked up the story in early June,<sup>6</sup> these protests were in fact rooted in legislation and events from much earlier in the year.

The government first raised taxes in mid-January, ending bread subsidies and imposing new taxes on cigarettes, jewelry, soft drinks, and petrol in an effort to increase its revenues by 540,000,000 Jordanian Dinars (“JD”).<sup>7</sup> Two weeks later, Jordanian farmers protested, demanding an end to the tax on agricultural products and a return to bread subsidies. Then, on February 4, 2018, then Chairman of the Agriculture Committee in the Jordanian Parliament, Khalid Hayyari, resigned in protest against the conditions facing the farmers in the country. According to a press release published by Hayyari, he had been “in contact with the [P]rime [M]inister [who had] promised to retract the new decisions and restore the situation to how it was.”

On February 26, 2018, Jordanian farmers protested in front of the Parliament in Amman with the Committee for the Defense of Farmers claiming that “all efforts to resolve tax hikes with the government have failed” and that “[the government] did not meet its promises.” Nonetheless, following these protests, the Jordanian government announced it would reduce taxes on agricultural produce forthwith. However, on March 1, 2018, the farmers announced they would continue protesting against tax hikes until an official statement over reducing agricultural taxes was issued by the Prime Minister’s office.

Protests against the end of bread subsidies and these new taxes continued across the country in March and April. Then, on May 21, the Jordanian government approved a draft law adopting an amended income tax law, which, among other stipulations, included the following:<sup>8</sup>

- Raising the income tax on banks, financial companies, insurance companies, reinsurance companies, and people engaged in financial leasing activities from 30 percent to 40 percent;
- Raising the income tax on companies specializing in mining basic materials from 24 percent to 30 percent;
- An annual tax of 5 percent on the first JD 5,000 exceeding JD 8,000 for individuals and JD 16,000 for families, 10 percent for the second JD 5,000, 15 percent for the third, 22 percent for the fourth, and 25 percent for each one dinar above that;

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<sup>5</sup> Annette Ranko, Leontine Von Felbert, Bayan Al-Halawani. “#JordanStrikes: Protests and Government Change in the Hashemite Kingdom.” *Konrad Adenauer Stiftung*, June 28, 2018, <http://www.kas.de/wf/en/33.52960/>.

<sup>6</sup> See, for example: Taylor Luck. “Jordan’s young protestors say they learned from Arab Spring mistakes.” *The Christian Science Monitor*, June 5, 2018, <https://www.csmonitor.com/layout/set/print/World/Middle-East/2018/0605/Jordan-s-young-protesters-say-they-learned-from-Arab-Spring-mistakes>.

<sup>7</sup> This paragraph and the next are based on, “Timeline: Jordan protests lead to PM’s resignation,” *BBC Monitoring*, June 4, 2018, <https://monitoring.bbc.co.uk/product/c1dpb96l>.

<sup>8</sup> Mohamed Al-Daameh, “Jordan to Pass Amended Income Tax Law,” *Asharq al-Awsat*, May 9, 2018, <https://aawsat.com/english/home/article/1263181/jordan-pass-amended-income-tax-law>.

- A fine on overdue taxes ranging from 5-25 percent of the value of the delayed tax, significantly different from the lump sum fine of JD 100 on individual persons and JD 200 – JD 500 on various types of companies in the previous law.

On May 26, Jordanian trade unions failed to reach a deal with Prime Minister Hani al-Mulki over the adoption of these amendments and then on May 30, the nationwide protests covered internationally began in earnest.<sup>9</sup> These protests ended with Prime Minister Mulki's resignation on June 4, 2018,<sup>10</sup> the appointment of Omar al-Razzaz as the new Prime Minister, and his annulment of the adoption of the amended income tax bill on June 7.<sup>11</sup>

The three-year \$723 million IMF loan facility was conditional on the implementation of austerity measures, and the government's effort to amend the law to increase taxes and eliminate bread subsidies was intended to meet IMF conditions.<sup>12</sup> Jordan remains desperately in need of the IMF funds; the country's debt amounts to nearly 96 percent of its GDP.<sup>13</sup> The IMF wants Jordan to reduce its debt to GDP ratio to 77 percent by 2021 in an effort to increase economic independence and jumpstart the economy.<sup>14</sup> The inability of the government to implement the IMF's austerity measures paradoxically undermines the country's ability to pay back the loan and end its dependence on foreign aid. Some have argued this state of affairs may actually be a "tipping point" for Jordan. However, it seems premature to begin sounding this kind of alarm.<sup>15</sup>

It seems more reasonable to suppose that Jordan and its current government will survive, but neither will thrive.<sup>16</sup> Sean Yom argues that Jordan is consistently insolvent due to its reliance on foreign aid, and its inability to revise the social contract that commits this aid to support low tax rates, generous subsidies, and the military. The result, he claims, are cyclical protests each time economic demand outstrips the government's resources. Along with each of these protests, however, comes a renewed commitment of foreign aid because of Jordan's geopolitical importance. Donors value Jordan's role in preserving the status quo around the *haram al-sharif* (Temple Mount) in Jerusalem, maintaining its cold peace with Israel, and

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<sup>9</sup> "Timeline: Jordan protests lead to PM's resignation," *BBC Monitoring*, June 4, 2018, <https://monitoring.bbc.co.uk/product/c1dpg96l>.

<sup>10</sup> *Ibid.*

<sup>11</sup> Rana F. Sweis, "Jordan Withdraws Tax Bill That Fueled Nationwide Protests," *The New York Times*, June 7, 2018, <https://www.nytimes.com/2018/06/07/world/middleeast/jordan-tax-bill-protests.html>.

<sup>12</sup> Ty Joplin, "Are Jordan's Protests and Exercise in Futility?" *al-Bawaba*, 4 June 4, 2018, <https://www.albawaba.com/news/are-jordan%E2%80%99s-protests-exercise-futility-1141130>.

<sup>13</sup> *Ibid.*

<sup>14</sup> *Ibid.*

<sup>15</sup> Caleb Esrig, "Jordan's Economy at a Crossroads," *Iqtisadi: The Middle East Economy* 8.7 (2018), *Tel Aviv University: The Moshe Dayan Center for Middle Eastern and African Studies*; Zvi Bar'el, "For the Jordanians, Taxes Were Only the Spark That Ignited the Protest," *Haaretz*, June 10, 2018, <https://www.haaretz.com/middle-east-news/jordan/.premium-for-the-jordanians-taxes-were-only-the-spark-that-ignited-the-protest-1.6157909>.

<sup>16</sup> See, for example: Sean Yom, "Jordan's Protests Are a Ritual, Not a Revolution," *Foreign Policy*, June 11, 2018, <https://foreignpolicy.com/2018/06/11/jordans-protests-are-a-ritual-not-a-revolution/>.

fighting extremists in the region. It has also played an important role as a haven for Syrian refugees fleeing the war.<sup>17</sup> Indeed, foreign aid commitments came pouring into the country shortly after the June protests, when Kuwait, Saudi Arabia and the United Arab Emirates pledged to provide Jordan with \$2.5 billion in aid,<sup>18</sup> which was in addition to a previous five-year pledge for \$6.375 billion in economic and military grants in February. The IMF also agreed to relax its austerity demands.<sup>19</sup> Further, only a few days after the above-mentioned \$2.5 billion grant, Qatar pledged an additional \$500 million in economic aid to Jordan.<sup>20</sup>

Before the protests in early June, Jordanians most often complained about two issues,<sup>21</sup> the country's sluggish economy and government corruption. Once they began, however, many, such as 24-year old Leen Samer felt that "something [was] changing[,] [t]here's no going back," and that "[y]oung people are very excited [-] from now on, we're not going to be silent."<sup>22</sup> In other words, young people like Leen truly believed that the protests were going to bring about lasting social change that addressed the economy and corruption.

However, since regime change is far-fetched and the government's hands are tied with respect to taking the necessary austerity measures to improve the country's fiscal health, Leen's hopes are likely to be dashed. Indeed, conversations with Jordanians across the country seem to confirm this reality. In September, Mohammed,<sup>23</sup> a 23-year old English teacher from the rural farming village of Dirar bin Al-Azwar in the Northern Jordan Valley claimed that "[t]hese days we [still] face big increase[s] in taxes. The Jordanian people suffer a lot because of that [and] [t]he youths can't get married." He continued to explain that these financial burdens prevent him and his friends from living a normal life and added that "we [still] have so much corruption and connections,"<sup>24</sup> an allusion to *wasta* (advancement of interests through personal connections).<sup>25</sup>

What's more, these complaints are not limited to people from economically depressed villages like Mohammed. Thirty-one year-old Hiba,<sup>26</sup> a math teacher at the ultra-elite

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<sup>17</sup> Ibid.

<sup>18</sup> Farah Najjar, "Jordan Protesters: 'Gulf money won't help'," *Al-Jazeera*, June 11, 2018, <https://www.aljazeera.com/news/2018/06/jordan-protesters-gulf-money-aid-package-180611114422748.html>.

<sup>19</sup> Sean Yom, "Jordan's Protests Are a Ritual, Not a Revolution," *Foreign Policy*, June 11, 2018, <https://foreignpolicy.com/2018/06/11/jordans-protests-are-a-ritual-not-a-revolution/>.

<sup>20</sup> "Qatar pledges \$500m in economic aid to Jordan," *Al-Jazeera*, June 13, 2018, <https://www.aljazeera.com/news/2018/06/qatar-pledges-500m-economic-aid-jordan-180613194100173.html>.

<sup>21</sup> Ellen Francis, "Young Jordanians taste political protest for the first time," *Reuters*, June 5, 2018, <https://www.reuters.com/article/us-jordan-protests-youth/young-jordanians-taste-political-protest-for-the-first-time-idUSKCN1J12KN>.

<sup>22</sup> Ibid.

<sup>23</sup> As expressed above, due to political sensitivities, I have used a different name.

<sup>24</sup> Discussions with Mohammed.

<sup>25</sup> Walid M. Sadi, "Wasta, and wasta," *Jordan Times*, July 29, 2017, <http://www.jordantimes.com/opinion/walid-m-sadi/wasta-and-wasta>

<sup>26</sup> As expressed above, due to political sensitivities, I have used a different name.

King's Academy,<sup>27</sup> and who was educated at universities in the United States, expressed similar sentiments. She explained that her friends are unable to survive on "600 or 800 JDs a month [especially when] we pay 20 JD just in service tax."<sup>28</sup> In fact, these taxes were so burdensome on one of Hiba's friend's husband that he was forced to relocate to the United States, where he could earn more, while leaving his family behind in Jordan.

In light of widespread sentiments like these, taken together with recent protests against renewing the lease agreement with Israel, and a letter signed by eighty-seven Jordanian lawmakers demanding the annulment of the agreement, the King's hand was essentially forced.<sup>29</sup> Further, his decision had the intended effect with public figures, associations and political parties commending the move. The Islamic Action Front Party praised the decision as a response to the public will,<sup>30</sup> and journalist Hasan Abu Nimah explained that "Jordanians are always overwhelmed by their King's heroic, wise and chivalrous leadership."<sup>31</sup>

Indeed, it is clear that the King's decisions will aid in stemming public discontent, at least temporarily. This temporary stopgap, however, will not change the fact the vast majority of the country's citizens will continue to struggle economically. It seems that this has been, and will continue to be the unfortunate reality for most Jordanians moving forward despite effective political maneuvering by its monarch.

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<sup>27</sup> King's Academy is located in Madaba, Jordan and was founded by King Abdullah II in 2007, inspired by his experience as a student at Deerfield Academy in Deerfield, Massachusetts (see <https://www.kingsacademy.edu.jo/about/headmasters-corner/headmasters-welcome>).

<sup>28</sup> Discussions with Hiba.

<sup>29</sup> "Jordan Announces Decision to Terminate Peace-Treaty Land Lease to Israel in 2019," *The Algemeiner*, October 23, 2018, <https://www.algemeiner.com/2018/10/23/jordan-announces-decision-to-terminate-peace-treaty-land-lease-to-israel-in-2019/>; Jack Khoury, "Jordan Canceling Annexes of Peace Treaty with Israel, King Abdullah Says," *Haaretz*, October 21, 2018, <https://www.haaretz.com/israel-news/jordan-canceling-parts-of-peace-treaty-with-israel-king-abdullah-says-1.6575745>.

<sup>30</sup> Mohammad Ghazal, "Jordan terminates Baqoura, Ghumar annexes in peace treaty with Israel," *The Jordan Times*, October 22, 2018, <http://jordantimes.com/news/local/jordan-terminates-baqoura-ghumar-annexes-peace-treaty-israel>.

<sup>31</sup> Hasan Abu Nimah, "A very brave, drastic King Abdullah decision," *The Jordan Times*, October 23, 2018, <http://www.jordantimes.com/opinion/hasan-abu-nimah/very-brave-drastic-king-abdullah-decision>.

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