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Unrest in Jordan

BY DON DUNCAN, 23 MARCH 2011

LIKE Yemen and Bahrain, Jordan recently has been shaken by popular protests stemming from rising food prices and high unemployment, especially among the young. But the upheaval also reflects a factor peculiar to Jordan – its delicate demographic balance between indigenous tribes, known as East Bankers, and Palestinians who have emigrated or fled to Jordan in the past six decades and received Jordanian citizenship.

Figures from a recent census have been kept secret, but most people agree that Jordanians of Palestinian origin are now a majority, and may even number as much as 70% of the country's estimated 6.4 million population.

The demographic divide has an economic dimension. Traditionally, East Bankers have dominated the public sector, and Palestinian Jordanians the private. This arrangement worked well until the late 1980s, when a financial crisis brought in the International Monetary Fund, which demanded that the government privatise parts of what was then a very large public sector. Jordan began selling off its profit-making state-owned companies and reducing the workforce in its government ministries. Ismail Abdul Rahman, a professor of economics at the University of Jordan, said: "I think the main objective was to deal with the rising deficit and public debt. The second thing was that this was a way of at least alleviating the growing gap between strata, between classes in Jordanian society."

Today, as a result of the economic policy changes, Amman is dotted with start-up enterprises, many of them steered by young Palestinian Jordanians. At the offices of Kharabeesh, an Amman-based animation start-up, young hip designers sit in front of their Apple computers, designing cartoon characters or developing animation sequences. Kharabeesh, started three years ago by four friends in their 20s, is a classic product of Jordan's past two decades of economic liberalisation.

Its co-founder Wael Attili, 32, a Jordanian of Palestinian origin, benefited from Jordan's recent reforms, which fostered private business. "There are so many rules and regulations that happened along the way that helped people to stabilise or open their businesses," he said. "Now there is a huge effort to decrease the amount of taxes that we pay."

Attili started Kharabeesh in 2008 and has already broken even. This year, the company projects it will make \$700,000 in profit. The firm has so far created 15 jobs and reflects the kind of entrepreneurial spirit much needed in Jordan, with an unemployment rate of 14%. "The market is really changing, really rapidly, and the private sector is changing with it," Attili said. "If the government works alone, they cannot follow the steps of this change. They need the partnership of this private sector."

But given Jordan's history, that is easier said than done. The demographic anxiety among East Bankers has caused them to see Jordan's recent pro-private sector economic policy as an attack on

their welfare, in favour of the Palestinian population.

“The companies that are owned by the state, they are selling them to the private sector and, because of that, many people are losing their jobs,” said East Banker Mohammed Snaid, 34, who used to work in the ministry of agriculture, but lost his job last year. “Selling state companies to the private sector is about selling the companies owned by the people of Jordan to rich entrepreneurs.”

This view has brought him out on to the streets to demand change. He joined protests that have sprung up over the past weeks in Jordan, inspired by the uprisings in Tunisia and Egypt. Besides economic issues, Jordanians were also protesting on political grounds, demanding that King Abdullah II reforms the political system, devolving his executive power to the democratic process and the parliament.

East Bank Jordanians like Snaid are a key base for the monarchy and the cabinet. They occupy most of the crucial positions in government and the security services and are integral to the maintenance of stability in Jordan.

To stave off an escalation of the protests, the king has responded to their demands. Last month, he fired his cabinet, replaced his pro-privatisation premier, and promised to invest \$125m in the public sector. “There is a lot of pressure on the government to hire more and more, at least to lessen the tension and to reduce unemployment,” said Rahman.

But Jordan is \$20bn in debt. The problem for King Abdullah is that to pay for the reforms he has promised his East Bank constituents, he will most likely have to increase the taxes that have been slashed in recent years to promote private enterprise. While this may cool tempers, it will be of little help to Jordan’s ailing economy, and analysts say this might cause more protests if there is no improvement.

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