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THE STRUGGLE FOR REFORM IN JORDAN:  
ELITES, NON-ELITES AND FASHION CAFÉ

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Jordan is well-known in the Arab world for its commitment to liberal economic reform, a policy begun by King Hussein in the late 1980s and deepened by his Western-educated son King Abdullah over the past ten years. Since 1989, Jordan has reduced barriers to foreign investment, set up tax-free export zones and introduced policies to grow high-tech services, in particular information technology (ICT). While Jordan is cited as a model of economic reform by multilateral institutions, within the country these reforms have lost popularity and are associated with corruption and a perception that only the rich are gaining. While conventional research on economic reform would restrict its focus to macroeconomic indicators, we instead adopt an institutional framework developed by North, Wallis and Weingast to probe the empirical reality of liberal reform in Jordan.

As a result, our study focuses on two additional areas of institutions that are not commonly thought to directly impact economic reform—Islamic political parties and civil society organizations—because the framework developed by North, et. al. emphasizes the development of institutions as a function of elite coalitions. Economic reform in this theory is not a stand-alone set of policies designed to maximize economic growth, but rather a means to consolidate the ruling coalition and protect its survival. Similarly, the state’s policy towards Islamic groups and civil society reflects this desire of the elite coalition to reward supporters and suppress those who might threaten its existence. In this sense, liberalization cannot be understood as a process that only involves businesses, economic policymakers, the IMF and the World Bank—rather, it is deeply connected to the concerns of the elite coalition in maintaining its internal cohesion, whether the concerns stem from civil society groups or Islamic parties. Our paper will explore the current state of formal and informal institutions in Jordan with regard to these sectors as a means to place Jordan’s development within the North, Wallis and Weingast

framework. While our research is not necessary to determine that Jordan is a natural state moving towards a mature stage, it is necessary to uncover the underlying dynamics of politics and sociology behind the elite coalition.

The concept of an “elite” has been variously conceptualized by many social theorists. Marx thought of the elite in terms of a “ruling class”—the capitalists or bourgeoisie.<sup>1</sup> Similarly, Mills further developed this concept in the field of political sociology by discussing a “power elite,” the political leaders of the ruling class.<sup>2</sup> However, there has been much debate as to the ability of social theorists to conceptualize the elite as a coherent social actor. Dogan argues, for example, that due to practices of stratification within the elite class itself, problems are inherent in theories that attempt to consider elite actions in the aggregate as explanatory variables.<sup>3</sup> Building upon this, we conceptualize the elite to consist of individuals who carry important cultural, social, political, economic or symbolic capital in a given society, and are respected by certain groups (primarily clients) for such capital.

Not all elites are treated equally however; this is central to our analysis. Certain elites in Jordan—i.e. the dynasty, tribal leaders from influential tribes, etc.—hold much more political and economic power than other elite groups such as entrepreneurs or the leaders of NGOs that may have substantial cultural and social capital, but little influence as social and political actors. Because elite coalitions are always in flux, there may be elites who are on the inside of political power and those who are on the outside of it at any given time, but the outsiders are still considered elites because of their holdings of particular forms of capital.

This dichotomy between elites and non-elites is encapsulated in our research on Jordan by two places in Amman: Fashion Café and Ashrafiye. Fashion Café is a new ultra-modern décor

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1 See, for example: Karl Marx, *Capital* (New York: Penguin Classics, 1991).

2 C. Wright Mills, *The Power Elite* (Oxford: Oxford University Press, 1956).

3 Mattei Dogan, *Elite Configurations at the Apex of Power* (Amsterdam: Brill, 2003).

restaurant in the wealthy Abdoun area in Amman that symbolizes the high-status lifestyle enjoyed by Jordanians who benefit from the liberalizing reforms. Ashrafiye, on the other hand, is a poor area in East Amman in which most women wear traditional Islamic dress and families look for food and useful items in dumpsters. These two areas seem like two different countries, yet are in fact two sides of the same city; people may live in one and work in the other. A peripheral question addressed by our research is whether Fashion Café can safely ignore the conditions within Ashrafiye while maintaining its high standard of living.

### **The Framework: Natural States, Open Access Societies and Transition**

North, et al. divide the world into two types of states: natural states, which could be identified as authoritarian states, and open access societies, which could also be described as liberal democracies. Their approach, however, does not emphasize the formally legal nature of each regime but rather the method in which each type of order sustains itself. Natural states exist through creating coalitions of elites that “agree to respect each other’s privileges,” which means access to legal, economic and organizational rights<sup>4</sup>. Open access orders sustain themselves by using institutions open to all citizens—whether in the political or economic arena—that can maintain a consistent monopoly on the use of force.<sup>5</sup> Because elite coalitions in natural states revolve around personal relationships, the social persona is more important than the formal organization or identity, but in open access orders the legal persona is of paramount importance—whether economically (the corporation) or politically (citizenship).<sup>6</sup>

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4 Douglass C. North, John Joseph Wallace, and Barry R. Weingast, *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History* (Cambridge: Cambridge University Press, 2009), p. 18.

5 Ibid, p. 23.

6 Ibid, p. 38.

These different types of states do not exist as stable systems, but rather as historical creations that can evolve into more complex forms. North, et al., divide natural states into fragile, basic and mature states based on their ability to control violence and sustain a growingly diverse array of organizations in society.<sup>7</sup> A mature natural state can make the transition to an open access order if certain criteria are met, which include equal access to rights for elites, institutionalized control over the use of force, and the presence of “perpetually-lived” organizations that exist separately from the people who run them.<sup>8</sup> While the transition will not necessarily happen if these criteria are present, it is impossible for an open access order to form if some of these conditions are absent.<sup>9</sup>

#### *North and Liberalization*

North, et al.’s institutional framework provides insight into the central dynamic of economic reform and retrenchment in Jordan. While traditional development theory focuses on relative abundances of capital and labor, or on the provision of infrastructure, North’s theory shows the primary importance of organizational access in stimulating productivity-enhancing business innovation. Economic rights and concessions are critical glues that holds elite coalitions together in natural states, which is why these rights are often restricted or distributed on an ad hoc basis.<sup>10</sup> The personal nature of elite coalitions in natural states also inhibits the functioning of markets because social structures are built around “patron-client” relationships that value loyalty over efficiency.<sup>11</sup> While the nature of patron-client links can help contain violence, they mitigate the ability of market institutions to function in a manner that promotes innovation and growth.<sup>12</sup>

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7 Ibid, p. 41-48.

8 Ibid, p. 26.

9 Ibid, p. 26.

10 Ibid, p. 38.

11 Ibid., p. 35.

12 Ibid., p. 37.

As a result, there is a qualitative difference between legislative fiat and the institutionalized nature of true open access reforms. Laws will only be enforced if they align with the interests of the predominant elite coalition because there is no appropriate accountability mechanism to ensure that elites are made to implement their promises.<sup>13</sup> For this reason, much of the debate about reform in Jordan centers not on creating a Switzerland-like utopia in the Middle East, but rather on a core part of the development of natural states: how to provide rule of law and equal access for organizations to elites.<sup>14</sup>

However, while our research does illuminate this process at work in Jordan, North, et al.'s framework does not address how the masses will react when they are excluded from this reform process. Because access to organizational forms will increase a person's ability to find productive work and move up the social ladder, elite-based economic reforms will serve to increase the economic status of members of the elite. This paradox of economic reform helps explain the disappointment in Jordan with regard to the promises of liberalization—the masses perceive small improvement, although empirical data shows that certain sectors have indeed prospered under the reform movement. In essence, legal and organizational failures of the state create two economies, which are often called “formal” and “informal,” but could be better thought of as the economy of the elites and the economy of the non-elites. Market-based reforms, however, cannot succeed with the participation of only ten percent of the population, and Jordan is currently struggling with maintaining reform momentum while addressing the fact that even if reforms are successful, they will only benefit a fraction of Jordanians.

### *North and Civil Society*

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<sup>13</sup> Ibid., p. 155.

<sup>14</sup> Ibid., pp. 49-51.

The logic of the natural state rests on the fact that “the creation of rents through limiting access provides the glue that holds the coalition together, enabling elite groups to make credible commitments to one another to support the regime, perform their functions, and refrain from violence.”<sup>15</sup> In other words, it is precisely the institutions of personality that allow such a social order to exist, to create a bond of dependency between the non-elite and his/her elite patron, to allow for specialization of responsibility, and to develop a functioning coalition bureaucracy. It is within this context that one can begin to examine the ways in which states can successfully achieve/maintain—through specific social and political methods—a transition from a natural state to a more open society. Social norms become central to such a project. In order to sustain norms of citizenship, which legitimate the government’s monopoly on force and create expectations about what it means to be a citizen, the state must provide concrete evidence that such beliefs are based in reality (e.g. through access to social services).<sup>16</sup>

The importance of the normative environment cannot be overstated, as the logic of the open-access order (i.e. its function in reducing violence, maintaining stability, and securing elite interests), relies in large part on the citizenry’s recognition of the social contract. As North, et al. assert, norms provide a basic element in the concept of “institution” itself; “institutions include formal rules, written laws, formal social conventions, informal norms of behavior, and shared beliefs about the world, as well as means of enforcement.”<sup>17</sup>

Thus, in order for the Jordanian government to make any sustained transition into an open-access society, it must, through concrete policies and institutional reform, provide material substance to the normative claims that are inherent in the transition to an open-access order. Two

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<sup>15</sup> Ibid., p. 30.

<sup>16</sup> When discussing the role of norms, we rely primarily on the standard sociological definition. Norms are shared expectations about what behaviors or actions are acceptable within a given society.

<sup>17</sup> Ibid., p. 15.

separate, but often intertwining aspects of such reform currently being undertaken in Jordan involve (1) legal and institutional reform apropos civil society, particularly associational life (2) the provision of social services to the general public. The success of such reforms should be measured by their effectiveness in providing physical, tangible confirmation of the normative assumptions that characterize an open access order. Though North, et al. limit their analysis primarily to that of elites, the normative considerations of non-elites is vital to the sustenance of social order and to the development of open access systems.

#### *North and Islamic Actors*

The status of Jordan as a natural state can also be seen in the government's ambiguous relationship with Islamic groups. The absence of two conditions for the transition from a natural state to an open access order, in particular, is highlighted in the Jordanian Government's relationship with Islamic political parties and NGOs. First, access that elites have has not been institutionalized or passed on to organizations. In this case, the governing elite have veto power over the largely middle class Islamic movement. The elite determine when and to what extent Islamic groups can participate in politics as well as in the provision of social welfare. As North, et al. explain, "natural states create and manipulate interests to ensure social order. The pervasiveness of natural state limits on the ability to form organizations can take the form of a postulate or prediction."<sup>18</sup> Just as the elite coalition limits access to economic opportunities and civil society, it also makes it more difficult for organizations to be created outside of its own circle of power. North, et al. write specifically about religion as a means the elite can use to gain further control of the population, citing examples of theocracies as some of the earliest natural

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<sup>18</sup> Ibid., p. 38.

states.<sup>19</sup> While the Jordanian elite have not gone so far as to control and institutionalize religion, they have undoubtedly made clear that certain strands, particularly violent fundamentalist ideologies, are unacceptable. Furthermore, the elites have, in the past, conferred advantages upon religious groups they support. During the 1950s-1970s, the state enabled the rise of the Muslim Brotherhood, yet when the organization became too powerful for the elite to control completely, it began curtailing the group's rights.

Second, the state's tenuous relationship with the Islamic NGO sector demonstrates that it does not possess a monopoly over the military or the threat of the use of force. Indeed, much of the government's language used to describe the Islamic movement reflects its notion that these religious groups fundamentally threaten the state, creating uncertainty among elites and a continually changing relationship. As described by North et al., "consolidated control of the military removes the need for elites to maintain alliances among elite groups tied to military factions, which are activated in situations where violence breaks out."<sup>20</sup> The governing elite, in their dealings with Islamic groups, has sought to diminish the strength of these organizations before they can threaten the state directly with violence, as the elite are uncertain they would survive such a confrontation.

### **The Myth and Promise of Economic Reform**

Jordan's history with economic reform began in the early 1980s when oil prices collapsed, which strained government finances and eventually led to a catastrophic decline in the value of the dinar in 1988.<sup>21</sup> The International Monetary Fund (IMF) stepped in with a fiscal

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<sup>19</sup> Ibid, p. 38-39.

<sup>20</sup> Ibid, p. 26.

<sup>21</sup> Katherine Blue Carroll, *Business as Usual?: Economic Reform in Jordan* (Lanham, MD: Lexington Books, 2003), pp. 1-2.

adjustment program in 1989, but the concessions necessary to slow government spending involved cutting off valuable social services, which led to rioting in rural areas.<sup>22</sup> King Hussein responded by allowing a greater measure of political freedom within the country, including for the first time allowing the parliament to be elected by popular vote.<sup>23</sup>

However, the outbreak of the Gulf War put Jordan through another round of duress, as its alignment with Iraq resulted in the cutting off of aid from the rich Gulf States.<sup>24</sup> The sanctions imposed on Iraq further hurt Jordanian exports, and Jordanian businesses focused their energy on campaigning for sanctions to be lifted.<sup>25</sup> The peace treaty with Israel in 1994 was supposed to have provided an economic boon to Jordan through expanded access to the West Bank and an increase in tourism, but Israeli regulations and continued regional instability kept these dreams from being fulfilled.<sup>26</sup> The Qualified Industrial Zones—through which Jordan could export duty-free to the US if goods had Israeli content—did manage to attract investment, but much of the investment in these zones was from multinational corporations taking advantage of the cost advantages, not indigenous Jordanian entrepreneurship.<sup>27</sup>

On the positive side, Jordan did manage to join the World Trade Organization in 2000, and IMF pressure led to the adoption of a value-added tax that stabilized Jordan's finances.<sup>28</sup> The state also began to move into encouraging investment and export development through free trade zones that provided tax and tariff incentives.<sup>29</sup> Yet after a decade of reform, el-Said and Harrigan, in their study of IMF-led reforms, found that productivity growth had remained flat

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22 Ibid., p. 49.

23 Ibid., p. 2.

24 Ibid., p. 58.

25 Ibid., p. 64.

26 Ibid., pp. 67-68.

27 Ibid., pp. 69-72.

28 Carroll., pp. 80-90.

29 Ibid., p. 94.

through 2002, even though GDP growth rates had risen.<sup>30</sup> They interpret these numbers to mean that Jordan's growth during this time was "extensive," not "intensive": it arose through marginal efficiency improvements from lowered trade barriers or a more favorable regional climate, but it did not come from productivity-enhancing innovation.<sup>31</sup> In the long run, economic theory predicts that economic growth is equal to the rate of innovation, so this lack of productivity development in Jordan is a troubling sign that some parts are missing in the engine of liberalization.

Harrigan and el-Said's more recent work shows the relationship between Jordan's development policies and social capital, which represents the cultural norms, values and institutions that promote cooperation and trust. Social capital is important in both developing and less-developed countries, although in the latter it can have a crucial impact on livelihoods because of the interpersonal nature of regimes. Social capital is classified in two categories: bonding social capital that brings people together based on their common characteristics, and bridging social capital that crosses ethnic and political affiliations.<sup>32</sup> El-Said and Harrigan argue that Jordan's bridging capital between Palestinians and Jordanians—a critical glue promoting healthy social and economic interaction—declined precipitously after Jordan was forced to expel the Palestinian Liberation Organization in 1971.<sup>33</sup> This led to the current situation, in which Jordanians occupy major state positions, and use *wasta* (connections) to ensure they maintain their dominance, while Jordanians of Palestinian origin are consigned to the private sector and use bribes to navigate an increasingly predatory state.<sup>34</sup> El-Said and Harrigan further argue that

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30 Jane Harrigan and Hamed El-Said, *Aid and Power in the Arab World: IMF and World Bank Policy-Based Lending in the Middle East and North Africa* (New York: Palgrave Macmillan, 2009), p. 94.

31 *Ibid.*, p. 92.

32 *Idem.*, "'You Reap What You Plant': Social Networks in the Arab World—the Hashemite Kingdom of Jordan", *World Development* 37.7 (2009): 1237.

33 *Ibid.*, 1241.

34 *Ibid.*, 1242.

this policy of discrimination led to the exodus of Palestinian Jordanians to the Gulf, leading to a loss of human capital and the large Jordanian diaspora.<sup>35</sup> Their conclusion is that Jordan's reform program needs to consider its role in building bonding or bridging social capital, although el-Said and Harrigan do not provide further analysis on how to develop a social capital-building policy.

### *The Current State of Play in Economic Reform*

In our interviews with Jordanian consultants, government officials, academics and journalists we found that the current state of policy reform typifies these competing historical trends: on the one hand, liberalization has happened and there has been growth in certain sectors, while on the other hand the relatively poor quality of institutional development and intra-elite competition has led to opaque and overlapping regulatory regimes that can do more harm than good. Moreover, the positive developments that do exist are mostly available to upper-class, educated Jordanians because of Jordan's comparative advantage in high-skilled services. This puts considerable stress on the educational system to provide a means for inter-class mobility as English language proficiency and professional competencies are increasingly necessary to find employment in high-growth sectors.

In tandem with North, et al.'s framework on the development of institutions, our research focused on measures of institutional quality. For that reason we explored the regulatory framework on investment, tax and trade, which proved to be a confusing patchwork of regulatory decrees and agencies. As one former USAID consultant explained, over time the government has set up various free zones and investment promotion agencies, each of which has different tax and

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<sup>35</sup> Ibid.

tariff incentives. See Appendix II for a description of the major regulatory agencies in Jordan and their relative authorities.

In addition to the sheer complexity of the regulatory regime, the rules are constantly shifting and it is difficult for both domestic and foreign investors to access regulations. A report by the USAID-funded SABEQ reform program in 2007 found that ministries in Jordan have the authority to decide whether to publish internal regulatory decisions in the official gazette—only laws promulgated in parliament have to be published.<sup>36</sup> In addition, the regulations and laws that are released are poorly indexed and difficult to search through, making it hard for a non-expert to become familiar with the regulatory requirements.

This lack of transparency makes it easier for ministries to practice predatory policies or to use varying criteria for tax and tariff incentives. A head of a business association related how a Jordanian information and communication technology (ICT) company seeking to export ICT services was denied approval for a tax exemption after a three-month wait because the government agency made the arbitrary decision that ICT was a service, not a good, and therefore did not qualify for the exemption. Such reclassification of rules can be dangerous for businesses because they make the investment climate uncertain: businesses are not sure whether export incentives will materialize. A consultant with the USAID-funded SABEQ reform program explained that Jordanian officials often have a predatory mindset when they make these approval decisions: if a company's business flourishes, it may, for that reason, lose its exemptions because state officials believe that if a business is doing well, it should have no problem paying the additional taxes.<sup>37</sup>

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<sup>36</sup> Jefferson Hill, "Lowering Risks of Doing Business", Sustainable Achievement of Business Expansion and Quality (SABEQ), Sep. 25 2007.

<sup>37</sup> Interview, March 17.

Given the regulatory climate, it is not surprising that entrepreneurship is a difficult prospect in Jordan. Entrepreneurs face particular difficulty in starting formal businesses. A former USAID consultant explained that starting a limited liability corporation requires numerous permits from different agencies, the most difficult of which are at the municipal-level.<sup>38</sup> Entrepreneurs are also restrained by credit, as the banking system is set up to fund either government debt or large international corporations, according to a banking official at a multinational bank. It is for this reason that successful entrepreneurship is often restricted to members of well-established families who can collectively provide the necessary capital for a new business.

In spite of these barriers, however, there are hopeful signs that entrepreneurship could be improving in Jordan. Soraya Salti, head of the inter-Arab entrepreneurship NGO Injaz, described renewed interest in the idea of entrepreneurship because of the purchase of the internet startup Maktoob by Yahoo! Inc. in the fall of 2009.<sup>39</sup> Maktoob was a company founded and run by Jordanians who struggled to find adequate financing, so its acquisition by Yahoo! for an estimated \$85 million sent shockwaves through business circles in Jordan.<sup>40</sup> According to Salti, the deal has helped change the perception of wealth creation in Jordan: people are realizing the possibility of climbing the socioeconomic ladder through innovation and entrepreneurship, rather than through personal connections or political power.<sup>41</sup> Salti related how interest in the Maktoob reached as high as King Abdullah, who has been enthusiastic in providing more business incubation and acceleration services so that Jordan can become a hotspot for startups.<sup>42</sup>

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38 Interview, March 16.

39 Interview, March 16.

40 "Yahoo Buys Maktoob", Al-Jazeera.net, Business section, 25 August 2009, <<http://english.aljazeera.net/business/2009/08/2009825112728894565.html>> (accessed April 24, 2010).

41 Interview, March 16.

42 Interview, March 16.

However, the Maktoob deal is at the same time a sign of the weakness of the Jordanian regulatory system. The head of a business association explained that because of Jordan's difficult legal system and high tax burden, Maktoob was in fact incorporated in the Cayman Islands, and maintained its front office in Dubai.<sup>43</sup> Only the internet site itself was operated and hosted in Jordan. This internationalized form of incorporation has become common—register the company in a tax-free location, and put the “kitchen” in Jordan, which has a surplus of engineers and IT professionals.<sup>44</sup>

Entrepreneurship represents a strong indicator of the overall health of Jordan's reform agenda, as entrepreneurs are those who undertake high-risk activities that can also have high yield in terms of increasing productivity. Consequently, the mixed story of entrepreneurship in Jordan is a telling sign of the underlying tensions within the ongoing legal reform. One former consultant to the Jordanian Investment Board opined that what Jordan needs to do is to pick one system of tax incentives and investment regulations and stick to it.<sup>45</sup> Instead, as a SABEQ consultant explained, constant minister turnover (the average length of a government in Jordan is often a year or less) means that there is rarely continuation of prior policies and implementation is low, contributing to the confusing web of regulations.<sup>46</sup>

Nevertheless, in addition to the Maktoob deal, there are signs that certain sectors of the Jordanian economy are growing. Data from Intaj, an ICT association, show that ICT exports from Jordan have increased from \$70 million in 2003 to \$227 million in 2008, with the US comprising the third-largest export market, behind Saudi Arabia and the United Arab Emirates.<sup>47</sup>

Similarly, Mustapha Mustapha, head of American Chambers of Commerce in Jordan, described

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43 Interview, March 17.

44 Interview, March 18.

45 Interview, March 14.

46 Interview, March 15.

47 “ICT and IT-enabled Services: Sector Classification and Statistics”, Information Technology Association of Jordan, 2008, unpublished.

how some Jordanian companies have achieved considerable success in international markets, including Petra Engineering, which is now a world leader in the production and export of air conditioning units.<sup>48</sup>

There is potential, then, for Jordan to further develop these capabilities in high-skilled services, and the USAID-funded SABEQ reform program is focused on many of these sectors. However, entrance for Jordanians into these areas requires a strong educational background and often English language fluency, but Jordan's state universities are widely cited as being unable to produce graduates that can compete at international levels. A recent graduate of Yarmouk University's business program, and an aspiring entrepreneur, opined that in spite of the fact that all his classes were taught in English, he was never expected to use his English for anything beyond answering multiple choice tests.<sup>49</sup> A professor in one of his classes decided to assign a business plan that had to be written in English, but students successfully petitioned the administration to prevent the professor from following through. This anecdote only describes problems at the tertiary level—many of Jordan's citizens never reach that level of education. It appears that because the high-growth sectors in Jordan demand a high-value education, continued economic reform is likely to contribute to growing class divisions.

## **The State, Civil Society and Social Services**

### *Civil Society*

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48 Interview, March 18.

49 Interview, March 15.

Historically, the robustness of civil society<sup>50</sup> in Jordan has been contingent upon the security and survival of the regime. Upon the commencement of significant economic reforms in 1989, however, the regime, and the dominant elite coalition in general, deemed it in their interest to allow for more freedoms for NGOs. This was primarily the result of the underlying logic of neoliberalism, and the retreat of direct state interference in economic and social life.<sup>51</sup> Thus, as the state embarked on extensive reforms in the economic sphere, certain social tasks (e.g. the provision of social services) were delegated to sub-state actors. Though superficially promising for democratizing and liberalizing forces in the country, it is clear that the state's strategy of controlling such organizations was merely assuming a different form.

Throughout the 1990's, the relationship between the state and associational life certainly saw important changes. New legislation allowed NGOs to operate without the frequent, and often extreme, intrusions into their operations (e.g. government dismemberment of certain organizations, interference in internal group politics, or the restriction of group activities).<sup>52</sup> Yet, such legislation was limiting in other ways as well. The National Charter of 1991 explicitly granted Jordanians the right of public assembly and organization, though with equally explicit mechanisms of control to be utilized by the government. These included government control over registration, dissolution of organizations, and extensive oversight powers.<sup>53</sup>

Today, many of these same problems of regulating NGOs in Jordan are apparent, even with new legislation on associational life. Jarrah argues that many of these problems relate to the

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50 Though we recognize that debates about the nature and function of "civil society" have been vigorous within political and social theory, we use the term to refer primarily to associational life. While other conceptions of civil society as a vibrant public sphere and/or as a characteristic of certain societies (i.e. a "civil" society) are particularly important, the definition has been limited in this paper for the sake of analytical clarity and precision. For an overview of the civil society debate, see: Michael Edwards, *Civil Society* (Cambridge: Polity Press, 2004).

51 This was not, however, entirely ideological. The World Bank and IMF played an important role in incentivizing the government to decentralize.

52 Sameer Jarrah, "Civil Society and Public Freedom in Jordan: The Path of Democratic Reform," *The Saban Center of Middle East Policy at the Brookings Center*, Working Paper, no. 3, 2009.

53 Ibid.

failure of coalition elites to support the enactment of significant political reforms. He states, “Political-reform inertia is evident in the continued intransigence of political elites, and also in the king’s reliance on royal decrees, rather than working through the parliamentary mechanisms of his constitutional monarchy.” Further, such intransigence has had a negative impact on the effectiveness of civil society organizations.<sup>54</sup> Two institutional mechanisms, albeit interconnected, function to ingratiate the public through the appearance of associational reform, while maintaining new, and effective forms of governmental control over the actions of civil society: the passing of a new association law, and the role of the Ministry of Social Development in the registration and monitoring of NGOs.

In 2008, the Jordanian Parliament (formally known as Majlis al-Ummah—the National Assembly) passed Associations Law No. 51 of 2008 in an attempt to update the definition and procedures of establishment for NGOs within Jordan. The previous association law was Associations Law No. 33 of 1966, which gave the Jordanian Government significant powers in interfering with the activities of civil society. The new law and its subsequent amendment in the form of Associations Law No. 22 of 2009 set forth the following:

- (1) Civil society groups would be defined as associations, closed associations, and private associations operating on Jordanian soil.
- (2) The Ministry of Social Development would be the regulating and registering body for such organizations.
- (3) Registration would be made mandatory—with criminal punishment for those not registering with the Ministry—and significant government control and discretion apropos the registration process would be permitted.

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54 Sameer Jarrah, “Civil Society and Political Freedom in Jordan,” p. 1. For a case study of the problems of civil society in a particular issue area, see: Stefanie Nanes, “Fighting Honor Crimes: Signs of Civil Society in Jordan,” *Paper presented at the annual meeting of the American Political Science Association*, 2002.

- (4) Associations registered under the Ministry may not have any political goals or engage in any political activity.
- (5) Special criminal defamation laws would be applied to such groups, in an effort to regulate speech and advocacy.
- (6) Prior approval from the government would be required in order to obtain funding either from local or foreign sources.<sup>55</sup>

Thus, the new laws, while allowing for the registration of many new NGOs (there are estimated to be around 2,000 NGOs operating in Jordan today), greatly impede on the ability of such organizations to operate outside of government influence. Through the registration process, it can be argued that there is in fact no civil society—in terms of a sphere that is outside of direct governmental regulation and control—operating in Jordan. Indeed, some international organizations, including Human Rights Watch and Réseau Euro-Méditerranéen des Droits de l'Homme, have expressed their concerns with the new regulations, particularly the inability of the organizations to function independently and the barriers to establishment of such organizations.<sup>56</sup> Additionally, the UN Human Development Index ranks Jordan 96 out of 182 (182 being the worst), indicating that the new law has not done enough in terms of political or social development in the country.<sup>57</sup>

The Ministry of Social Development in Jordan is the primary regulatory body for NGOs. This ministry is tasked with both the supervision and approval of associations in the country. While carrying out a law that is unpopular with many international and domestic groups, the

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55 This list has been distilled from the basic regulations outlined in the law and the subsequent amendment. See: Majlis al-Ummah al-Urdunniyya, “Qanun Raqam 51 li-Sana 2008—Qanun al-Jama’iyat;” and “Qanun Raqam 22 li-Sana 2009—Qanun Mu’dil li-Qanun al-Jama’iyat.” (Arabic)

56 See, for example, the joint letter to the Jordanian Prime Minister on behalf of these two organizations on May 12, 2009. Available at <http://www.hrw.org/en/news/2009/05/17/jordan-replace-law-associations>.

57 “Statistics of the Human Development Report.” UN Development Programme. 2009. Available at: <http://hdr.undp.org/en/statistics/>

Ministry asserts that such measures are important in creating a civil society that is vibrant. Based on interviews with senior administrators at the Ministry, it was brought to our attention that the regulatory practices have improved civil society in several ways. First, by ensuring that political parties have no political positions, this helps to separate the two social spheres. Second, the methods of registration have helped non-Jordanians (i.e. Palestinians living in Jordan) establish associations with much more ease. Third, funding monitoring is for security reasons; thus, foreign and domestic sources of support must be approved by the Ministry. Fourth, the prohibition of religious activities by most NGOs creates an environment meant to not prejudice different religious communities. In fact, the Ministry boasts that the registration of NGOs has increased dramatically of recent, and connects such an increase to the new association law.<sup>58</sup>

While admirable for its efforts to create a larger, more diverse, civil society, the government's fear of the emerging sector and liberal political reforms in general, has put such organizations under strict government scrutiny, and potential intrusion. For example, the prohibition of certain religious activities particularly affects Islamic organizations such as the Muslim Brotherhood, which must register with another ministry, the Ministry of Justice (see below for a further analysis of this). Additionally, by mandating political apathy by NGOs, the government forecloses important avenues of support such organizations can provide competing political groups (e.g. technical expertise).

The case of association reform, as expressed institutionally through the new law and practically through its enactment by the Ministry of Social Development, shows that the elite coalition of the natural state, as theorized by North, et al, is not yet prepared for full transition to an open-access order. Without equality amongst elites, and non-elites (through the provision of

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<sup>58</sup> Interview, Ibrahim Taimimi—Ministry of Social Development, March 21, 2010.

social services such organizations provide), the structural environment is not conducive to social change.

### *Social Services*

Social services provide concrete examples of a government's commitment to non-elites. By contributing to the well-being of citizens through services such as health and education, governments clearly demonstrate a certain degree of equality; such services symbolize a horizontal fairness for a country's citizenry by providing equal access to certain social goods. The Jordanian government offers significant social services to its citizenry, particularly in the form of public hospitals and schools. However, while such services benefit large portions of the Jordanian population, other significant populations such as the poor, Palestinian refugees (i.e. those living in camps), and rural populations experience certain forms of stratification apropos the receipt of such services.

The public healthcare system in Jordan is operated by the Ministry of Health; government hospitals account for the majority of hospital beds in the country. It is estimated that the Ministry operates more than 1,245 health-care centers, and 27 hospitals.<sup>59</sup> Additionally, the Royal Medical Services, operated by the Ministry of Defense, runs 11 hospitals.<sup>60</sup> The government, further, spends a large proportion of its GDP on healthcare. It is estimated that the government spends between 7.5-9.3% of its GDP on health services.<sup>61</sup> Because of this, the Jordanian health system has much to boast: low rates of HIV/AIDS, the eradication of malaria, a booming

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59 Library of Congress-Federal Research Division, "Country Profile: Jordan," September 2006. Available at: <http://lcweb2.loc.gov/frd/cs/profiles/Jordan.pdf>

60 Ibid.

61 Ibid.

medical tourism industry that has evolved into a \$1 billion industry, and the highest life expectancies in the Arab world.<sup>62</sup>

Yet, it is clear that major inequalities remain in the country's healthcare system. For example, healthcare in Palestinian refugee camps tends to be operated either by military hospitals, if space is available, or through the efforts of non-governmental organizations such as the Muslim Brotherhood. Additionally, the government network of hospitals primarily services Amman, while rural areas are largely delegated to military hospitals as well.<sup>63</sup> While the government hospitals do carry a large proportion of beds compared to private hospitals in the country, it is important to note that most private hospitals are exceedingly costly in comparison, and thus government hospitals service a larger burden of poor citizens. Islamic hospitals do not provide much more opportunities for the rural and poor, as the hospitals are operated as private industries supported by investment from the Muslim Brotherhood (a more detailed analysis of Islamic social services is below).<sup>64</sup> In sum, the government still has a long way to go to provide more equal access to medical care.

Similarly, the education system, though existing through the exertion of significant government effort and expenditure, demonstrates certain social cleavages, particularly in terms of class. Jordan boast a literacy rate of about 95%, over 25% higher than the mean literacy rate of the rest of the Arab world.<sup>65</sup> Refugees are tended to by government schools and UNRWA schools, which remain in operation in the camps. Many middle and upper-class Jordanians, however, send their children to private schools, due to higher standards of education. The Jordanian government is putting significant effort into the modernization of its school system,

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62 Ibid.

63 Interview, Former Senior Official—Islamic Action Front, March 14, 2010.

64 Interview, Former Senior Official—Ministry of Health, March 15, 2010.

65 Library of Congress, "Country Profile," 2006.

and spends over \$100 million/year on modernization projects, particularly in terms of technology education and English language training.<sup>66</sup>

## **Islamic Groups in the Natural State**

### *Political Movement or Security Threat?*

The government has found it difficult to confront what it views as the great threat of the Islamic movement because the Muslim Brotherhood has political power, social capital, and connections to possible radical Palestinian populations within and outside of Jordan. Thus, "the main debate among Jordan's ruling elite seems to be whether to treat the Islamist movement as a security challenge (to be dealt with by repression) or a political one (to be contained, co-opted, harassed, and managed rather than vanquished)."<sup>67</sup> Based on its actions over the past decade in particular, it seems that the governing elite has decided to treat the Muslim Brotherhood as a political opponent, yet has used the language of security threats in order to gain popular support for curtailing the movement's power. This position suggests that the government lacks the ability to quell the movement completely, or fears the consequences of doing so, underlining the insecurity of the governing regime in the face of Islamic organizations.

It is true that some Islamic groups in Jordan could in fact represent legitimate threats to national security. Therefore, there is a need for Jordan's security forces to create a coherent policy that separates violent radicalism from nonviolent expressions of Islamism, including NGOs and political parties. Yet the government's perception for Islamic groups as an existential

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66 Ibid.

67 Nathan J. Brown "Jordan and Its Islamic Movement: The Limits of Inclusion?" *Carnegie Papers Middle East Series*, No. 74, 2006, p. 7. Available at: <http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=18847>.

threat only reveals the insecurity of the ruling elite. To preserve their power, political elites in Jordan have engaged in a bargaining process with Islamic groups, cracking down on them when they become too politically powerful. This elite bargaining, in turn, affects development by creating ever-shifting rules and paranoia among elites. In a more tangible way, this process of elite bargaining has also affected development by diminishing Islamic groups' ability to administer aid to the poor. Certainly, the Jordanian Government stripped the Muslim Brotherhood of the majority of its power to administer social services not because the services were in themselves a threat to the state, but rather because the Islamic sector is seen as a primary threat to the government.

### *Political Role of the Muslim Brotherhood*

The Muslim Brotherhood is the primary Islamic political movement in Jordan. The Jordanian Government's relationship with the Muslim Brotherhood has changed, depending on the political power the movement held. At first, when the organization shied away from politics, the Muslim Brotherhood and the government enjoyed an alliance. As the Muslim Brotherhood has become politically stronger, however, the government has become more motivated to co-opt the movement. The Muslim Brotherhood gained legal status as a charitable society in January 1945.<sup>68</sup> The organization competed in parliamentary elections in the 1950s and 1960s yet was never very successful.<sup>69</sup> During this period, the government even hoped to broaden Brotherhood activities as a bulwark to rising nationalist and leftist sentiment.<sup>70</sup>

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68 Janine Clark, *Islam, Charity, and Activism: Middle-Class Networks and Social Welfare in Egypt, Jordan, and Yemen*. (Bloomington: Indiana University Press, 2004), p. 85.

69 Brown, "Jordan and Its Islamist Movement," p. 5.

70 Mohammad Abu Rumman, *The Muslim Brotherhood in the Jordanian Parliamentary Elections 2007: A Passing 'Political Setback' or Diminishing Popularity?* (Amman: Friedrich-Ebert-Stiftung, 2007), p. 19.

Although parliamentary elections were not held between 1967 and 1989, the government continued to view the Muslim Brotherhood as an alternative to other groups it feared, particularly radical Palestinian groups in the 1970s.<sup>71</sup> Because it did not pose a direct political threat, the Muslim Brotherhood initially enjoyed the government's support.<sup>72</sup> Through elections to the boards of professional associations, student councils, and boards of faculties, the Brotherhood was able to gain a crucial advantage over other charitable organizations.<sup>73</sup> In fact, the government even allowed the Muslim Brotherhood to operate when martial law was enacted from 1967 until 1989, giving the organization a crucial advantage over others.<sup>74</sup> Furthermore, the government aided the Brotherhood in professional association board elections, student council, and faculty board elections.

In 1989, when elections resumed, the Muslim Brotherhood won an impressive 22 out of 80 seats.<sup>75</sup> Brotherhood members of parliament advocated for "implementation of Islamic law and to condemn cultural practices deemed non-Islamic" as well as for strong support of Palestine.<sup>76</sup> The Muslim Brotherhood worked through its charitable and social organizations to garner popular support (see below).

In 1992, largely in response to the Brotherhood's success, the government passed a new political party law, which outlined a number of criteria potential parties had to meet.<sup>77</sup> To participate, the Muslim Brotherhood would have had to "repackage the entire organization as a political party."<sup>78</sup> Instead, the Muslim Brotherhood established a strictly political wing, the

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71 Ibid.

72 Clark, *Islam, Charity and Activism*, p. 85.

73 Abu Rumman, *The Muslim Brotherhood in the Jordan Parliamentary Elections*, p. 19.

74 Quintan Wiktorowicz, *The Management of Islamic Activism: Salafis, the Muslim Brotherhood, and State Power in Jordan*, (Albany: State University of New York Press, 2001.), p. 98.

75 Abu Rumman, *The Muslim Brotherhood in the Jordan Parliamentary Elections*, p. 57.

76 Brown, "Jordan and Its Islamist Movement," p. 5.

77 Ibid., p. 6.

78 Ibid., p. 6.

Islamic Action Front (IAF).<sup>79</sup> It first participated in parliamentary elections in 1993 and won an impressive 16 out of 80 seats, "despite the creation by dubious legal means of an electoral system specifically designed to minimize the party's influence."<sup>80</sup> The decision to start a political wing of the movement caused a great deal of uproar within the organization yet, in the end, has allowed it to reach Islamists outside of the Brotherhood.<sup>81</sup>

In 1993, after the IAF's strong showing, the governing elite again took measures to stem the tide of Islamist political success. King Hussein issued a new electoral law in August 1993 that changed districts, under-representing many areas with strong IAF support, and also forced voters to choose one candidate for election even if they lived in districts with more than one seat available.<sup>82</sup> With only one vote available to them, people would tend to select candidates with whom they had tribal or family connections, rather than IAF candidates to whom they lacked personal connection.<sup>83</sup> In 1997, the IAF, along with a number of other opposition parties, boycotted elections and, in so doing, garnered enough popular support to run again in 2003 and won 17 seats.<sup>84</sup> In the 2007 election, the IAF won a mere six out of 110 seats, largely due to a government crackdown on the Brotherhood's charity arm (discussed below) as well as a rather ineffective IAF campaign and divisions in the party.<sup>85</sup> With the dissolution of Parliament in November 2009, the role of the IAF is less important. Nonetheless, its history demonstrates the degree to which the governing elite have worked to quell the movement that it views as an existential threat.

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79 Ibid., p. 6.

80 Ibid, p. 6.

81 Ibid, 6.

82 Ibid, 10-11

83 Brown, "Jordan and Its Islamist Movement," 11.

84 Ibid, 7, 11-12

85 Ibid., pp. 11-12.

*The Islamic NGO Sector*

The Islamic NGO sector has existed alongside the political arm of the Muslim Brotherhood and it has come to be viewed by the government a security threat all on its own. These NGOs began, however, as charitable societies that enjoyed government approval. Political liberalization in 1989 resulted in the creation of more NGOs and the largest ever rise in the number of Islamic NGOs in the nation's history.<sup>86</sup> In fact, the growth rate jumped from 3.3 percent in the period 1985-1989 up to 60 percent between 1989 and 1994.<sup>87</sup> As in politics, organizational access for the Muslim Brotherhood in social services is conditional and varies depending on changes in patron-client relationships that alter the institutional structure. The ebbs and flows in the Islamic NGO sector represent the changes in the governing elite's perception of threats and show the lack of consistent institutional organization regarding the sector. As in economic and social issues, the government "is beginning to master techniques for adopting forms of political reform (with various new campaigns, dialogues, and laws) while retreating in matters of substance."<sup>88</sup> Thus, as with the IAF, the government treats Islamic organizations, most notably the Muslim Brotherhood, as dangerous political movements yet describes them publicly as national security threats.

In reality, most Islamic NGOs in Jordan do not differ greatly from non-Islamic organizations.<sup>89</sup> Unlike Islamic NGOs in other parts of the Middle East, those in Jordan are not characterized by their associations with mosques; they are much less religiously focused than Islamic NGOs in other parts of the Arab world.<sup>90</sup>

As with the general NGO community, Islamic NGOs limit their activities and do not engage in political work. They focus on providing basic goods and services to

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86 Wiktorowicz, *The Management of Islamic Activism*, p. 84.

87 Ibid, p. 84.

88 Brown, "Jordan and Its Islamist Movement," p. 3.

89 Wiktorowicz, *The Management of Islamic Activism*, p. 85.

90 Ibid, p. 85

communities to promote Muslim values and do not seek a radical transformation of the political system. The priority is the services themselves, not a specific Islamic message of political agenda. Religiosity thus becomes the residual effect of doing good deeds for the community. Members spend more time discussing the effectiveness of projects in terms of their socioeconomic impact instead of their religious effect.<sup>91</sup>

Despite the fact that most Islamic NGOs in Jordan are not radical, the Israeli-Palestinian situation undoubtedly affects their discourse. Most areas where Islamic NGOs are active are also communities with large Palestinian populations.<sup>92</sup> In fact, the conflict seems to dominate the national psyche. Jordanians regularly identify themselves as “East Bankers,” and one interviewee went so far as to say that a two-state solution between Israel and Palestine would strip Islamic groups, even the Muslim Brotherhood, of their social power.<sup>93</sup> The IAF, the Muslim Brotherhood’s political arm, is even seen as separate from its parent organization in terms of its supporters. Most Jordanian Islamists are IAF, while most Palestinian Islamists are members of the Muslim Brotherhood because it is more active in Palestinian areas.<sup>94</sup> This link between the Muslim Brotherhood and the Palestinian population and, by extension, with Hamas, has had great political ramifications for the organization within Jordan.

Most Islamic NGOs in Jordan are located in middle-class urban areas, with the highest concentration in Amman followed by Zarqa.<sup>95</sup> As mentioned above, most areas where Islamic NGOs are prevalent are also areas with considerable Palestinian populations.<sup>96</sup> Islamic NGOs are largely middle class movements, with most members between the ages of 40 and 60, who are “driven by socioeconomic concerns for their communities,” rather than with motivations to transform the political system.<sup>97</sup> Islamic NGOs not affiliated with the Muslim Brotherhood are

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91 Ibid, p. 85.

92 Ibid., p. 86.

93 Interview, UN Official, Amman, March 18, 2010.

94 Interview, Former Senior Official—Islamic Action Front, March 14, 2010.

95 Wiktorowicz, *The Management of Islamic Activism* p. 86.

96 Ibid, p. 87.

97 Ibid., pp. 88, 92.

generally not very effective, however, partly due to lack of coordination among organizations. “There is no broad, unified organizational network [...] Leadership overlap and coordinated activities are generally viewed as constituting the linkages of a social movement organizational network, and both are generally lacking in the Islamic NGO community.”<sup>98</sup> The Muslim Brotherhood still remains the oldest and most powerful Islamic NGO in Jordan.

Although merchants in Transjordan primarily established the Muslim Brotherhood, it is currently composed mainly of “middle-class professionals and professionals in the making, and, increasingly, by Palestinian middle-class professionals.”<sup>99</sup> This social makeup and the organization’s history “reflect the desire of an emergent professional class for political power,” rather than a revolutionary organization seeking to change the government.<sup>100</sup> It also represents an organization perhaps more concerned with advancing the status of the middle class than with providing charitable services.

With initial governmental support, the Brotherhood was able to “develop a wide network for public welfare and social work, and has participated widely in volunteer activities. The organization also invested in mosques, schools and charitable activities in order to introduce themselves and disseminate their ‘calling.’”<sup>101</sup> In particular, social and educational programs were important in facilitating the Muslim Brotherhood’s popularity at the grassroots level.<sup>102</sup> To further its charitable and social work, the Muslim Brotherhood founded the Islamic Center Society in 1963.<sup>103</sup> The Jordanian Government initially supported the Muslim Brotherhood’s efforts in social work, as the Brotherhood provided a number of social and educational programs and even provided meeting places for non-related organizations, such as sporting and scouting

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98 Ibid., p. 91.

99 Clark, *Islam, Charity and Activism*, p. 84.

100 Ibid, p. 84.

101 Clark, *Islam, Charity and Activism*, p. 85.

102 Abu Rumman, *The Muslim Brotherhood in the Jordan Parliamentarian Elections*, p. 19.

103 Brown, “Jordan and Its Islamist Movement,” p. 5.

groups.<sup>104</sup> Until 2006, the Islamic Center ran “14 health care centers and two large hospitals in Amman and Aqaba, 50 schools at all levels catering to 16,000 students, and 56 centers for 12,000 orphans, compared to the Ministry of Social Development’s responsibility for 3,000 orphans.”<sup>105</sup> In addition, it was involved in mosques, public universities and student councils, charity and social welfare work, and private universities.<sup>106</sup>

The King’s expulsion of Hamas in 1999 signaled the beginning of a change in the attitude of the governing elite toward the Muslim Brotherhood, largely due to its power among Jordan’s Palestinian population.<sup>107</sup> When Hamas won the Palestinian elections in January 2006, the Jordanian Government became even more worried about the threat of the power of the Muslim Brotherhood, particularly because it has a considerable Palestinian contingent. Governments across the region had similar reactions; indeed, “the victory of Hamas in the Palestinian elections in January triggered major fears among most Middle East countries, causing them to step back from the process of political openness set in motion in the region.”<sup>108</sup> When the Jordanian Muslim Brotherhood won elections in the professional organizations later in 2006 then appointed Zaki Bani Irshad, a Jordanian from Palestine, as new IAF secretary general, the Jordanian government began to fear that Hamas was involved with the Muslim Brotherhood.<sup>109</sup> To make matters worse, “the condolences expressed in June by two prominent IAF leaders (Ahmad Sukkar and Muhammad Abu Faris, both MPs) to the family of Abu Mus’ab al-Zarqawi, the al-Qa’ida leader killed in Iraq, was considered by the Jordanian authorities the point of no return in

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104 Abu Rumman, *The Muslim Brotherhood in the Jordan Parliamentarian Elections*, p. 19.

105 “Right to Association.” *Human Rights Watch*. December 2007.

<http://www.hrw.org/reports/2007/jordan1207/3.htm>

106 *Ibid.*, p. 76.

107 Stemmann.

108 Juan Jose Escobar Stemmann, “The Crossroads of Muslim Brothers in Jordan.” *Middle East Review of International Affairs*, March 2010. Available at: <http://www.gloria-center.org/meria/2010/03/escobar.html>.

109 *Ibid.*

the radicalization process.”<sup>110</sup> The government even arrested and charged these two IAF members, forcing them to spend several months in prison before granting them a pardon.<sup>111</sup>

In July 2006, the government co-opted the majority of the Muslim Brotherhood's social services sector. At that time, the Jordanian cabinet replaced the Islamic Center's board of directors on the grounds that financial crimes had been committed.<sup>112</sup> The move was clearly seen, however, as "heavy-handed political pressure."<sup>113</sup> In addition, the government prohibited Brotherhood members from preaching in mosques and even tried to censor sermons that were allowed.<sup>114</sup> To further incapacitate the movement, the governing elite closed the Brotherhood's newspaper, passed legislation restricting the release of legal rulings without official approval, and even looked into decreasing power of the professional organizations in which the Brotherhood had a number of supporters.<sup>115</sup>

Certainly, “the Center and these kinds of activities have [...] allowed the Brotherhood to maintain a concrete presence in volunteer-based charitable societies, paralleling the state’s social welfare system and offering much needed aid and assistance to the needy.”<sup>116</sup> When the Brotherhood was stripped of its power to operate as a charitable organization, it was less able to interact with the Jordanian population and therefore was largely unsuccessful in the 2007 elections.<sup>117</sup> The Jordanian ruling elite clearly viewed the Brotherhood as a viable threat to its power and therefore increased regulations against it, proving not only that the government lacks

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110 Ibid.

111 Ibid.

112 Brown, “Jordan and Its Islamist Movement,” p. 5.

113 Ibid., p. 6.

114 Ibid, p.6.

115 Stemmann..

116 Abu Rumman, *The Muslim Brotherhood in the Jordan Parliamentarian Elections*, p. 69.

117 Ibid.

a monopoly over security but also that the access that elites have has not been institutionalized or granted to organizations.<sup>118</sup>

The two Islamic hospitals and a network of private schools remain under the Islamic Center's care.<sup>119</sup> These institutions primarily serve the middle classes, not the poor. In fact, they are more expensive than public schools and hospitals and therefore serve a middle class audience and are used by the Muslim Brotherhood to earn revenue, rather than as charity.<sup>120</sup> “A prominent politician, and opponent of the Brotherhood, has claimed that the Society provides 30% of the financial resources required for the Brotherhood to maintain its strength during parliamentary election campaigns.”<sup>121</sup> When the government came to view the Islamic Center Society as a crucial means for the Brotherhood to gain support on the grassroots level, it attempted to shut down both its political and social means of gaining power.<sup>122</sup> The IAF's performance in the 2007 parliamentary elections demonstrated that it has largely been weakened largely due to the diminished social capital of the Brotherhood following the takeover of the board of the Islamic Center Society. Whether in politics or social services, then, the governing elite have not hesitated to co-opt or severely curtail the power of Islamic groups in Jordan. In the government's view, such organizations represent an existential threat, which have the power to expose and possibly undercut the underlying weakness of a seemingly indestructible regime.

### **Policy Recommendations**

It might appear from our analysis that reform is next to impossible because elite coalitions are self-sustaining and will always thwart efforts that would reduce its influence over

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118 North, et al., *Violence and Social Orders*, p. 26.

119 Interview, Former Senior Official—Islamic Action Front, March 14, 2010.

120 Ibid.

121 Abu Rumman, *The Muslim Brotherhood in the Jordan Parliamentary Elections*, p. 26.

122 Ibid.

the state. However, it should be noted that while natural states bring a measure of stability through controlling the use of force, the coalitions themselves are unstable because they need to continually re-balance to address political or economic changes.<sup>123</sup> For that reason there are benefits to open access societies for elites: while they do allow for systematic competition, they also limit the penalties to those who fall out of favor with either the masses or the elites.

It is commonly noted that Middle Eastern states appear invulnerable to change until they do in fact change. The Iranian Revolution of 1979 is a case in point: although it did not involve a transition to open access, it did represent the overthrowing of one coalition of elites to be replaced with another. Consequently there is an interest for elites to transition to an open access because they also benefit from a society that is governed by institutional norms that separate legal personas from social personas. Otherwise, they face the continual risk that the system will disintegrate because the limits on the legitimate use of force have not been institutionalized in an open access order.

Once the elite coalition loses its grip on control it can quickly erode the society's rules and limits on the use force because these rules are tied to the elites' personal authority, not the formal authority of the state. While the risk at any moment in time of bloody revolution is low, it would appear that it is still in the interests of elites to take reform seriously as the threat of violent implosion outweighs the benefits of exclusive access from being a part of the elite coalition. To that end our policy suggestions are aimed at leveling the institutional access for elites—a precondition for the transition to an open access order—while at the same time building support for reforms among marginalized populations to ensure stability during the transition.

In order for Jordan to continue the transition from a limited access order to an open access order, the state must make substantive political reforms that demonstrate the equality of

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123 North, et al., *Violence and Social Orders*, p. 21.

access to elites and non-elites, as well as reinforce and materially confirm the norms of citizenship that open access orders rely on. Below are a set of recommendations for the future. Though certainly not comprehensive, these reforms represent major structural initiatives that will help ease Jordan's transition. We acknowledge as well that the role of outside actors can be significant in encouraging elites to move towards an open access order, whether through dialogue and persuasion or through the use of conditions and incentives to change.

### *Restructuring Economic Reform?*

Because of non-elites' limited involvement in the sectors likely to benefit most from further reform, the Jordanian government, US diplomats and the NGO community need to do more work to encourage corporate social responsibility (CSR). Voluntary CSR offers the best hope to change the perception that reform efforts are only benefiting elites because it would show companies reinvesting back into local communities. Currently, few Jordanian businesses engage in any form of CSR, which we learned is because of a business culture that emphasizes keeping wealth within family and tribal networks.<sup>124</sup> This cultural bias is particularly problematic now because Jordan's capital city has undergone a major construction boom, leading to many examples of conspicuous consumption that are stirring class tensions and creating resentment against government policies.

### *Fostering Healthy Civil Society*

In terms of changing the social landscape in Jordan, the government should pursue one specific policy goal. First, the government must continue efforts to pull down barriers associated with the formation of civil society organizations. The new association law and its amendments

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<sup>124</sup> Interview, March 16.

have made important steps in certain aspects (e.g. normalizing registration for non-Jordanians, etc.), though it still functions as an institutional mechanism for the elite coalition's control over the political and social processes in the country. This should take the form of government sponsored legislation that guarantees the freedom of assembly, with little government interference in organizational matters. This will not be an easy task, as ruling regimes are reluctant to give up significant controls over society. Thus, outside intervention from donors/allies in the form of carrots-and-sticks might be necessary to ensure that Jordan guarantees the human rights of its citizenry and breaks the path dependency of limited access orders.<sup>125</sup>

#### *Fostering Cooperation with the Islamist Sector*

In terms of the government's treatment of the Islamist sector, two primary policies should be pursued. First, the government's regulatory framework for Islamic groups needs to be reexamined. These organizations are treated distinctly from other NGOs and are even registered under the Ministry of Justice rather than the Ministry of Social Development, despite the fact that their activities do not differ greatly from those of secular organizations.<sup>126</sup> Such a system creates more barriers to the inclusion of Islamic organizations in Jordanian society and only encourages the persistence of a natural state order, in which organizations tied to elites have different privileges than those outside of the elite coalition. Second, the government needs to take steps to depoliticize the treatment of security threats. The use of military, intelligence, and law enforcement agencies, rather than its political elite to enforce security is vital. Certainly,

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125 For a similar argument in regards to breaking the cycle of authoritarianism in Turkey, Algeria and Egypt see: Steven Cook, *Ruling But Not Governing: The Military and Political Development in Egypt, Algeria and Turkey* (Baltimore: The Johns Hopkins University Press, 2007).

126 Interview, Ibrahim Tamimi, Ministry of Social Development, March 21, 2010.

deregulation certainly cannot be taken so far that every organization is allowed complete freedom to operate, as the threat of radicalism undoubtedly does exist in Jordan. Rather, the government needs to delegate responsibility for security to non-politicized agencies, rather than allow elites in Parliament to use their political and social capital to influence decisions about security. Indeed, the transition from natural state to open access order necessarily involves this devolution of personal power to impersonal institutions.

While these policy suggestions on their own are not enough to make a transition to open access order possible, they represent conclusions reached from an understanding of the dynamics of the elite coalition. It is important for any policy framework in Jordan to be based on a cogent reading of the realities of Jordan's institutional development. There is hope that Jordan will move further along the road to an open access order, but importing Western ideas of reform that are conditioned to an open access order does not suffice for this transition to happen. Rather, focusing reform on the conditions of transition—rule of law for elites, perpetually lived organizations and monopoly on force—offers the best path to make this transition a reality, although this transition may not happen within the three to five-year time window often used in policymaking.

## **Appendix I: North, Wallis and Weingast's Conceptual Framework<sup>127</sup>**

### Natural States

Elite coalition based on personal ties  
 Social persona more important than official powers;  
 Trade controlled by elite coalition;  
 Organizational forms limited to elite coalition;  
 Makeup of elite coalition continually changes in response to differences in internal/external environments;  
 Vary in complexity—fragile (barely able to contain violence), basic (durable over time) to mature (able to sustain organizations as independent legal institutions);

### Open Access Orders

Beliefs in equality of rights and access held by entire population;  
 Organizational forms available to all and promote “systematic competition” in politics and economics;  
 Exchange in the market is based on impersonal ties;  
 State is limited in its ability to deny public goods to opponents and reward supporters;

### Conditions Necessary for Transition from Natural State to Open Access Order

Elites have access to rule of law, which is impartially enforced within the elite coalition;  
 Organizations that exist beyond the life of their founders – i.e., perpetually lived;  
 State has “consolidated control” over the military and the threat of the use of force;

### The Transition Proper in the West

Transition occurred in 19<sup>th</sup> century because of changes in institutional forms, not technological progress  
 Open access laws developed through intra-elite bargains that gradually spread rights outside the elite coalition  
 Once masses had access to organizational rights, this in turn created more pressure for open access

## **Appendix II:**

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127 Adapted from: Douglass C. North, John Joseph Wallis, and Barry R. Weingast, *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History* (Cambridge: Cambridge University Press, 2009)

## **Regulatory Agencies and Free Zones in Jordan**

### Jordan Investment Board

Advocates for foreign investment in Jordan;  
Offers tax and tariff breaks on profits and imports/exports for MNCs;  
Has a national scope;

### Jordan Industrial Estates Corporation

Goal is to facilitate upward and backward linkages in manufacturing;  
Offers tax incentives for investment in “industrial estates” located around Jordan;  
Has internal capability to approve regulatory issues within its estates;

### Free Zones Corporation

Operates free zones with tax and tariff incentives for businesses that export out of Jordan;  
Free zones located around Jordan, including the national airport;  
Investment projects can be in any sector, provided they are aimed at exporting;

### Jordan Enterprise Development Corporation

Provides technical assistance to SMEs;  
Runs business incubators and promotes entrepreneurship;  
Tends to have less overlap with other agencies;

### Development Zones Corporation

New agency; founded in 2010;  
Administer its own “development zones” that will have a combination of tax and tariff incentives;  
Can issue internal approvals for regulatory permits;

- Abu Rumman, Mohammad. *The Muslim Brotherhood in the Jordanian Parliamentary Elections 2007: A Passing 'Political Setback' or Diminishing Popularity?* Amman: Friedrich-Ebert-Stiftung, 2007.
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