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IMAGE AND IMAGE-MAKING: THE CASE OF JORDAN

By

JOSEPH ANTHONY ROWLEY

B.A., James Madison University, 1982

A Thesis

Submitted to the Graduate Faculty

of the University of Richmond

in Candidacy

for the degree of

MASTER OF ARTS

in

History

May, 1990

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Professor Emory C. Bogle,
Thesis Director

This thesis is an analysis of the public relations campaign of the Jordanian government with respect to its major economic development projects. It surveys the tourism, agriculture, mining and manufacturing, banking and finance, and commercial aviation sectors. The chapters trace the evolution, planning and development of each sector. The procedure entailed a thorough analysis of development and tourist literature published by the Jordanian Ministry of Information, the Jordan Information Bureau, and the Jordan National Planning Council, along with pronouncements by Jordanian officials and reports in the Jordanian press, concurrent with an investigation of each sector using scholarly sources--books, journal articles, papers presented at international conferences, Joint Publications Research Reports, as well as press reports. This analysis led to the conclusion that Jordan, a small nation of 2.5 million people without substantial quantities of oil or other natural resources, made dramatic progress in each sector during the decades of the 1970s and 1980s, while the government of Jordan characterized the country

as an open, progressive nation with a free-enterprise economy and a stable political system, steeped with a long historical heritage, with the aim of attracting tourists, foreign and domestic investors, and international businesses to Jordan.

ACKNOWLEDGEMENTS

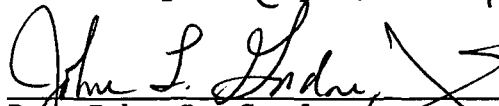
I would like to acknowledge a few persons whose help and support were vital to the completion of this project. First, Professor Emory C. Bogle, director of the project, for his steadfast faith and patience, three of my colleagues at Boatwright Library, Lawrence R. Snedden, Audio Visual Coordinator, for his expertise in word processing, John S. Walters, Reference Librarian, and Sue Ratchford, in charge of Interlibrary loans, for their indispensable aid in acquiring vital sources, and Barbara K. Weisenberger, secretary of University College, for her indefatigable efforts in editing the final manuscript.

Approval Page

I certify that I have read this thesis and find that, in scope and quality, it satisfies the requirements for the degree of Master of Arts/Science.



Dr. Emory C. Bogle, Thesis advisor



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INTRODUCTION

Throughout antiquity the area that now comprises the Hashemite Kingdom of Jordan enjoyed an important role as a commercial and transit center, lying at the crossroads of the land routes that linked Asia, Africa and Europe, and along which flowed the luxury goods of the ancient world. The region flourished during the classical civilizations of the Nabataeans and Romans, and continuing into the Byzantine and Ummayyad periods. The remnants of those ancient civilizations play a central role in Jordan's efforts to flourish economically once again.

The wealth of archaeological ruins in Jordan bears testimony to the prosperity of the area throughout antiquity. This historical backdrop is the focus of Jordan's efforts to publicize and propagate awareness of its major economic development projects and tourist attractions. The theme of Jordan's public relations and its catch phrase is "a modern country in an ancient land." Government-produced literature draws numerous parallels with Jordan's ancient past, comparing the country's political stability in modern times with that prevalent in the classical Roman era, and emphasizing its strategic location at the crossroads of three continents.

The purpose of this thesis is and to analyze the Jordanian government's publicity campaign with respect to its major

economic sectors. The chapters that follow will survey progress in the sectors of tourism, agriculture, mining and manufacturing, banking and finance, and commercial aviation, and attempt to illustrate how Jordan is becoming a modern state despite its small size and sparse natural resource base.

TOURISM: "A MODERN COUNTRY IN AN ANCIENT LAND"

Jordan is rich in historical, archaeological, and natural features that attract visitors from all over the world. The ancient cities of Petra and Jerash rank among the world's great archaeological treasures, and the dramatic landscapes of the Wadi Rum desert, the Dead Sea, mineral and thermal springs, and the beaches of Aqaba are among Jordan's natural treasures. Tourism is Jordan's second largest foreign exchange earning industry. It is also a vital medium for international exposure and public relations. Commenting in Jordan, a public relations magazine published by the Jordan Information Bureau for distribution to travel, government, business, and cultural representatives, Prince Muhammad, president of the Higher Committee of the Ministry of Tourism in 1979 stated:

Tourism is creating an expanded community, a world community where neighbors are not only people living next door to one another but peoples living side by side as nations....There is no doubt that wide international travel leads to greater understanding and friendship among peoples of the world....In that knowledge and awareness of common human aspirations lies the hope of future civilizations.¹

In the opening address to the First Conference on the History and Archaeology of Jordan, Crown Prince Hassan, citing the common cultural heritage of the Middle East and the Western world, expressed the hope that greater awareness of Jordan's past would

¹Jordan Information Bureau (JIB), Jordan 4 (Washington, D.C.: Winter 1979), 1.

expressed the hope that greater awareness of Jordan's past would encourage greater goodwill between the nations of these regions.¹ Statements such as these by members of the royal family and other Jordanian officials demonstrate that Jordan is presenting itself as a progressive nation with an international outlook.

The purpose of this chapter is to examine how the government of Jordan is developing its tourist attractions, and to analyze its efforts to publicize and stimulate interest in them. The early part of this chapter will discuss the development of Jordan's tourist infrastructure. The greater part will discuss some of Jordan's major antiquities, in particular Petra, Jerash, and the Roman Decapolis cities, and the latter part will cover Jordan's natural wonders.

Jordan's rich historical heritage is the focus of its effort to attract tourists. Travel literature published by the Ministry of Tourism presents Jordan as a journey back in time, and an opportunity for visitors to rediscover their own cultural roots. "Its (Jordan's) traditions are the heritage of most of the civilized world, so that visiting Jordan becomes a kind of spiritual homecoming."² The historical emphasis pervades travel literature about Jordan. The following quote by free-lance writer Cynthia Barry in Jordan illustrates the theme perfectly: "In a vivid way,

¹Adnan Hadidi, ed., Studies in the History and Archaeology of Jordan, (Amman: Department of Antiquities, 1982), 12.

²Jordan, Ministry of Information, Jordan (London, Hutchinson Benham, 1978), 141.

these diverse sights crystallize the essence of Jordan. Like the Roman god Janus, Jordan looks in two directions: one face turns toward the future, the other toward the past."¹

Jordan's tourist literature is often written by scholars who have been working to help restore its major attractions, replete with walking tours in writing with vivid descriptions of the major monuments, and background information on the progress of the excavations. Always accompanied with vivid and dramatic color photographs, tourist articles on various antiquities invariably contain assurances of accessibility by modern roads, since in many areas only a decade or two ago none existed. Tourist literature also illuminates and enlivens Jordan's antiquities and even its natural features, the Dead Sea and mineral springs, by relating them to events and personages of the Roman and New Testament periods, as well as the later Byzantine, Islamic, and Crusader periods. References to the Wadi Rum desert, however brief in passing, do not fail to mention Lawrence of Arabia, just as references to the mineral springs at Zarqa Ma'an, invariably allude to Herod the Great, who bathed there.²

The people of Jordan represent another important element in Jordan's promotional campaign. Articles in Jordan by travel writers and scholars alike who have visited the country contain

¹JIB, "Jerash and Ajlun," by Cynthia Barry, Jordan 6 (Washington D.C.: Winter 1981-82), 7.

²See for example: JIB, "Jordan's Seven League Boots," Jordan 4 (Washington D.C.: Winter 1979), 23.

accounts of the famous hospitality of the Jordanian people. Prince Muhammad declared "There is no country which honors it (the tradition of welcome and hospitality to the stranger) more, not only as a basic tenet of our lives but as a privilege."¹ Visitors to Jordan confirm that such hospitality is not contrived but genuine, and that the welcome is not an institutional one but a personal one. Ralph Friedman, an American travel writer who has visited Jordan writes: "In all my years and places of wandering I have not come the way of a friendlier people than those encountered in Jordan."² Visitors to Jordan-tourists, professors, students, archaeologists, historians, free-lance writers, and specialists of all kinds-corroborate this claim with accounts of invitations for meals in the homes of townspeople, experiences with Arab food, traditional dancing and other facets of Arab culture.

In the continuing search for Jordan's antiquities that remain buried under the ground, as in the other areas of economic development surveyed in this thesis, Jordan's royal family maintains a high profile. Crown Prince Hassan established an international advisory council to advise Jordan's government about excavations. The following quote of King Hussein demonstrates Jordan's dutiful attitude about uncovering its relics: "We are

¹JIB, Jordan 4 (Winter, 1979), 1.

²JIB, "The Lovely People of Jordan," by Ralph Friedman, Jordan 5 (Washington D.C.: Summer 1980), 22.

caretakers of a legacy that belongs not to us but to the world,"¹ again underscoring the common cultural heritage of the Middle East and the Western world. Dr. Akram Barakat, the editor of Jordan, citing Jordan's rich historic and religious heritage, said that Jordan has been "entrusted with the guardianship" of its treasures from the past.²

As part of its public relations strategy, the government of Jordan welcomes and encourages foreign journalists, scholars, travel writers, and other specialists to study and publicize Jordan's long and varied past, its antiquities, its natural wonders, and its people. The 1973-75 Three Year Development Plan contained the following policy measure:

Promoting Jordan's tourist and archaeological heritage in existing and new tourist markets, through publicity tours, folders, brochures, posters and the production of souvenirs, pictures and films about tourist and archaeological sites. Therefore, it is imperative that the activities of the Ministry of Tourism and Antiquities, the Ministry of Culture and Information, the Ministry of Foreign Affairs, ALIA-The Royal Jordanian Airlines and tourism and travel agencies be coordinated in order to formulate a comprehensive programme of advertisement and publicity abroad, especially for the Aqaba Coast.³

Subsequent development plans contain similar policy measures. In literature oriented to tourism, archaeologists and historians

¹Adnan Hadidi, "The Archaeology of Jordan: Achievements and Objectives," in Studies in the History and Archaeology of Jordan, ed. Adnan Hadidi (Amman: Department of Antiquities, 1982), 70.

²JIB, Jordan 4 (Winter 1979), 1.

³Jordan, National Planning Council (NPC), Three Year Plan For Economic and Social Development 1973-1975 (Amman, 1973), 140.

outline the historical background of Jordan's antiquities, speculating on burial practices, religion, and the causes and circumstances of the beginnings of settlements. Writing under the aegis of the Jordanian government, they consistently emphasize Jordan's historical and religious heritage, romanticizing the classical ruins with vivid descriptions and tantalizing images of the past: "Here is the land of the prophets, where Muhammad, Jesus, and Moses walked and heard the word of God."

Before the 1967 war with Israel, when the West Bank was still part of Jordan, Jerusalem and the other holy sites in that region formed the backbone of Jordan's tourist industry. During the 1950s the tourist industry grew slowly, with income growing from \$6 million in 1954 to \$9 million in 1960 (JD 3.2 million).¹ By 1966 the figure reached JD 11.3 million (about \$35 million).² By that same year Jordan had 120 government approved hotels. The 1967 war and subsequent occupation of Jerusalem and the West Bank deprived Jordan of most of its major tourist sites and eighty percent of its tourist facilities and hotels. Income from

¹Eliahu Kanovsky, The Economy of Jordan; The Implications of Peace in the Middle East (Tel Aviv: University Publishing Projects, 1976), 9.

²Jordan, Ministry of Culture and Information, Jordan 1973, A Brief Survey (Amman, 1973): 59, and W. B. Fisher, "Jordan," in The Middle East and North Africa, 1989, 32nd ed., (London: Europa Publications Ltd., 1988) 500.

tourism in 1968 dipped to JD 4.6 million,¹ and by 1971 had plummeted to JD 3.1 million.²

Recognizing the importance of tourism to its economy, in the early 1970s, the Ministry of Tourism and Antiquities embarked on a program to strengthen what remained of Jordan's tourism potential, promoting Jordan as an "alternative holy land." At this time Jordanian authorities increasingly recognized that they had neglected the tourist sites and potential of the East Bank, which from 1963 up to the 1967 war, received thirty to forty percent of visits to historical sites by tourists.³ The Three-Year Plan 1973-75 included the goal of increasing income from tourism (in the East Bank) to JD 10 million, approaching the JD 11.3 million level achieved in 1966 in both the East Bank and West Bank combined.⁴ The East Bank still had Petra and Jerash and hundreds of other archaeological sites, as well as the beaches of Aqaba and the Dead Sea, the striking natural beauty of the deserts, ancient castles and other attractions. Government literature still includes discourse on such West Bank sites as Jerusalem, Bethlehem and Jericho, replete with photographs of the Church of the Holy Sepulchre, the Harem esh-Sharif (the Noble Enclosure),

¹Kanovsky, The Economy of Jordan, 58.

²Ministry of Information, Jordan 1973, 59.

³Kanovsky, The Economy of Jordan, 58.

⁴NPC, Three Year Plan 1973-75, 139.

and the Dome of the Rock, implying a continuing claim upon these sites.¹

In the early 1970s, Jordan had few first class hotels aside from the Jordan Intercontinental in Amman, and lacked trained personnel for the new hotels under construction. In 1974 the Minister of Tourism and Antiquities, Ghaleb Barakat, called upon the International Labor Organization (ILO) for assistance to solve its problem of personnel shortage. The ILO sent tourism expert, Adnan Haboo, to organize a Hotel Training Center, with the assistance of the United Nations Development Program. Instructors at the school are specialists trained at hotel and catering schools in England. Funding for the center came from the World Bank, the Jordanian government, and the United Nations. By 1979 the training center was graduating a hundred trainees a year. Travel brochures and literature are filled with assurances of the comfort and modern amenities of its tourist facilities.² However, the Ministry of Planning conceded in its Five Year Plan for 1986-90 that there was still need for improvement in domestic skills in management of large tourist hotels.³

By 1974 the tourist industry began to expand. That year the Jordanian government began allowing visitors to cross into the West Bank and the number of tourists rose to 554,913, nearly

¹Ministry of Information, Jordan, 149-153.

²Ibid., 141.

³Jordan, Ministry of Planning, Five Year Plan for Economic and Social Development 1986-1990 (Amman: 1985), 357.

regaining the 1966 level of 617,000, while income from tourism exceeded it, reaching JD 17.3 million.¹ In 1975 income from tourism reached JD 32 million, shattering the goal of JD 10 million in the 1973-75 plan.² Jordan had rebuilt its tourist industry into one of the country's leading sources of income, reaching second place as a foreign currency earner by 1980. By 1979 the number of visitors reached 1,316,000, increasing to 2,075,502 in 1980.³

During the decade of the 1970s the Ministry of Tourism and Antiquities promoted the concept that Jordan and its Arab neighbors develop into a single tourist entity, with its recreational facilities and those of Lebanon and Syria becoming an integrated whole.⁴ Subsequently, a number of events and developments dashed that hope during the 1980s. The most obvious deterrents were the Israeli invasion of Lebanon in 1982 and continuing sectarian warfare in that country, the Achille Lauro incident in 1986, and escalating violence in the Gulf region.

In the Five Year Plan 1981-85 the Ministry invested \$190 million in a three-pronged effort to increase and improve Jordan's tourism facilities, to continue the restoration of its

¹Fisher, "Jordan," 500 and Kanovsky, The Economy of Jordan, 59.

²Kanovsky, The Economy of Jordan, 89.

³Fisher, "Jordan," 500.

⁴NPC, Five Year Plan for Economic and Social Development 1976-1980 (Amman, 1975), 194.

antiquities, and to promote tourism from abroad, with the goal of increasing tourist revenue from \$465 million in 1980 to \$890 million by 1985.¹ Actual revenue from tourism in 1985 fell far short of the stated goal however, reaching only about \$585 million, as economic conditions led to a decline in the annual number of tourists.²

Alia, The Royal Jordanian Airlines, plays an important role in Jordan's tourist industry by transporting most of the tourists and helping to promote Jordan's attractions abroad. The opening of the Queen Alia International Airport in 1983 greatly improved traveling facilities in Jordan. Also, Jordan hopes that its Aqaba-Nuweibeh ferry line will develop into an international tourist link. Nuweibeh is an Egyptian Red Sea port. The ferry line began operation in the summer of 1985 and did a thriving business used mostly by Egyptian workers going to and from Iraq and Jordan.³

Much of the money invested in Jordan's tourism infrastructure comes from the private sector, particularly in the area of new hotel construction.⁴ Many deluxe hotels opened in the begin-

¹NPC, Five Year Plan for Economic and Social Development 1981-1985 (Amman, 1980), 137, 151.

²NPC, Five Year Plan 1986-1990, 358.

³Pam Dougherty, "Ferry Line From Egypt Does Thriving Business," Dubayye Khaleej Times (7 July 1986), 4. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-86-109; (GPO microfiche; PrEx 7.20: 86-109; 40).

⁴NPC, Five Year Plan 1976-1980, 199.

ning of the 1980s, a Holiday Inn, Sheraton, Marriott, and the Grand Metropolitan, to name just a few. By the end of the decade, Jordan had nearly a hundred hotels offering a wide range of accommodations. The government has applied many of the same policy measures to tourism that it applied to industrial development. Like industrial projects, tourism investments are eligible for tax incentives under the Encouragement of Investment Law and for loans from the Industrial Development Bank. The fact that the government holds shares in hotel, transport and tourism companies is indicative of the importance of tourism to the government.¹

In addition to encouraging construction of new hotels, restoring archaeological sites, and training hotel personnel, the work of the Ministry of Tourism and Antiquities also includes provisions for tourist transport and training of other tourist personnel such as tour guides and tourist police. The Jordan Express Tourist Transport Company (JETT) operates a fleet of over a hundred Pullman buses that run tours to major sites in Jordan and neighboring countries. JETT is a combined government and private sector enterprise. Tourist guides are multilingual and well-informed on Jordan's historical and archaeological features. They are required to complete a special course given by the Ministry. All major tourist sites in Jordan have tourist police to assist travelers. Despite constant assurances in travel publica-

¹Michael P. Mazur, Economic Growth and Development in Jordan (Boulder, Colorado: Westview Press, 1979), 237.

tions and brochures of accessibility to tourist sites, the Five Year Plan 1986-90 conceded that there was a continuing dearth of infrastructure, such as adequate transportation and other tourist facilities.¹

A summary of Jordan's major tourist attractions must begin with its antiquities, for they are its prime attractions. Archaeology is extremely important in generating tourism in Jordan. Indeed, for its size, Jordan is among the world's richest repositories of remains of ancient civilizations, being strewn with archaeological remains and artifacts from all of the great civilizations of the Middle East, from the pre-historic stone age to the Mesopotamian and Egyptian civilizations, the Early Bronze cultures, the Assyrians and the Biblical kingdoms of the Iron Age, the Babylonians, Persians, Greeks, Nabataeans, Romans, Crusaders, and Ottomans. New archaeological discoveries every year are potential sites of interest to tourists. The reconstruction of the history and chronology of Jordan's antiquities is an important part in the promotion of tourism. The revelations from the excavations illustrate checkpoints in the occupational history of these sites to tourists. To accomplish this, the Five Year Development Plan 1976-1980 included the following goal:

Propagate archaeological awareness and emphasize the importance of the historical and archaeological heritage. This will be accomplished through publications, brochures and other mass media outlets and more specially through upgrading the Department's Annual

¹NPC, Five Year Plan 1986-1990, 358.

Journal and updating and expanding the specialized library of the Department of Antiquities.¹

As noted above, Jordan's Department of Antiquities is responsible for excavating, identifying and restoring ancient relics, as well as all other aspects of archaeological work. The British mandatory authorities established the Department in 1923, which has grown rapidly in the years since 1973. Dr. Adnan Hadidi, who was trained in classical archaeology at the University of Missouri, is the Director. Dr. Muawiyah Ibrahim, who studied archaeology in West Berlin, and Dr. Fawzi Zayadine, who specialized in Nabataean studies in Paris, are its two main field archaeologists. The Department sponsors its own excavation and survey projects, carries out salvage projects, enters into joint projects with foreign expeditions, and is responsible for the preservation of archaeological sites.² The Department carries out projects from all historic periods, pre-history, the Bronze-Iron Ages, the classical periods, and the Islamic periods. According to James A. Sauer, Associate Curator of Syro-Palestinian Archaeology at the University Museum, University of Pennsylvania and former Director of ACOR (American Center for Oriental Research) and ASOR (American School of Oriental Research), these projects are urgent because the rapid economic development

¹NPC, Five Year Plan 1976-1980, 201.

²James A. Sauer, "Prospects For Archaeology in Jordan and Syria," Biblical Archeologist 45 (Spring 1982): 78.

of Jordan, as well as Syria, is leading to the inevitable destruction of archaeological evidence.¹

As in all sectors of its economic development, Jordan welcomes foreign expertise.² In most projects, teams from foreign universities and institutions aid the department. The enormity of the task has led it to encourage foreign archaeological teams to undertake excavations in Jordan, contributing its own field representatives, laborers and machinery.³ At the beginning of the 1980s four countries were continuously engaged in archaeological work in Jordan, maintaining permanent headquarters in Amman, the American Center of Oriental Research, the British School of Archaeology, the German Evangelical Institute for Archaeology, and the French Institute of Archaeology. ACOR was established in 1968 in Amman. Its staff teach in the University of Jordan's Department of Archaeology and offers courses for the public.⁴ In 1986, ACOR opened spacious new quarters in Amman where it aids American scholars and archaeologists as well as those from Belgium, Canada, and Australia which have no local headquarters.⁵

¹Ibid., 84.

²NPC, Five Year Plan 1976-1980, 202.

³Sauer, "Prospects For Archaeology," 79.

⁴Ibid., 78.

⁵Dora Jane Hamblin, "For Rome, Riches and Glory in an Outpost of Empire," Smithsonian, 18 (November 1987): 113.

Since 1973 the pace of archaeological excavations and research has accelerated dramatically, with an average of nearly thirty excavations or surveys taking place every year. Conservation and restoration work follows the discoveries. Teams led by archaeologists from various countries, Jordan, Canada, the United States, Saudi Arabia, the United Kingdom and Australia, to name a few, have identified hundreds of new archaeological sites, and continue to analyze and publish information on them.

The most spectacular archaeological ruins in Jordan are those associated with Nabataean and Roman influence. Nabataean cultural achievements were contemporary with those of Rome but uniquely different in south Jordan. Petra, in the Jordan Valley south of the Dead Sea, was the rock-hewn capital city of the Nabataeans, and Roman Jerash, has the most complete remnants of Rome's eastern empire. These two sites are Jordan's two biggest tourist attractions. Petra and Jerash are two of the three great classical cities of the Middle East, Palmyra in Syria being the other.¹ The government established an autonomous department, the Petra-Jerash Tourism Project, to oversee the improvement of tourist facilities at these sites.

Since its rediscovery in 1812 Petra has lured archaeologists and tourists. Its major structures are remarkably well preserved. Located in a remote valley, the Nabataean Arabs carved Petra's tombs, courts and palaces out of solid iridescent rock.

¹Ian Browning, Jerash and the Decapolis (London: Chatto & Windus, 1982), 11.

Ancient historical accounts make reference to the Nabataeans, describing them as a pastoral nomadic people who lived along the shores of the Arabian peninsula, augmenting their livelihood with frequent caravan raids. By the fourth century B.C., they had built Petra, located at the crossroads of ancient caravan routes connecting Arabia and Damascus and along which flowed the luxury goods of the ancient world, into a rich trading center with its own language, a form of Aramaic from which Arabic is derived.¹

In a prize winning poem, John William Burgon, a relatively unknown cleric of the nineteenth century, described Petra as a "rose-red city half as old as Time."² This famous but misleading statement adorns travel literature about Petra.³ The Khazneh, the dramatic and beautiful monument that confronts the visitor emerging from the siq, the narrow defile that tourists use to enter the city, is the only part of Petra that one can truly call red, and then only when direct sunlight strikes the 130 foot high facade.

Humans had occupied the site of Petra since early Neolithic times, nearly eight millennia ago, when plants and wild game abounded. By the beginning of the Iron Age, around 1,200 B.C., Petra had become the capital of the kingdom of Edom, which along

¹Ian Browning, Petra (Park Ridge, N.J.: Noyes Press, 1973), 15.

²Browning, Petra, 9.

³See for example: JIB, "Of Men and Monuments," Jordan 4 (Washington D.C.: Winter 1979), 16.

with Moab and Ammon to the north had grown up along the east side of the Jordan river.¹ Around 580 B.C. the Nabataeans began moving into Edom and probably drove out the Edomites, most of whom migrated to Judah, although there are indications that they may have integrated with those Edomites who remained. The Nabataean period was one of significant development, such as from nomadism to statehood, commercial expansion, intercultural contacts, architectural and artistic adoptions, and technological development in hydraulics and agriculture.

Diodorus Siculus' account of the attack on Petra by the Seleucids in 321 B.C. is the first datable record of the Nabataean presence, although organized trading could date as far back as the fifth century B.C. Constant warfare between Ptolemaic Egypt and Seleucid Syria benefitted Nabataean trade and enabled the Nabataeans to extend their kingdom far to the north. Sherds from Greek vases dating from about 300 B.C. and other similarly dated material, in association with roughly constructed walls, indicate that urban development was taking place by that time, and Diodorus relates that by 312 B.C. the Nabataeans were sedentarized and becoming commercially oriented.²

By the middle of the first century B.C. the Nabataean kingdom expanded far north to include the city of Damascus. Hundreds of Nabataean settlements sprang up along the major north-south

¹Phillip C. Hammond, "Cult and Cupboard at Nabataean Petra," Archaeology 34 (March/April 1981): 27.

²Ibid. 28.

and east-west communication lines in southern Syro-Palestine, ultimately controlling the international trade routes stretching from southern Arabia to Damascus, and to Egypt via the Sinai and to Gaza in the Negev.¹ By this time the Nabataeans were engaged in commerce, and agricultural and hydraulic technology, which they had learned from their sedentary Syro-Palestinian neighbors, and lifted trade and revenue from it to new heights. The Nabataeans exported most goods to the Hellenistic world, but also exported henna, storax, frankincense, asbestos cloth, silk gauze, damask, glass, orpiment, gold, and silver to China. Imports of a few commodities came from India, such as ginger, pepper, sugar, cotton, and perfumes, chief of which was frankincense.² Moreover, the Nabataeans developed agriculture to a high degree in part through their skill in irrigation.

By the Augustan age Petra had become a provincial capital city with magnificent theaters, a nymphaeum, temples and a colonnaded street. Working from the top down, the Nabataean masons removed two meter slabs from the cliffs, creating a ledge from which they carved entablatures and capitals, columns, and facades. Requiring amazing skill and prodigious effort, it took years to reach the valley floor ten stories below. The height of Nabataean prominence in commerce, art and architecture came during the reign of Aretas IV (9 B.C.-40 A.D.). At the height of

¹Ibid.

²Browning, Petra, 21.

its prosperity, the city, with its various suburbs, probably housed nearly thirty thousand persons.¹ Using conduits and earthenware piping, the Nabataeans constructed a pressure pipe system to convey the waters of the perennial Ain Musa spring into the heart of the city, 3.5 kilometers away.²

The diversion of major trade routes weakened Nabataean monopolies and in 106 A.D. the Emperor Trajan ordered the Roman Governor of Syria to annex the kingdom and incorporate it into the Province of Arabia. The Roman occupation seems to have taken place without substantial resistance from the Nabataeans. By this time Petra was already in a state of decline. Nevertheless, their great trading empire remained powerful, and despite Pompey's restriction of the Nabataeans to their heartland, they continued to flourish under Roman control until 363 A.D. when a severe earthquake destroyed most of the city.

Most of the visible remains of Petra today date from the Roman period.³ The ruins include a standard Roman theater and a colonnade street, as well as a Nymphaeum, and the Temenos Gate, which formed the entrance to the sacred precinct of the great Nabataean temple, Kasr el Bint Faroun, which means 'Castle of Pharaoh's Daughter.' Besides these, few public monuments remain because of earthquakes. Most of Petra's remaining monuments are

¹Ibid., 48.

²Hammond, "Cult and Cupboard," 28.

³Browning, Petra, 33.

tombs, whose facades the Nabataeans carved into the faces of cliffs along the length of the valley. Behind the facades the Nabataeans carved huge rock-cut chambers and graves into their floors and walls. Archaeologists have recorded over eight hundred facades, the most spectacular of which are the Kasna El-Faroun, or Treasury of the Pharaoh, also known as the Royal Tomb Group, and El Deir, or the monastery.¹

The architecture of Petra illustrates a continual development with clearly distinguishable periods, constantly absorbing new concepts from alien cultures, yet without ever wholly deserting their native style which reasserted itself in pseudo-classical guises.² The carved architecture of Petra shows that the area was subject to many of the cultural influences current in the Near East after the time of Alexander the Great, in particular Assyrian and Hellenistic.³ These influences, assimilated with the native genius of the Nabataean, became a cultural force of great fertility.

George Horsefield, British Director of Antiquities for the Transjordanic area, was the first archaeologist to undertake excavations of Petra's remains in 1929. Horsefield, along with William F. Albright and Nelson Glueck, renowned American authorities on Middle East archaeology, continued excavations at Petra

¹Hammond, "Cult and Cupboard," 28.

²Browning, Petra, 146.

³Ibid., 98.

through the early 1930s. World War II interrupted the work until the early 1950s, when the Jordan Department of Antiquities undertook preservation work under the direction of Diana Kirkbride and later Peter J. Parr for the London Institute and the British School of Archaeology. In 1961 and 1962 the American Expedition to Petra excavated the main theater in cooperation with the Department of Antiquities, and subsequently other limited excavations were undertaken by German groups under Manfred Lindner.¹ In 1974 the American Expedition to Petra began an intensive study and excavation using an electronic subsurface survey to identify thirty-eight areas of high archaeological potential, two of which it chose for long term continuing excavations.²

Aside from the Nabataeans, the Romans found no native power when they arrived in the Near East. Present-day Jordan was included in the larger expanse of desert loosely known as Arabia. Aside from the Nabataeans and periodic invaders (Macedonians, Ptolemies, Seleucids, Persians, Parthians, the Judean kingdoms), there were mostly nomads. By acquiring what was to become the province of Arabia and making it the southeastern anchor of the empire, they secured their boundaries against incursions by the Parthians, Persians, and marauding bedouin, and preempted the lucrative southern trade routes that the Arabs had dominated. The Romans fortified the area, built roads, channeled water sup-

¹Hammond, "Cult and Cupboard," 28.

²Ibid. 32.

plies, and bestowed colonnaded avenues, towering temples, and vast theaters on the cities that lay in their domain. The ruins of this era litter the length and breadth of Jordan, most of them now visible due to the enlightened policies of the Jordanian government and the efforts of an international corps of archaeologists that includes the American Center of Oriental Research (ACOR).¹

Jordan's other showplace of ancient history, Jerash, has the most complete and best preserved remnants of Rome's eastern empire. Jerash flourished as a city for a thousand years. A village existed at the site prior to the arrival of Alexander the Great in 334 B.C., becoming a Hellenistic polis after its conquest by the Seleucids from Ptolemaic forces in 198 B.C. The Romans built Jerash, or Gerasa, a typical provincial town, according to a preconceived plan for its streets, with civic plumbing and a sewer system below the streets. Ulrich Seetzen, the German traveler, discovered Jerash's remains in 1806.² In 1925 the Department of Antiquities began serious reconstruction. Archaeologists have restored many of Jerash's theaters, hippodromes and baths to their original splendor. The most impressive are the Temples of Artemis and Zeus, the vast Roman Forum, the Triumphal Arch and the mile-long street of columns.

¹Hamblin, "For Rome, Riches and Glory," 101.

²Browning, Jerash, 77.

To assert control over the vital area of Syria, Alexander established settlements at strategic points, most at sites that had been occupied for centuries, perhaps from the Persian period or earlier. A group of these Hellenistic settlements, partially populated by Macedonian soldiers, developed in time into the cities of the Decapolis, a loose association of Greco-Roman cities in north Jordan and southern Syria which flourished during the Early (63 B.C.-135 A.D.) and Late (135-324 A.D.) Roman periods.¹ The name in Greek simply means "Ten Cities." The Macedonians modelled the cities on Greek municipalities and Greek was the uniform language.² Inscriptions and other literary evidence indicate that Jerash was a member the Decapolis.

The Decapolis was probably established in 64 B.C. when the Roman general Pompey conquered Syria and what is now Jordan and incorporated them into the Roman empire as the new province of Syria. The ten cities and their lands formed a contiguous buffer zone between the new province and the independent Nabataean kingdom in what is now south Jordan. The Decapolis remains an enigma to historians and archaeologists, who disagree over the precise list of cities and its organization.³ From references to it in the gospels and by other ancient writers, it is obvious that the Decapolis was recognized as a territorial region, but the precise

¹Sauer, "Prospects For Archaeology," 77.

²Ibid., 20-21.

³Hamblin, "For Rome, Riches and Glory," 102.

nature of its association and the exact circumstances of its founding remain unclear.¹

During the first and second centuries A.D., all the cities of the Decapolis developed into grand metropolises with fine civic and religious buildings.² In Jerash about 50 A.D., Roman officials laid out an ambitious city plan. The last half of the century saw the construction of the Temenos wall of the Temple of Zeus, the South Theater, the Oval Piazza, and the entire length of the Cardo, the main north-south colonnaded street. The Romans constructed the Temenos and the Colonnade street in the Ionic style, and later gave the colonnade street Corinthian columns.

Travel brochures and other literature aimed at prospective visitors romanticize the ruins of Jerash and other sites in Jordan, especially Birketein, a Roman pool a short distance north of Jerash where the notorious Festivals of Maiuma were celebrated.³ The Maiuma, probably of Phoenician origin, was a nautical festival which involved the ritual submersion of naked women. The pool is forty-three and one-half meters wide, eighty-eight and one-half meters long and three meters deep, and served as a reservoir for Gerasa.⁴ The written walking tour descriptions of

¹Browning, Jerash, 13.

²Ibid., 11.

³See for example: JIB, "Persian Polo, Festive Frogs and Hoarded History in Jerash," by Richard Osborne, Jordan 3 (Washington D.C.: Fall 1978), 21.

⁴Browning, Jerash, 211-213.

the majestic ruins, envision scenes of virgins frolicking in the Nymphaeum, and ancient Roman chariots rumbling along the stone pavement of the cities main thoroughfare.¹

After 106 A.D when the Roman emperor Trajan annexed the Nabataean kingdom and incorporated it and the Decapolis cities of Jerash, Philadelphia, Dium and Canatha to the new province of Arabia, the Decapolis ceased to exist as a distinct assembly of cities. In 111 A.D. the Romans struck commemorative coins that said significantly 'Arabia adquisita' (acquired) instead of 'Arabia capta' (captured).² Thereafter Jerash entered the mainstream of Syro-Roman architectural thought and practice. Much of the architectural detailing and effect of Jerash has its roots in the Hellenistic tradition, which in Syria was never completely obscured by the Roman tradition.³

Jerash enjoyed two centuries of prosperity due to the stability of the Pax Romana, rich agricultural lands, and its location astride a major trade route of the ancient world that linked China, India and southern Arabia with the Mediterranean coast and the heartland of the Roman empire. Roman control of these trade routes placed the Hellenistic cities of the Syrian-Jordanian plateau in a privileged economic position.⁴ The

¹Ministry of Information, Jordan, 143.

²Hamblin, "For Rome, Riches and Glory," 103.

³Browning, Jerash, 77.

⁴Ibid., 32.

stability during the reigns of Trajan and Hadrian brought a sustained period of prosperity to the Decapolis cities, culminating during the Antonine period (138-161 A.D.) in a Golden Age in Gerasa.¹ The city lavished vast wealth on splendid embellishments, and undertook building projects on a grand scale. In honor of Hadrian, who made a prolonged visit to Jerash in the winter of 129-30 A.D., the city constructed a huge archway at its south end.

The discovery this century of fifteen Byzantine churches suggests that Jerash was an important ecclesiastical center in the fifth and sixth centuries. Byzantine architecture in Jerash spanned 250 years of building. The size and number of churches are impressive. Christians constructed the Cathedral, the oldest remaining church in Jerash (circa 365 A.D.) on the site of the Temple of Dionysus. Archaeological evidence indicates that following the Islamic conquest of the area, a significant Christian community continued to live and worship in Jerash into the seventh and eighth centuries.²

Jerash's archaeological heritage spans six centuries covering Syro-Roman and Byzantine development. Unlike many other sites, where one period has been built upon another, scholars can detect and study the various phases with unusual clarity. This is largely due to the city plan, which permitted a long, uninter-

¹Ibid., 37.

²Ibid.

rupted period of development in new areas.¹ In 1965 Wooster College of Ohio began the archaeological excavation of ancient Jerash. After the June 1967 war a joint expedition led by Dr. Robert Smith of Wooster College, and Dr Basil Hennessy of the University of Sydney, Australia, resumed work on Jerash.² Apart from the Petra/Jerash Project, in 1981 the Department of Antiquities, under Dr. Adnan Hadidi, initiated a five year plan for a massive excavation of the ancient city.

Realizing that the colossal scale of the undertaking was far beyond its own resources, the Department of Antiquities invited teams of archaeologists from numerous countries around the world to work in Jerash, including the United States, Britain, France, Australia, Italy, Poland and Spain, each allocated a particular sector of the ruins.³ The Jordanian Department of Antiquities stresses the international nature of the restoration work at Jerash (as well as its other antiquities), a theme that, as will be seen in later chapters, recurs in all other areas of its economic development. Under the coordination of the Department of Antiquities, these international teams restored most of the major monuments, but lack of funds prevented completion of the project.⁴ Archaeologists have uncovered the ruins of the west

¹Ibid., 102.

²Ibid., 41.

³Ibid., 103.

⁴Hamblin, "For Rome, Riches and Glory," 106.

side of ancient Jerash, while an area of ruins of equal or greater size lies buried under the modern town of Jerash. In the nineteenth century, Circassian and Turkish settlers broke up and used much of the tumbled ruins to construct new homes.

The Department of Antiquities has undertaken much work on the vast South Theater, one of the most impressive in the Roman world, reinstating columns and making general repairs. According to Browning however, workmen have re-faced large sections of the outer wall with new stone, and inserted new pillars with capitals that bear no resemblance to the originals, endangering the validity of the whole structure.¹ Near the theater is the Oval Piazza, Jerash's most famous monument. Over eighty meters at its widest point, the Romans paved it with large slabs of stone laid in rows which follow the curves of the two colonnades. The Nymphaeum, an elaborately ornamented public fountain full of statues, flowers and pools of water, was one of the most lavish of Gerasa's civic buildings.

The Tourist Center is part of the Petra/Jerash Project, a government agency responsible for developing Jerash's tourist potential while protecting the archaeological interest. Unfortunately the large restaurant wing of the center, located adjacent to the South Gate, stands on the line of the ancient road, and prevents any future examination of the area. Moreover, Ian Browning related how a bulldozer destroyed a set of rock-cut

¹Browning, Jerash, 131.

tombs before there was an archaeological investigation.¹ The reconstruction of the Temple of Zeus constituted a disaster as workmen re-erected three pillars of the peristyle in the wrong place. They reassembled sections before the area had been excavated and reconstructed on paper. Moreover the conservation techniques that the Department of Antiquities employed were at variance with accepted international practice.² As one might expect, Jordan's travel publications did not mention these errors.

Jordan's tourism planning in the post 1973 era has included the organization of special events and festivals to promote domestic tourism.³ Beginning in 1981 Jerash became the site for an annual festival of culture and arts, featuring plays, concerts, arts and crafts exhibitions, folk dancing, poetry recitals and puppet shows, in addition to dance, music, and drama groups from many foreign nations. Jerash's ancient ruins serve as the backdrop of the festival, which has become a cultural showcase for the region and a focal point for the Jordanian government to publicize its country to the world, as well as to its own citizens. Hundreds of thousands of people attend the event each year, mostly from Jordan and neighboring countries. Queen Noor proposed the idea for the festival at graduation ceremonies of

¹Ibid., 112.

²Browning, Jerash, 125.

³NPC, Three Year Plan 1973-75, 140.

Yarmouk University in Irbid in 1980. The queen, whose personal interest initiated the annual event, cited the need to stimulate a greater interest among Jordanians in the cultural activities of their country.¹

Jordan's other Decapolis cities are also showcases of Roman architecture. Philadelphia, today's Amman, was the Biblical Rabbath Ammon, capital of the Ammonites, who, along with Moab and Edom, came under the domination of the United Israelite monarchy of David and Solomon based in Jerusalem around 1,000 B.C.

Archaeological, architectural and inscriptional remains indicate that the Ammonite civilization attained a high level of prosperity and refinement.² Rabbath Ammon, was the scene of the story of David and Bathsheeba, when he laid siege to that city. It became Philadelphia when Ptolemy II Philadelphus of Egypt conquered the city in 284 B.C. Jordan and Palestine remained in the Ptolemaic sphere of influence through the Early Hellenistic period (ca. 301-198 B.C.).³ Later, in 63 B.C. Amman fell under Roman domination as a member of the Decapolis.

The Emperor Antoninus Pius took a personal interest in Philadelphia, and ordered the construction of a vast six thousand

¹Usborne, "Persian Polo," 21.

²Adnan Hadidi, "The Archaeology of Jordan: Achievements and Objectives," in Studies in the History and Archaeology of Jordan I, ed. Adnan Hadidi (Amman: Department of Antiquities, 1982), 19.

³Sauer, "Prospects For Archaeology" 77.

seat theater.¹ Extant ruins include the amphi-theater and the ruins of Citadel Hill. The National Archaeological Museum is located nearby. Many traces of Roman antiquity in Amman vanished in the explosion of growth that followed the flight of Palestinians from Israel in 1948-49, and the influx of international corporations and businessmen from war-torn Beirut.²

Rivaling Jerash in splendor and Petra in historical significance is Umm Qais, the Roman Decapolis city of Gadara, near the Sea of Galilee. In 1806 Ulrich Jasper Seetzen set out to find the cities of the Decapolis. Seetzen discovered Gadara first, which he knew about from the New Testament story of the Gadarene swine, in which Jesus exorcised demons from a man into a herd of pigs, who then plunged into the sea and drowned.³ Jordanian travel articles repeatedly relate this story, again underscoring the everpresent backdrop of Biblical events and history associated with Jordan's tourist sites.⁴ Travel writer Richard Usborne, writing about Umm Qais, typifies this approach by quoting Strabo, the ancient Greek geographer: "To Gadara the pleasure-loving Romans, after having enjoyed the restorative effects of the hot springs down in the valley, retired for refreshment,

¹Browning, Jerash, 33.

²Hamblin, "For Rome, Riches and Glory," 108 and Browning, Jerash, 33.

³Hamblin, "For Rome, Riches and Glory," 112.

⁴See for example: JIB, "Um Qais; In the Country of the Gadarenes," by Richard Usborne, *Jordan 6* (Washington D.C.: Spring 1981), 22.

enjoying the cooler heights of the city and solacing their leisure with the plays performed in the theaters."¹ The story of the swine brings hundreds of Bible scholars and tourists to Umm Qais every year. The Roman family mausoleums on a nearby hilltop and acres of above-ground stone masonry may be the tombs spoken of in the story.

Dating from the third century B.C. as a Greek city, Pompey's soldier's conquered Gadara in 65 B.C., making it a part of the Decapolis. The Romans rebuilt Gadara along a Greco-Roman plan with colonnaded streets, public fountains, agoras, stadiums, theaters, baths and an aqueduct. Gadara reached its peak in the second century A.D., became an episcopal seat of the Byzantine empire in the fourth century A.D., and flourished another three-hundred years.²

During much of the Early Roman period (63 B.C.-135 A.D.), which includes the New Testament period, the semi-independent Jewish state in Jerusalem controlled parts of Jordan.³ Recognizing the interest that events of Biblical times incites in prospective visitors, the Department of Antiquities began excavating Gadara and other Decapolis cities. Teams from the German Evangelical Institute of Archaeology for the Holy Land have been

¹Ibid., 24.

²Browning, Jerash, 135.

³Sauer, "Prospects For Archaeology," 77.

excavating Gadara since 1974.¹ The Department of Antiquities began moving the modern village off the buried city, and provided the villagers with new homes, schools and roads. The teams uncovered baths, tall columns of a Roman forum, a Byzantine church, fifty yards of colonnaded roadway and a series of Roman barrel vaults, as well as an enormous theater built of black basalt.² Gadara is now a national park with hotels, chalets and swimming pools.

Pella, near Zarqa Ma'an, was another city of the Decapolis. It reached its greatest size in the Byzantine era and left many monasteries. In the spring of 1967, a team led by The College of Wooster began excavation of Pella, but the June war brought it a halt. In 1978 Wooster and the University of Sydney, Australia began a new archaeological campaign at Pella. Dr. Robert Houston Smith, who began teaching at Wooster in 1960, directed the Wooster-led team, while Dr. Basil Hennessy directed the Sydney team.³

With assistance from the Department of Antiquities, the expedition constructed permanent field headquarters at Pella. Joint American-Australian archaeological teams soon excavated twenty feet of successive habitation, from Neolithic to Bronze and iron ages to Roman to Byzantine to Islamic, and have exposed a civic center with remains of a Roman theater and several

¹Browning, Jerash, 42.

²Hamblin, "For Rome, Riches and Glory," 112.

³Robert H. Smith, "Pella of the Decapolis," Archaeology 34 (September-October 1981): 46.

churches.¹ During the Byzantine period, the Christians built a large church in the Civic complex. The joint American-Australian teams restored columns of the atrium of the church to their original position.

Knowledge of Pella in the late Roman and early Byzantine periods is still sketchy, but field work has yielded abundant evidence that Pella thrived during the second to fifth centuries A.D. Its growing importance may have been due to its membership in the Decapolis. In the fourth century Pella was known for its hot springs with which the Romans created baths. However, Pella's Roman architecture remains little known because Late Byzantine and Ummayyad construction obliterated many structures from the Roman and early Byzantine periods.² In the late sixth century Pella began a period of decline. In 747 a severe earthquake devastated the city, after which it was never rebuilt. The Jordanian government moved the small village that grew up on the site of Pella over the last few centuries to prevent disturbance of the archaeological remains.³

To maintain peace and defend the region from marauding desert tribes, Trajan's successors, particularly Diocletian, constructed a defensive line of fifty fortresses connected by a system of roads on the empire's eastern frontier, stretching from

¹Hamblin, 110.

²Smith, "Pella of the Decapolis," 49.

³Ibid.

Syria in the north to Aqaba in the south. The line of fortresses formed a fortified zone twenty to thirty kilometers in depth, known as the Limes Arabicus. An American team under the auspices of ACOR, led by Dr. Thomas S. Parker of North Carolina State University began exploring and excavating these fortifications in 1980.¹

The largest and best preserved of these fortresses is el-Lejjun, built by the Romans in 300 A.D. in the Wadi Lejjun valley, once home to the Fourth Mars Legion. Lejjun, Arabic for the Latin "legio," or legion, covered eleven acres and held a garrison of one to two thousand Roman legionnaires. The fortress included a complex of dams and water channels and agricultural lands. El-Lejjun remained occupied until an earthquake destroyed it in 551.² Dr. Parker's teams excavated barracks, complex walls and gates and the "aedes," or shrine of the legionary standards.

The security of Rome's chain of military fortifications fostered an agrarian prosperity for the farming Arabs and other Semitic tribes, many of whom sent sons to serve as legionnaires.³ The government of Jordan cites the kingdom's present stability as a factor that has helped to foment economic growth in the modern age, illustrating yet another parallel of modernity with antiq-

¹Hamblin, "For Rome, Riches and Glory," 103.

²Ibid.

³Ibid., 108.

uity.¹ In the late fifth and early sixth centuries, this defensive system began to disintegrate as the Romans abandoned most of the forts, transferring their garrisons elsewhere in the empire when Germanic forces invaded.

Another city that became part of the Limes Arabicus was Umm il Jimal, located in the Hauran region in north Jordan. Founded in the first century B.C. as a Nabataean stronghold, it prospered from customs dues extracted from travelers on east-west trade routes, and as a caravan staging post. Once a city of five thousand, Umm il Jimal remained occupied until the seventh century A.D. when the Caliphate shifted from Damascus to Baghdad, and ended the economic and strategic significance it held by virtue of its location near the administrative center of the vast Islamic empire. Most of Umm il Jimal's ruins are from the Byzantine and Ummayyad eras, including fifteen churches, a monastery, and a praetorium, as well as the stunning vast black ruins of the earlier Nabataean structures carved from black volcanic basalt, one of the hardest rocks.² Excavation projects for both Lejjun and Umm il Jimal were sponsored by American universities in cooperation with ACOR and the Department of Antiquities. Dr. Bert DeVries of Calvin College in Grand Rapids, Michigan, supervised the excavation and reconstruction of Umm il Jimal since 1972.³

¹JIB, Jordan: At the Heart of the Middle East, N.p., n.d.

²Hamblin, "For Rome, Riches and Glory," 112.

³Ibid.

Yet another famous set of ruins from the same general time period is Iraq el Amir, Arabic for "Cave of the Prince." Built by the Tobiads in north Jordan during the first two decades of the second century, its ruins consist of eleven caverns hewn into the face of a cliff of solid rock. The dwellings are aligned in two rows, the largest being twenty-eight meters deep and six meters wide. Nearby Iraq el Amir are the ruins of an ancient castle, Qasr el Abd. Dr. Paul W. Lapp began excavation of the site in 1961.¹ Excavations of Iraq el Amir by ACOR and the French Institute of Archaeology indicate Hellenistic occupation of the castle dating to the second century B.C. An earthquake destroyed the castle in 365 A.D.

Other castles from the Roman and later Umayyad and Crusader eras are scattered throughout Jordan. The Romans constructed some, like Qasr Hallabat in the third century A.D., and Qasr Kharaneh, located near Azraq Oasis, to control desert tribes. Qasr Hallabat is an excellent example of the transformation of a Roman-Byzantine castle into a luxurious residence in the Umayyad period, when Arab craftsmen provided it with elaborate decorations in carved stucco, fresco-paintings, and colored mosaics.² Qasr Kharaneh, dedicated to the emperors Diocletian and Maximian, is constructed entirely of black basalt. Qasr Bashir near el-

¹Browning, Jerash, 24.

²Ghazi Bisheh, "Qasr al-Hallabat: An Umayyad Desert Retreat or Farm Land," in Studies in the History and Archaeology of Jordan II, ed. Adnan Hadidi (London: Routledge & Kegan Paul, 1985), 236.

Lejjun, a Roman cavalry fort, is the best preserved Roman fortification in central Arabia.¹ The Arab governor Iss-ad-Din Aybak rebuilt Qasr Kharaneh in the thirteenth century and Colonel T. E. Lawrence established it as his headquarters during the Arab revolt against the Ottoman Empire in 1917.

The best preserved of all Jordan's castles is Qasr Amra, also near Azraq Oasis. Built by one of the Umayyad caliphs, who came out of the Arabian peninsula in the seventh century to establish the Islamic empire in Syria, Iraq and Palestine, the frescoes that adorn its vaulted ceilings are among the finest examples of early Islamic wall painting.² The frescoes, which were restored during the 1970s, depict scenes from history and philosophy, hunting, dancing girls, and women bathing. In 1099 the Crusaders came to the Middle East with the purpose of capturing Jerusalem. By 1187 the Ayyubid sultan Saladin had driven the last Crusaders from Jordan, but during their stay, they constructed massive fortifications such as the castle at Kerak, and Qalat er-Rabadh at Ajlun.

While Petra and the cities of the Decapolis are decidedly Jordan's most spectacular attractions, and its abundance of other Roman and Islamic ruins are its most splendid antiquities, they are relics, relatively speaking, of Jordan's more recent past. Jordan has repositories of archaeological remains that long pre-

¹Hamblin, "For Rome, Riches and Glory," 104.

²Ministry of Culture and Information, Jordan, 74.

date the Roman and Greek periods. Indeed, some sites discovered pre-date the beginning of recorded history. Archaeologists have uncovered remains of mankind's existence at more than 2,400 sites in Jordan, some dating back to the Paleolithic age (pre-14,000 B.C) and beyond, to the Old Stone Age, some 450,000 years ago.¹ Numerous dry lakes and river beds in the region indicate that it received more rainfall during the prehistoric periods. Throughout the Neolithic rainfall was greater than the present average precipitation. Lands considered marginal were densely populated.² Stone artifacts made by humans are abundant in the hilly regions, along rivers, and near the dry lakes and river beds in the desert regions throughout Jordan and Syria.³ By 10,000 B.C. the climate of Jordan stabilized at its present state and nomadic hunters began to settle down into semi-permanent camps. By the Neolithic period, around 9,000 B.C., the first year-round villages appeared in Jordan. Humans began to domesticate animals and develop agriculture.

Although the major imperial centers in pre-history emerged in Mesopotamia and Egypt, their influence encouraged the development of urban centers in Jordan. Historians believe that Jericho and Beidha, both located in the Jordan valley (Jericho is located

¹Hadidi, "The Archaeology of Jordan," 15.

²Numan Shehadeh, "The Climate of Jordan in the Past and Present," in Studies in the History and Archaeology of Jordan II, ed. Adnan Hadidi (London: Routledge & Kegan Paul, 1985), 27.

³Sauer, "Prospects for Archaeology," 76.

in the West Bank), are among the world's first settled communities, having large sedentary human occupations by 7,000 B.C.¹ The village of Beidha is important for its uniquely complete record of architectural evolution from the early Neolithic period (circa 6800 B.C.). The excavation of Beidha, actually a series of Neolithic occupations marking the beginning of farming in the area, began in 1960 under British archaeologist Diana Kirkbride. Workers at the site discovered six clearly defined levels of permanent buildings, covering the whole period of Neolithic occupation, from 7000 to 6500 B.C.²

The Neolithic period is a key focus of archaeological inquiry because it represents one of humankind's most dramatic transformations, the shift from hunting and gathering economies to ones based on the domestication of plants and animals.³ This transformation was the pivotal event that provided the stimulus for the complex series of processes that culminated in the great civilizations of the world. Jordan is proud of its claim to the first permanent settlement of mankind, adopting the title "Cradle of Civilization."⁴

¹Thomas Raikes, "The Character of the Wadi Araba," in Studies in the History and Archaeology of Jordan II, ed. Adnan Hadidi (London: Routledge & Kegan Paul, 1985), 95.

²Browning, Petra, 238-39.

³A. H. Simmons, "Ain Ghazal: A Major Neolithic Settlement in Central Jordan," Science 240 (1 April 1988): 35.

⁴Hadidi, "The Archaeology of Jordan," 15.

Large pre-pottery Neolithic villages with impressive architecture are well attested in Jordan and Syria.¹ Ain Ghazal, a large prehistoric village near Amman, has yielded significant new knowledge of the Neolithic period.² The archaeologists working on Ain Ghazal documented its near continuous occupation from early to late Neolithic. It is one of the largest and best preserved Neolithic sites in the Middle East. Carbon-14 dating techniques indicate that Ain Ghazal flourished for centuries between 7,000 and 6,000 B.C., three thousand years before the Egyptian and Mesopotamian civilizations and five thousand years before the advent of Greece, Rome, and Christianity.³ A cache of statues and busts of human figures discovered here represent some of the earliest examples of human statuary. Only at Jericho have similar statues been found. The Department of Antiquities shipped the rare find to the Institute of Archaeology at the University of London where a team of specialists made studies of them.

The excavation of Ain Ghazal began in 1982 under the coordination of two American archaeologists, Dr. Gary Rollefson and Dr. Al Leonard, as a joint undertaking of several institutions under the sponsorship of the American Schools of Oriental Research. The primary institutions involved in the project include the Des-

¹Sauer, "Prospects For Archaeology," 76.

²Simmons et al, "Ain Ghazal," 36.

³Ibid., 35.

ert Research Institute of the University of Nevada, San Diego State University, and Yarmouk University in Irbid, Jordan. Principal funding for the project came from the National Geographic Society, the Institute of Archaeology and Anthropology at Yarmouk University, and the Amoco Foundation.¹ The excavations unearthed millions of artifacts at this site providing information on this pivotal period of human history.

After several thousand years of early village development the Early Bronze Age began, marking the beginning of the historical period, around 3,200 B.C. Around this time, a number of towns emerged, some fortified with stone walls, towers, and gates, in the area of the Dead Sea basin, a plain that rises gently from its southern shores. Human agricultural activity took place here only twice in antiquity, during the Early Bronze age (3,200-2,200 B.C.) and the Byzantine period (third to sixth centuries A.D.). Bab ed-Dhra was the northern-most of these ancient towns, which were extensions of the great urban centers of Mesopotamia and Egypt.² The dates and locations of the towns led scholars to speculate that they may be the Biblical "cities of the plain," which included Sodom and Gomorrah.

The tombs of Bab ed-Dhra are a fascinating feature of this site, dug down from the surface into the marl of the Dead Sea

¹Ibid., 39.

²Jack R. Harlan, "The Early Bronze Age Environment of the Southern Ghor and the Moab Plateau," in Studies in the History and Archaeology of Jordan II ed. Adnan Hadidi (London: Routledge & Kegan Paul, 1985), 125.

basin, as much as three meters. Amazingly, about 250,000 people are buried here. The inhabitants of Bab ed-Dhra expended prodigious effort to honor their dead. Such elaborate burial practices are usually associated with the concept of life after death. Dr. Donald Ortner, an anthropologist who has supervised research on the human skeletons from the tombs, pointed out that the study of the tombs "provides a link between ourselves and people who five thousand years ago faced problems and challenges similar to ours today," again underscoring Jordan's ever-present link with the past.¹ Abruptly, around 2,300 B.C., some sort of a conflagration destroyed Bab ed-Dhra and the other Early Bronze Age cities of the Dead Sea plain.²

In 1975 a group of American archaeologists organized a project called "The Expedition to the Dead Sea Plain" to investigate the ancient communities of the area. They launched a comprehensive study of the region by an interdisciplinary and international team of scholars, supported by the American Schools of Oriental Research, the United States National Endowment for the Humanities, and the Smithsonian Institution. An exhibit of two reconstructed shaft tomb chambers from Bab edh-Dhra containing the original skeletons and artifacts was loaned by the Jordanian

¹JIB, "Bab edh-Dhra, City of the Dead," by Donald J. Ortner, Jordan 7 (Washington D.C.: Winter 1982-83), 15.

²Harlan, "The Early Bronze Age," 125.

government to the Smithsonian Institution's National Museum of Natural History.¹

As part of its effort to publicize and promote its archaeological treasures, Jordan in 1980 inaugurated a series of conferences, the first at Oxford, England. Jordan's Department of Antiquities sponsors the conferences under the patronage of Crown Prince Hassan, intending them to be an international forum for the exchange of information and news from archaeologists, historians, and other scholars concerned with the ancient history of the region. Two hundred fifty specialists from twenty-six countries attended the Oxford conference, where scholars presented more than forty papers. The Department of Antiquities held a second conference in Amman in 1983, bringing together specialists from fields ranging from geology to botany, ethnology, agronomy and urban planning. Studies presented at this conference revealed that ancient civilizations faced environmental challenges similar to those of the present, such as diminishing water and woodland sources and overtaxed farmland. A third conference in Tubingen, West Germany in 1986 attracted more than 120 archaeological specialists from Europe, the United Kingdom, North America, Australia and Jordan.² The Tubingen conference focused on trade, communications and foreign relations in antiquity. Rami Khouri, a Jordanian journalist, stated "At Tubingen, the an-

¹Ibid., 127.

²JIB, "Archaeology III: Tubingen," by Rami Khouri, Jordan (Washington D.C.: Spring/Summer, 1986), 14.

cient history of Jordan emerged as an unchanging record of the deep and sustained interaction that occurred through the ages among the different peoples and cultures of the region. In this respect Jordan today symbolizes the living continuum of its long and eventful past."¹ This statement echoes the theme of Jordan's publicity campaign that present-day Jordan is the culmination of the many civilizations that have existed on its soil in the past, yet with its face set toward the future, a "modern country in an ancient land." Dr. Donald J. Ortner, Curator in the Department of Anthropology of the Smithsonian Institution, called the conference an effort to find in Jordan's long history common bonds of human experience, transcending language, culture, and geography, underscoring how much of Western culture has its roots in events that happened in Jordan and the Middle East centuries ago.²

To stimulate interest in Jordan's archaeological attractions, the Department of Antiquities has established museums in various parts of the country. According to Dr. Hadidi, "at each historic site in Jordan, people should have the total cultural experience of visiting actual ruins in situ and at the same time viewing in a nearby museum the many artifacts discovered at the site throughout the years."³ The Jordan National Archaeological

¹Ibid.

²Ibid.

³JIB, "More than Mosaics in Madaba," Jordan 4 (Washington D.C: Spring 1979): 25.

Museum, located in Amman at the site of the Old Testament city of Rabboth among the ruins of Roman Philadelphia, contains a collection of chronologically displayed objects and artifacts marking the stages in human development from pre-history to the fifteenth century. The artifacts displayed include the bones of pre-historic humans and animals, coins, weapons, pottery, skulls, jewelry, glassware, and statuary, dramatizing the unfolding of human history by highlighting the most important developments from each period.

The discovery at Madaba, near the Dead Sea, of three mosaic floors in two houses joined together led to the reclamation of the houses as the Archaeological and Folklore Museum patterned after the National Folklore Museum in Amman. Wax figurines illustrate traditional dress, customs and lifestyle. The Franciscan Terra Sancta Institute began uncovering and restoring Byzantine mosaics at the site in 1931. The museum has an archaeological section highlighting Moabite history beginning in the iron age (twelfth century B.C.).¹

Aside from its abundant repositories of remains from antiquity, Jordan also has a number of natural wonders, which are considerable for such a small country. The major ones are the Dead Sea, the mineral springs at Callirhoe, the Wadi Rum desert, Azraq oasis, and the seaport and resort on the Gulf of Aqaba. Jordan also boasts a number of national parks and wildlife

¹Ibid.

reserves. All of these attractions, along with its antiquities, are incorporated into its tourism planning.

The Dead Sea is Jordan's unique attraction, the "Salt Sea" of the Bible, famed for the remarkable buoyancy of its water. Jordanian travel literature and brochures, constantly refer to it as "the lowest spot on earth," for it is nearly 1,300 feet below sea level, and invariably feature a photograph of a bather reading a newspaper while floating on the water.¹ Forty-eight miles long and three to ten miles wide, scientists believe the Dead Sea was much larger in prehistory, perhaps two hundred by four hundred miles, and then began to shrink during a long period of extended drought.² Low rainfall (less than five inches a year) and the extremely high evaporation rate cause the high salinity of the water, six times saltier than ocean water with large quantities of other minerals.

Despite being one of the hottest places on earth and inhabited by life only in bacterial form, the sea is bright and vivid, and its striking beauty is a lures visitors. The searing heat is only present during summer months when the temperature reaches as high as 140 degrees Fahrenheit, while winter temperatures never fall below seventy degrees. A beach park constructed at Suweimeh on the shores of the Dead Sea is part of Jordan's master plan for

¹See for example: JIB, "Going Down to the Dead Sea," by John Fistere, Jordan 3 (Washington D.C.: Winter, 1978) 17.

²Jan van Os, "New Life Stirs by the Sea of lot," Aramco World Magazine (November-December 1966), 2.

tourism in the Jordan valley area, complete with chalets, picnic grounds and restaurants.¹

Tourists also come to the Dead Sea to see the caves in the nearby cliffs near Qumran in the occupied West Bank, where in 1947 a shepherd discovered the famous Dead Sea Scrolls, one of the most important archaeological finds of the century. The discovery touched off a widespread search of the entire Dead Sea area, where thousands of similar scrolls were found of Biblical manuscripts a thousand years older than any original manuscripts previously known. They have been of inestimable value in the unraveling of Biblical texts. The scrolls are believed to date to the life of Christ and some even earlier, to the second century B.C. Archaeologists believe the scrolls were written by the Essenes, a strict Jewish sect. The Essenes hid the scrolls in the caves when the Romans marched on Qumran during the first Jewish revolt in 68 A.D.²

Just three kilometers from the Dead Sea are the hot mineral springs of Zarqa Ma'an. Natural springs gush from the mountain side at this site to form pools that attract bathers from Jordan and other nearby countries to enjoy the famed therapeutic qualities of the water. Zarqa Ma'an and several other sites along the Great Rift Valley, which runs the length of Jordan, contain more than 150 springs. The springs originate in regions deep below

¹NPC, Five Year Plan 1976-80, 196.

²van Os, "New Life," 4.

the earth's surface, deriving mineral content as they percolate through successive layers of rock.

In 1980 Jordan's Ministry of Tourism established the Jordan Company for Tourism and Mineral Water to build and operate a health spa at Zarqa Ma'an. The facility, which was designed to accommodate two thousand visitors at a time, occupies a 150-acre site, and includes a hotel with a thermal clinic, a cottage complex, a restaurant, camping and picnic sites, and several large pools for bathing in the hot mineral waters. The Swiss firm Societe Generale pour L'Industrie, in association with Jordanian consulting engineer Muhammad Jardaneh, designed the complex, and a Jordanian firm constructed the facility.¹

As with its antiquities, Jordan's travel literature associates its natural wonders, such as the Dead Sea and mineral springs, with historical and Biblical events and personages. The Zarqa Ma'an springs have been identified by scholars as the classical Callirhoe "where Herod the Great once sought to cure the maladies that afflicted him." Here and at nearby Zara, archaeologists discovered the ruins of Roman structures, including the ruins of Herod's palace. Travel literature is filled with references to the New Testament story of Salome, who danced for Herod and asked for the head of John the Baptist.² The springs at Hammeh farther north in the Jordan valley served as a health spa for

¹NPC, Five Year Plan 1981-85, 139.

²Ministry of Information, Jordan, 144.

the Romans nearly twenty centuries ago, and are a popular weekend resort for Jordanians today.

Further down the Great Rift valley, at the northern tip of the Gulf of Aqaba, is the port city of Aqaba, Jordan's winter resort. Besides being the urban center of south Jordan, as well as an important transit route for goods shipped to nearby Arab states, Aqaba's tiny seven kilometer stretch of beach between the port and the industrial zone to the south is the focus of a development scheme that includes an entire tourist infrastructure and a new airport. The Aqaba Region Planning Authority, an agency established in 1983 to oversee Aqaba's development, drew up long-range plans for a beach-front resort community that includes facilities for sailing, fishing, scuba diving, water skiing, swimming, a diving school, an aquarium, a marine center to study undersea flora and fauna, hotels, and beach chalets.¹

The waters of the Gulf of Aqaba form an almost totally protected environmental zone, inhabited by hundreds of species of rare and exotic fish and coral. The abundance of marine life and the remarkable transparency of the water (visibility ranges up to 150 feet) attract divers and underwater photographers from all over the world. The Jordanian government deserves credit for protecting the gulf's marine resources from the spread of economic development on the coastline, enacting laws against spear-fishing and coral collecting, and taking special measures to

¹NPC, Five Year Plan 1986-1990, 345.

ensure that industrial wastes do not contaminate the waters of the gulf.¹

For hearty travelers who are interested in the "desert experience," Jordan is promoting its desert at Wadi Rum, whose chief attraction is the almost total absence of conventional comforts. In spite of the presence of a fifty room hotel, the emphasis at Rum is not on building, but on duplicating the Bedouin lifestyle by offering travelers the opportunity to camp at Bedouin campsites. Rum is a flat desert plateau three kilometers wide by twenty kilometers long with an eerie but strangely beautiful wind-swept landscape. A sandstone fort at Rum is headquarters for the camel-mounted desert police, who offer assistance and traditional Bedouin hospitality to visitors.²

Jordan also boasts a number of national parks and wildlife preserves where nature lovers can observe and photograph great varieties of migrating birds and other wildlife. In the early 1960s King Hussein and Jordanian officials became concerned about vanishing wildlife and damage to the natural environment of the desert to the east of the central highlands where over-grazing had diminished plants and shrubs. Early in this century, gazelles, Harbara bustards, and Arabian oryx were abundant. Since 1916 wild asses, fallow deer, Syrian bears, ostriches, and

¹"Aqaba" in Jordan: A MEED Practical Guide (London: Middle East Economic Digest Ltd., 1983), 239-248.

²"Wadi Araba" in Jordan: A MEED Practical Guide (London: Middle East Economic Digest Ltd., 1983), 237-238.

oryx have vanished from over-hunting, although the Jordanian government has reintroduced oryx.¹

In 1963 King Hussein invited a group of British scholars, scientists, and naturalists to conduct an extensive survey of the mountains and deserts to the east of the Jordan valley and define the status of the endangered animal species of Jordan. The need to protect the country's wildlife, vegetation, and spectacular scenery led to the decision to create wildlife reserves in conjunction with national parks. The British survey team recommended three localities: 1,500 square miles around Azraq Oasis, eight hundred square miles around Petra, and the magnificent desert of Wadi Rum.² In addition, the Jordanian government formed the Royal Society for the Conservation of Nature (RSCN) with King Hussein as Honorary President, to conserve and revive wildlife in Jordan with strict conservation laws and education. The parks also serve to stimulate an awareness of Jordan's natural beauties. Facilities include chalets, hotels, restaurants, picnic grounds, playgrounds and swimming pools.³

At the Shaumari Wildlife Preserve near Azraq oasis, the Jordanian government is breeding rare oryx, gazelles and other wild animals once common but now rare in Jordan. In 1975, the RSCN began a project to establish breeding quarters for gazelles, oryx

¹Guy Mountfort, "Jordan's National Parks," Aramco World Magazine (January-February 1969): 34.

²Ibid., 36.

³Ibid.

and other endangered species, with the backing of the World Wildlife Fund. The Shamauri Wildlife Reserve is only a small part of the Azraq Desert Reserve, projected to embrace six hundred square kilometers.¹

Azraq oasis, seventy miles east of Amman, is crucial to the wildlife of the desert. It consists of a series of clear, deep pools filled by upwelling water which flows into a permanent marsh occupying seven square kilometers, with another eighteen square kilometers of wetlands containing rushes, sedges, grasses, tamarix and other vegetation. The wetlands and surrounding areas possess striking beauty. More than seventy species of birds breed at Azraq and bird-watchers have recorded over four hundred species.² Eastern Jordan is only a small part of the great Arabian desert which contains not a single river. The extensive swamps and marshes are the only permanent fresh water in several thousand square miles of desert and they are important to migrating birds because of their location at the crossroads of migration routes from south of the Sahara to Europe and Eurasia in the spring, and back in autumn.³ The reserve includes observation areas and nature trails for visitors. Visitors to Azraq, also a

¹J. Bryan Nelson, "Azraq: A Case Study," in Studies in the History and Archaeology of Jordan II, ed. Adnan Hadidi (Amman: Department of Antiquities and Routledge & Kegan Paul plc, 1985), 41.

²Ibid., 39.

³Ibid.

national park, can visit Azraq castle, built by the Romans and rebuilt by the Nabataeans and Ummayyads.

While the Desert Reserve at Shaumari and the Azraq wetland Reserve are of enormous importance to Jordan, by the end of the 1980s, Jordan had not yet realized King Hussein's ideal of a Desert National Park. According to Dr. J. B. Nelson of the Department of Zoology at Oxford, "national and international interests have prevented the realization of the concept, and an appropriate Scientific Research programme to support Park Management is lacking."¹ Moreover, nearby development exerts ecological stress on the oasis. A highway passes through Azraq, and visitors heavily use the Reserve area for recreation, with attendant litter and some pollution of the water. The rapidly growing village at Azraq and a nearby air base and camp draw water from the same aquifer system, threatening the marsh and its wildlife.

In 1986 income from tourism fell as a result of the United States' air-raid on Libya² and political tension in the occupied territories of the West Bank and Gaza. The decline in tourist income has had a negative effect on Jordan's foreign currency

¹Ibid., 41.

²"Impact of Oil Price Decline Mixed," London Middle East Economic Review (30 Aug.-5 Sept. 1986) 46-47. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-86-129; (GPO microfiche; PrEX 7.20:86-129), 28.

reserves.¹ Some reasons for hope exist, however. The war between Iran and Iraq came to an end during 1989, and the uprising in the occupied territories, as well as the recognition by the Palestine Liberation Organization of United Nations Security Council Security Council resolutions 242 and 338 may ultimately result in the convening of a peace conference. A comprehensive Middle East peace settlement would almost certainly have a major impact on Jordan's tourist industry.

To conclude, since 1973 Jordan has transformed its tourist industry into an important sector of its economy, becoming the second largest foreign exchange earning industry. It has attracted increasing numbers of visitors by restoring and publicizing its antiquities, and by developing tourist facilities for its natural wonders. Its rich historic heritage is the focus of Jordan's efforts to publicize and propagate awareness of its tourist attractions. In addition to its antiquities, Jordan also developed tourist facilities at a number of its natural wonders, such the Dead Sea, mineral springs, the Wadi Rum desert, and the beach at Aqaba.

Jordan welcomes international teams and institutions to help in uncovering and preserving its relics and monuments of the past. Jordan is uncovering these relics not only to reveal and illustrate the splendor of its past but also as part of its

¹"Crown Prince on Economic Issues," Amman Jordan Times, (15 Sept. 1986) 1, 4. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-86-140; (GPO microfiche PrEx 7.20:86-140; 1-4).

effort to demonstrate that all of the ingredients that made those ancient communities flourish are present in Jordan today. Yet for all Jordan's planning and publicity in the area of tourism, its performance in this area depends to a large extent on future regional political developments.

AGRICULTURE: "PLANNING WITH THE PEOPLE"

As noted in chapter one, the theme of Jordan's development publicity is "a modern country in an ancient land." This historical backdrop applies to agriculture as well, since in one sense Jordan's achievements in this area began ten thousand years ago when ancient man turned from hunting to farming near Jericho. Historically, agriculture was the economic backbone of the people of Jordan, and from earliest recorded history withstood marauding invaders, pestilence, and drought. Farmers exported foodstuffs from the Jordan Valley to nearby states five thousand years ago, and constructed irrigation networks during the Bronze Age, more than 4,500 years ago. A government-produced promotional film even referred to the Jordan valley as Antony's gift to Cleopatra.¹ Yet, in this area, there is a sub-theme that the government of Jordan emphasizes more strongly, one that could be called "planning with the people." Jordan emphasizes the strong social objective in its agricultural development planning, and its success in providing the population with incentives to live in the valley on a permanent basis, more than any other theme in its publicity of agricultural development. Jordan's achievements in agricultural development are among the most impressive in the

¹Ministry of Culture and Information, Jordan 16mm, 25 min. n. d. Distributed by Universal Studios, Amman.

Arab world. Since 1973 Jordan has implemented a highly successful scheme to restore the Jordan valley's ancient fertility, a scheme that some observers have called the most dramatic example of agricultural progress in the Arab East.¹ The government of Jordan wants to attract attention to the valley and has encouraged and actively aided studies dealing with it, such as The Jordan Valley: Life and Society Below Sea Level, written by Rami Khouri, a Jordanian journalist and former editor of the Jordan Times. Khouri published this study in association with the Jordan Valley Development Authority. Another example is the section on agriculture in Jordan: A MEED Practical Guide, which received the help and encouragement of Peter Salah, undersecretary of the Jordanian Ministry of Information. Jordan, published by the Jordan Information Bureau, showcases dams, waterways, irrigation systems and improved farming techniques.

Although the government has considerable investments in dry land farming, agricultural policy has focused on investing heavily in intensively irrigated farming of fruits and vegetables in the Jordan Valley, as it is the only region where Jordan can achieve a significant increase in production. The potential payoff to irrigation projects in the Jordan Valley is greater and more certain than to most investments in dryland agriculture. The rationale is that Jordan has a unique irrigable area of high

¹John Lawton et al., "The Greening of the Arab East," Aramco World Magazine, September-October, 1983, 31.

potential in the valley, and the international community offers many opportunities for borrowing and adapting new technologies in irrigated agriculture. This chapter will discuss Jordan's agricultural development only in the Jordan valley since it is the focus of Jordan's publicity on development planning in agriculture.

Jordan is eighty percent desert and only 6.7 percent of the land area is arable,¹ but the Jordan valley is like a natural greenhouse, and as such it offers the best prospects for increasing agricultural yields. The valley is a narrow strip of rich earth that borders the length of the Jordan River from Lake Tiberias in the north to the Dead Sea in the south, ranging from two hundred to four hundred meters below sea level, and thus the climate is milder than the surrounding high-lands. In this tropical climate, crops ripen two months ahead of those in surrounding countries of the Levant. Vegetables that are planted in October and November and harvested in December and January when both the demand for fresh produce and prices are high, since there is little competition in other areas of Jordan or abroad.² Jordan dominated the region's market from 1960-1970.³ Other vegetables

¹Jordan, National Planning Council (NPC), Three Year Plan 1973-75, 55.

²Mazur, Economic Growth, 182, and Rami G. Khouri, The Jordan Valley, Life and Society Below Sea Level (London: Longmen Group Ltd., 1981), 13.

³Oddvar Aresvik, The Agricultural Development of Jordan (New York: Praeger Publishers, 1976), 151.

grown are mainly cucumbers, watermelons, eggplants, cauliflowers, cabbages, onions, garlic, peppers, green beans, lettuce, radishes, and turnips.

Interestingly, even in the area of agricultural development, government-sponsored literature about the Jordan valley seems geared to attract visitors to the country. In places these articles read like a travel log, containing graphic descriptions of the climate and landscape, replete with breath-taking color photographs depicting sweeping expanses of verdant fields with the serpentine East Ghor Canal winding its way out of view.¹ Azure skies contrast with the stark barren rise of the Great Rift Valley. Residents of the valley appear in the photos, in both colorful traditional clothing and in western dress, contrasting the old with the new. This is in keeping with the government's portrayal of Jordan as "a modern country in an ancient land."²

Although agriculture has been an important part of the Jordan Valley for nearly ten thousand years, large-scale development in the valley eluded humans during all those millennia and Jordanian authorities for seventy-five years prior to the early 1970s. The Jordanian government's efforts since that time are only the latest of hundreds of similar attempts throughout

¹See for example: Jordan Information Bureau (JIB), "Jordan Valley," Jordan 3 (Washington D.C: Summer 1978), 18,28,31, and "Returning to the Valley" by Rami G. Khouri Jordan 8 (Spring/Summer 1983), 10-11.

²Ministry of Culture and Information, Jordan, 16mm film.

recorded history to foster permanent, productive societies on the basis of the area's agricultural potential.¹

Jordan initiated the Yarmouk River irrigation scheme as its first major development project in the early 1950s, with the aim of bringing the entire Jordan Valley under cultivation. The central project in the Yarmouk plan was the East Ghor Canal. Work began on the canal in 1957 and by 1966 workmen completed the system of lateral canals and farmers brought the full 300,000 acres of the project area under irrigated cultivation. The canal begins at the Yarmouk River in the far north and extends to Karameh in the south, running parallel to the Jordan River on the East Bank. In 1977 the government signed a contract with Cho Suk Construction Company of South Korea for construction of its final sixteen kilometers to the Dead Sea. The extension cost \$15 million, \$10 million of which came from the United States Agency for International Development (USAID).² Dar al-Hamdasah of Lebanon served as the consultants for this project.

A prominent aspect of Jordan's development effort in agriculture, as in other areas of development as well, is the international character of the projects. Some fourteen foreign governments, Arab aid funds or multinational organizations contributed about half the financing of the valley development effort.³

¹Khouri, The Jordan Valley, 8-9.

²Ibid., 145.

³Lawton, et al., "Greening," 40.

Also, more than twenty thousand Egyptians, Pakistanis, Indians, and others settled in Jordan in the early 1980s to perform jobs in a country that was once plagued by rural unemployment and underemployment.¹ The Saudi Fund, the Arab Fund for Economic and Social Development, the Kuwaiti Fund for Arab Economic Development, the World Bank, the Abu Dhabi fund, the International fund for Agricultural development, the West German, Dutch, Japanese and British governments and the European Economic Community are among the major foreign donors to the project.² In addition to financiers and laborers, foreign countries have also fielded teams of contractors and consultants.

The East Ghor Canal initiated the most widespread and significant changes in the valley's farming techniques. When the canal entered service in the early 1960s, it quickly transformed the area from subsistence cereals farming to large-scale production of high value fruits and vegetables. Between 1959 and 1965 total agricultural production in the valley more than doubled, and average net income per irrigated dunum³ of the valley farmer increased twelve-fold (\$3.63 to \$44.88).⁴

¹Peter Gubser, Jordan, Crossroads of Middle Eastern Events (Boulder, Colorado: Westview Press, London: Croom Helm, 1983), 66.

²Lawton, et al., "Greening," 40.

³One dunum equals 1,000 square meters.

⁴Khouri, The Jordan Valley, 92.

Another element in the plan was a land redistribution program, begun in 1962, under which officials began to break up large land holdings in favor of smaller family-owned farms, thus spreading the benefits of irrigated farming to a greater number of people. Officials completed the land redistribution program in two stages between 1963 and 1967. Five hundred new farmers, mostly landless sharecroppers or wage laborers, obtained land. Ninety five percent succeeded in profitably running their new lands.¹ In the early 1980s a land redistribution law was still in effect, under which the government bought land that it had irrigated and re-sold it in small holdings. The government designed the law to eliminate both large and uneconomically small holdings, the upper and lower limits being respectively twenty hectares (fifty acres) and three to five hectares (7.5-12.5 acres). The 1967 Middle East war interrupted the progress of the Yarmouk project. The war and its aftermath were catastrophic for the valley and for Jordan as a whole. Loss of the West Bank deprived Jordan of a quarter of its cultivated area, sixty-five percent of its vegetable output, sixty percent of fruit and eighty percent of its olive production.² In addition, the fighting destroyed sixty-five percent of all buildings in the Jordan valley, including homes, schools, and clinics.³ Most of the pre-

¹Ibid., 88-90.

²Khouri, The Jordan Valley, 103.

³Aresvik, Agricultural Development, 306.

war population of sixty thousand in the valley abandoned their homes, farms, and businesses for the safety of the nearby eastern hills.

After the war, the growing Palestinian commando movement increasingly used the east Jordan Valley as a staging ground for commando raids into the occupied West Bank. Israeli reprisal attacks and shellings seriously damaged the East Ghor Canal and destroyed buildings and fruit trees.¹ The attacks knocked the main canal out of service on four different occasions from June 1967 to August 1971. Internal clashes between Jordanian forces and Palestinian commandos in 1970-71 extended the period of turmoil in the valley and prevented the main agricultural research stations from functioning for nearly five years.² The rise of the commandos threatened the internal stability of Jordan. For four years the valley languished, the victim of regional and internal conflicts. Understandably, government literature on development does not discuss the commando movement and civil disturbances of 1970-71 in any detail, except to describe their effects as an obstacle to progress.

In discussing the effect of the 1967 war on Jordan's development effort, government sponsored literature does not engage in polemics aimed at Israel and in general is politically neutral, but it makes some mild political implications in the manner it

¹Mazur, Economic Growth, 179.

²Aresvik, Agricultural Development, 335.

describes the effects of the war. Articles discuss the loss of the West Bank and the damage to the valley infrastructure and the East Ghor Canal with a sense of sadness and indignation, describing the Israeli bombardment of the valley as indiscriminate, and emphasizing the trauma of the many farmers who abandoned their fields and citrus groves for the safety of the East Bank.¹

In the wake of the 1970-71 civil disturbances, government planners saw the valley as a priority area for rehabilitation and development. In 1972 they formed a technical committee comprised of representatives from various related ministries and departments to formulate a comprehensive development plan embracing a wide scheme of integrated social and economic development to rebuild the damage of the 1967 war and lay the foundation for sustained growth.² The original three-year plan for the valley coincided with the national Three Year Plan for Economic and Social Development 1973-75. The plan introduced the concept of integrated comprehensive regional development, to provide the infrastructural needs of farming and the human needs for housing, schools, health services, drinking water, and electricity.

Housing and social facilities have always been at a relatively low level in the valley, and the devastation of the 1967 war and its aftermath made conditions much worse. The tradi-

¹Mazur, Economic Growth, 81, and Khouri, "Returning to the Valley," 12.

²NPC, Three Year Plan 1973-75, 98.

tional homes in the valley consisted mainly of one or two room dwellings built of mud brick, which comprised forty-six percent of all housing units.¹ The plan called for the government to provide the farmers with low-cost prefabricated building materials to either erect new homes themselves with family labor or meet the necessary labor costs. The goal of the plan was to attract 100,000 new residents to the valley and provide them with incentives to live in the valley on a permanent basis, as opposed to the approach of earlier development plans, whose sole emphasis was to bring more area under irrigation. The plan aimed to reverse the trend in third world countries of rural peasants and farmers gravitating to the cities to find employment²

Crown Prince Hassan's special interest, support and sponsorship in the valley's development planning became vital to the success of its development effort. His role in the valley's development is highly visible in Jordan's publicity campaign. He provided the conceptual ideas and top level political support to sustain the integrated development plan through its implementation. Articles in Jordan and other public relations instruments highlight Hassan's personal concern and close contact with the people. In keeping with the "planning with the people" theme, this literature highly publicizes field visits and meetings with

¹Aresvik, Agricultural Development, 312.

²Lawton, et al., "Greening," 35.

villagers. Government publications portray him as the prime force behind the achievements in the valley.¹

The Jordanian government emphasized the strong social objective contained in the valley development project.² In an interview with Aramco World in 1983, Dr. Hanna Odeh, a member of the planning committee who has since served as president of the National Planning Council, recalls:

"We had reviewed all previous plans for the valley and realized that simply increasing agricultural production and income did not in itself guarantee a rise in the social standards and general quality of life of the valley residents. We thought that a plan that covered engineering requirements was somehow insufficient. We sought more balance between technical work and the human needs of the valley."³

Along those same lines, Rami Khouri noted "It is, in the end, the human aspect of the valley's rapid transformation that is most noteworthy-and of most interest to other countries seeking models of integrated rural development to study and learn from."⁴

The integrated, comprehensive development concept was the forerunner to the "regional development" concept which took root in the minds of the Jordanian planning team headed by Crown Prince Hassan. The concept involves planning the development of a geographical area of the country as a unified, almost self-con-

¹See for example: JIB, Jordan 5 (Washington D.C.: Winter, 1980) and Lawton, et al., "Greening," 34.

²"Jordan Valley," 28, Khouri, "Returning to the Valley," 13, and Lawton, et al., "Greening," 34.

³Lawton, et al., "Greening," 35.

⁴Khouri, "Returning to the Valley," 15.

tained entity whose economic growth would be connected to the social and infrastructural services required by the indigenous population.¹ The Jordanian government formally adopted this planning concept in the late 1970s. The Jordan Valley became the first practical test for this concept.

The Jordanian government portrays the valley as the prototype of a successful rural development strategy that is applicable in other parts of the country, the region, and other developing nations. The government designed integrated development plans for several other regions of the country, notably Aqaba in the south, Irbid in the north, and the greater Amman region, which accounts for one half of Jordan's 2.3 million people.² Thus, the success or failure of the integrated, comprehensive development concept in the Jordan Valley will have important repercussions in the rest of the country. In the long run, Jordan's economic coherence and viability depend greatly on the changes in the valley, such as the willingness of the private sector to invest large amounts of capital into farming, and the willingness of workers to move into the valley with their families.

The government manifests its "planning with the people" principle in the provisions for the people to participate in the development and the policy-making process. Also apparent is the

¹Khouri, The Jordan Valley, 18.

²Ibid.

political corollary: by directly taking part in decisions affecting their own areas and lives, the government hopes that Jordanians in provincial regions will feel a greater sense of political participation and responsibility. The government calls its approach "a union of farmers and planners that combines human energy and government assistance." Nevertheless, during the 1980s many farmers complained of the weakness of the public institutions and the lack of available services to support modern agriculture.¹

In February 1973 government planners set up the Jordan Valley Commission (JVC) to implement the three-year plan. By this time agriculture was an important part of the Jordanian economy, despite the fact that the country is eighty percent desert and that it had lost much of its richest agricultural land in the war. By 1973 agriculture comprised one-fifth of the Gross Domestic Product, employed forty percent of the work force, and accounted for fifty percent of the total value of exports.² Despite all the turbulence, from 1967 to 1972, agricultural exports averaged 5.2 million Jordanian Dinars (JD) annually (about \$15 million), or one-half of Jordan's total exports. Meanwhile, Jordan imported JD 20 million annually in agricultural products during the same period.³

¹Alison Burrell, ed., Agricultural Policy in Jordan (London: Ithaca Press, 1986), 94.

²NPC, Three Year Plan 1973-75, 55.

³Ministry of Culture and Information, Jordan 1973, 45.

In 1969 a Dutch-Lebanese consortium of Netherlands Engineering Consultants recommended that the government of Jordan establish the JVC as an autonomous agency with overall responsibility for the development of the Jordan valley. The Commission enjoyed far-reaching powers concerning policy decisions and actual implementation measures.¹ Previously, the Jordan River and Tributaries Regional Corporation, the Natural Resources Authority, and the Ministry of Agriculture shared this responsibility.² Under the individual ministries, development focused narrowly on irrigation, and the efforts of the individual ministries did not converge into a meaningful whole.³ The JVC acquired full authority over all aspects of life in the valley and usurped powers from existing government agencies. However, the Five Year Plan 1986-90 conceded that insufficient coordination among the various bodies persisted.⁴

In the early phases of the project, the Jordanian government had difficulty establishing credibility with the valley residents. Officials posted the JVC plans in public places for the people to see and discuss and arranged open meetings with mukhtars (village leaders), and valley residents. Early in 1973 Crown Prince Hassan and Dr. Munther Haddadin made numerous trips

¹Aresvik, Agricultural Development, 222.

²Mazur, Economic Growth, 180.

³Khouri, The Jordan Valley, 104.

⁴NPC, Five Year Plan 1986-1990, 536.

to the valley to consult with the farmers. Dr. Haddadin recalls:

"We wanted feedback from them about the specific facilities that we were going to provide....We were faced with great skepticism; they'd all heard government promises before, but saw little follow-up. They were used to running after the government in Amman to get the most rudimentary social services. and here we were telling them we were going to build them schools, houses, roads, clinics, and water and electricity systems. They didn't believe us."¹

Outside the valley, the JVC adopted a low-key approach, generating little publicity at first so as not to raise expectations too quickly.

The 1973-75 three-year plan aimed to increase the irrigated lands of the valley to ninety thousand acres and to provide social services to meet the needs of a population of 150,000 at full development. The 1967 war and the subsequent commando-related violence radically reduced the population to eight or ten thousand people.² The plan was obviously unrealistic. In fact, the authorities implemented little of the plan within the plan period. Construction of most projects never even began. The JVC confined most of its activities from 1973-75 to planning, design, and awarding of contracts.³

After two years of work with nothing to show for it in concrete terms, the JVC faced an almost total loss of credibility,

¹Khouri, The Jordan Valley, 133.

²Gubser, Jordan, Crossroads, 65.

³Mazur, Economic Growth, 180.

and its explanation for the delays elicited little sympathy or understanding. The delays were due to the inexperience of the JVC, which assumed responsibilities for projects in which it had no expertise. This caused delays which meant large cost increases in the inflationary years of 1974-76.¹ Expenditures exceeded the planned figure of JD 13 million, sixty-five percent of which came from the private sector.² Implementation required a much longer time scale which the JVC provided in the form of a new Five-Year Plan 1975-80.

By mid 1975 the momentum of the development effort increased. Yet by the end of the year the JVC again realized that its time scale was unrealistic. In November 1975 it reassessed the 1975-80 plan and proposed an extended program spanning the period 1975-82. The plan aimed to triple the irrigated area in the East Jordan valley. It also contained the uncompleted projects from the 1973-75 plan, including the King Talal Dam on the Jordan river.

From January 1975 to January 1980 the Jordan valley experienced an unprecedented period of construction and growth. Income from this sector increased from JD 26 million in 1975 to JD 60 million in 1980, exceeding the projected goal of JD 42 million,³

¹Khouri, The Jordan Valley, 129.

²NPC, Five Year Plan 1976-80, 91.

³Ibid., 93.

with an annual rate, in real terms, of 5.7 percent.¹ Agricultural exports increased from JD 10.7 million in 1975 to JD 22.6 million in 1980.² Investment in agriculture totaled JD 57 million, 47 million of which came from the private sector.³ By 1977 workmen completed the \$35 million King Talal Dam. This brought an additional fifteen thousand acres of farm land under irrigation and provided five thousand kilowatts of electricity for valley residents. Energoprojekt and Planum Zemun of Yugoslavia designed the dam and the Kuwait Fund for Arab Economic Development provided a JD 5.1 million (\$17 million) loan for the project.⁴ By 1978 the phase one projects began to have an impact on the lives of the people. Residents of the valley faced new opportunities, farmers increased production and income, and educational availability increased.

Access to educational facilities in the valley through the secondary school cycle is often a decisive factor in transforming Jordanians' attitudes and aspirations in the long term. Opportunities to attend school are attractive to the bedouin, and are often a key factor in a family's decision to settle down permanently in a village.⁵

¹NPC, Five Year Plan, 1981-85, 68.

²Ibid., 69.

³Ibid.

⁴NPC, Five Year Plan 1976-80, 134.

⁵Khouri, The Jordan Valley, 170.

The major new project in the 1975-82 plan and the single biggest project in the history of Jordan Valley development was the Maqarin Dam on the Yarmouk river. The dam cost \$46 million, funded in part by a \$16.8 million loan from the Kuwait Fund for Arab Economic Development and a \$5.6 million loan from the Abu Dhabi Fund.¹ Energoprojekt and Planum Zemun of Yugoslavia were the consultants for this project also. Also in 1975 the JVC awarded its first contract of \$6.4 million to a Jordanian contractor, to build the main highway spanning the length of the valley. The Irrigation project got underway with South Korean firms winning a \$5.8 million contract to install an underground pressure pipe irrigation network covering 3,705 acres at the juncture of the Zarqa and Jordan rivers. In addition, workmen extended the East Ghor canal another eighteen kilometers.²

Another notable project in the 1975-82 plan was the adoption of sprinkler and drip irrigation systems in nearly the entire irrigated area of the east Jordan Valley. It also included the extensive use of plastic hothouse farming, which increased production. The plastic houses help conserve water and reduce the stress of cold temperatures during cool months and at night. Moreover, the plastic houses act as a physical barrier against the spread of insects and air-borne diseases. The Jordan Valley

¹Ibid., 145.

²Ibid.

soils are known to harbor a great variety of pathogenic fungi and nematodes which greatly reduce yields.¹

On October 13, 1982 the JVC, now the powerful Jordan Valley Authority (JVA), formally ended the first decade of work on the rehabilitation plan when it turned over a series of JVA projects to the appropriate ministries. The completed projects included seventy schools, fifteen hospitals and health centers, a community development center, ninety kilometers of village roads, 1,888 houses, a power network, and three domestic water projects serving thirty-five villages. The cost of the village development projects totaled \$105 million, of which \$39 million was financed by foreign loans.²

The Five Year Plan 1981-85 aimed to increase agricultural income from JD 60 million in 1980 to JD 86 million in 1985 at 1980 prices, an increase of forty percent at an annual rate of 7.5 percent.³ The actual net income during the plan period was 40.5 percent at an annual average rate of seven percent. Failure to implement a number of plan projects, and marketing and organizational problems accounted for the shortfall.⁴ By 1983 the JVA completed the King Talal Dam on the Zarqa river, sixty-two wells scattered throughout the Rift valley, the Hisban-Kafrein Dam and

¹Burrell, Agricultural Policy, 91.

²Lawton, et al., "Greening," 40.

³NPC, Five Year Plan 1981-1985, 70.

⁴NPC, Five Year Plan 1986-1990, 533.

irrigation scheme, underground drainage networks, and agricultural services that included four grading and packing centers, two tomato paste factories, a box factory, two vegetable nurseries and a soil and water laboratory.

The concept of national food security is a recurring theme of the 1981-85 development plan, that is, achieving self-sufficiency in food production. The plan included organizational measures to move towards a unified pan-Arab plan for agricultural integration and Arab food security, in cooperation with pan-Arab organizations and institutions concerned.¹ These measures align with Jordan's broader goal of integration with the economies of the other Arab countries.

By 1986 agriculture employed 10.1 percent of Jordan's workforce.² The JVA signed an agreement with a local company to set up a health care center at Wadi Araba, a school for a village in the southern Jordan Valley, and housing for JVA workers. Also that year a consultancy firm provided designs for the projected Al-Karameh dam to built in the Jordan valley.

The primary institutional sources of agricultural credit in the Jordan valley are the Agricultural Credit Corporation (ACC), the cooperative societies, the Jordan Valley Farmers Association (JVFA) and the commercial banks. Of these the largest supplier

¹NPC, Five Year Plan 1981-1985, 71-73.

²Fahed Fanek, "Unemployment Problem Described" Amman, Jordan Times (July 27, 1986), 4. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-86-113; (GPO microfiche; 7.20: 86-112).

by far is the ACC, which makes loans for land improvement, livestock development, purchase of machines and equipment, and farm construction.¹ The ACC began operation in 1960 as semi-autonomous government agency.² It raises funds from foreign aid donors, the government treasury, and the Central Bank of Jordan. The ACC is a government owned agricultural bank specializing in relatively large, medium and long-term loans. It is controlled by a board of governors, which consists of a chairman, three members representing the Ministry of Agriculture, the Ministry of Finance, and the National Planning council, and five members from the private sector. The board administers the corporation and determines its policy.³ The ACC requires collateral in the form of land or capital goods and, therefore, tends to lend mostly to large landowners and large schemes such as sheep or poultry farms and large-scale irrigation works.⁴ While its repayment record has been poor, it demonstrated improvement by the 1980s. It began with the inherited debt portfolios of its predecessor institutions, that included many bad debts.⁵ In addition, the 1967 war, occupation of the West Bank, and the internal disturbances which ended in 1971, all impeded collection of debts. The

¹NPC, Three Year Plan 1973-75, 60.

²Mazur, Economic Growth, 189.

³Aresvik, Agricultural Development, 272.

⁴Khouri, The Jordan Valley, 199.

⁵Mazur, Economic Growth, 189-90.

ACC demonstrated leniency in its treatment of overdue loans, and rarely foreclosed on a mortgage.

While the ACC supplied credit to favor large farmers, the majority of farmers in the valley are small farmers and sharecroppers, who turn to the JVFA for loans.¹ The program began in 1978 with assistance from USAID to break the collateral bottleneck for small producers by providing credit against farmers' prospective output. The JVFA has numerous other responsibilities, the most important of which is to buy wholesale quantities of seeds, fertilizers, and insecticides, and sell them to members at below existing commercial prices. Other functions include supplying agricultural machinery as well as grading and packaging produce and marketing it in domestic and foreign markets.² Membership is compulsory to all farmers in the valley, whether they are owners, rent-farmers, or sharecroppers.³

A third lending body in the valley besides the ACC and the JVFA is the Jordan Cooperatives Organization (JCO), an autonomous government agency established in 1969. The JCO provides a full-time manager, usually an agronomist, to each cooperative. The cooperatives provide seasonal and medium-term credit, agricultural supplies and technical services.⁴ By the mid-1980s 149 coops

¹Aresvik, Agricultural Development, 316.

²Ibid. 183.

³Ibid., 315.

⁴Gubser, Jordan, Crossroads, 67.

with over 15,500 members operated in Jordan, thirty-two of which were in the Jordan valley. Sixty percent of the valley's farmers are members of coops which typically have between one hundred and two hundred members.¹

Official sources of credit need additional funds to improve their capacity to meet farmers credit needs. The Five Year Plan 1981-85 stipulated an increase of JD 48 million in the loans made by the ACC to the agricultural sector during the period of the plan.²

The Jordan valley development effort spawned a number of positive trends, among them rising agricultural production, sharply increased access to social services, and a high rate of private investment. Statistically, the economic and social progress in the valley are demonstrable. Between 1973 and 1979 the number of children enrolled in schools in the valley increased sixty-one percent, from 12,028 to 19,345. Irrigated farm land increased from 186,590 dunums to 242,860 in the same period. The population of the valley in November 1979 was eighty-five thousand compared to less than five thousand in 1971, and a pre-war population of sixty thousand.³

Jordan's government is especially proud of the sustained willingness the farmers and their entrepreneurial colleagues have

¹Khouri, The Jordan Valley, 205.

²Burrell, Agricultural Policy, 106.

³Ibid., 20.

demonstrated to invest in the valley's future¹ It is all the more remarkable that these signs of confidence occur in a region that has erupted into five major wars in the last forty years. The JVA estimated in the early 1980s that for every dinar the government invested on infrastructure, the private sector invested five dinars in agricultural and other commercial efforts.²

The government of Jordan is most of all proud of the movement of people back to the valley. Although increased agricultural output is the most obvious accomplishment, the government considers the change in the people's attitude toward working and living in the valley the most significant accomplishment. Dr. Munther Haddadin, acting president of the JVA, told Aramco World magazine in 1983: "It's easy to build irrigation projects and housing or schools. The really difficult challenge is in changing people's attitudes towards education, social welfare, self-reliance, civic mindedness, child rearing, and all other elements of an educated, enlightened population. It's a slow process."³ Young graduates who once migrated to the cities are taking new jobs in education, health care, banking, agricultural services, transport, and a whole range of retail and commercial fields. This trend in Jordan is in contrast to most other developing

¹Khouri, "Returning to the valley," 13, and Lawton, et al., "Greening," 34.

²Khouri, "Returning to the Valley," 14.

³Lawton et al., "Greening," 34.

countries where the movement of people is from rural areas into crowded urban areas.

In his book The Jordan Valley, Rami Khouri discusses the many families who have returned to the land to settle in the valley as farmers. This book emphasizes the impact of the Jordan Valley development effort on human experience. In discussing the successes and failures of the project, he continually alludes to a specific example of a farmer or family living in the valley, airing their praises, complaints, and frustrations. The government of Jordan takes great pride in the willingness of its young people to make their homes and lives in the valley after many years of shunning it in favor of the jobs and material comforts of the highland cities of Amman, Salt and Irbid. The government portrayed its development effort for the valley as a model of integrated rural development for other developing countries to learn from.

Despite these positive trends, the Jordan valley development effort encountered a number of serious problems and obstacles. For all the construction, growth, and new opportunities facing valley residents, increasing numbers of foreign workers began to enter employment in the agricultural sector. Before 1975 there were no foreign workers employed in agriculture. Since then Jordan's educational facilities greatly increased and developed, and fewer Jordanians are willing to accept labor jobs. Moreover, increasing demand for labor by other sectors in Jordan and neighboring Arab countries resulted in migration from rural areas to

the cities, necessitating the import of non-Jordanian labor.¹ Immigrant workers are willing to accept jobs with poor working conditions and lower pay.²

The JVA's biggest disappointment has been their inability to develop effective two-way communication with the residents of the valley and eradicate the perception by most of the sharecroppers and small farmers that only rich and well connected people can buy land. The government has been quite candid and forthcoming about problems and shortcomings in this area. Prince Hassan presided over a "self criticism" session held with senior government officials in October 1980 at which Dr. Haddadin intimated the JVA's disappointment:

"We admit that we were unable to find the necessary means to get to know the people in the valley well, we could not find the right channels to tell them about our projects and fully understand their social and economic situation. It's a shortcoming we could not resolve."³

The communication gap between government agencies and valley residents stemmed from the struggle between the uniformity demanded by a large scale development effort and the obstinate individuality of the farmer. When the JVC, and later the JVA, assumed responsibility for every aspect of life in the valley,

¹NPC, Five Year Plan 1986-1990, 533.

²Huda al-Murr, "The Situation is Sound and the Crisis a Biased Campaign," London Al-Majallah (20-26 August, 1986), 33. Translation by the Joint Publications Research service. Near East and North Africa Report, JPRS No. NEA-86-130; (GPO microfiche; 7.20: 86-130).

³Khouri, The Jordan Valley, 160.

the farmers felt threatened by the loss of their formerly unchallenged decision making powers. From their perception, the JVA also encroached on the traditional political infrastructure that centered on the large tribes and families in the valley.¹

At the beginning of the Five-Year Plan 1986-90 agricultural output remained far below its full potential. The East Ghor Canal expanded the area under intensive cultivation but it did not change established habits. Many farmers persisted in using traditional agricultural methods that limited their productivity and profit. This was usually due to their inability to generate or borrow the capital required, or unwillingness to work with borrowed capital. Others lacked the technical expertise to use the technology.² During the 1970s tractors were the only commonly used farm machines, while the choice of supplies, such as seeds and fertilizers, were determined more by the marketing skills of commercial agents and retailers than by the technical requirements of the farmers themselves.³ In reading the Development Plans of Jordan, one is struck by the emphasis on expansion of the cropped areas to achieve increased production rather than on improvements in productivity levels on areas already cultivated.

¹Ibid., 161.

²Burrell, Agricultural Policy, 99.

³Khouri, The Jordan Valley, 178.

While Jordan's development projects increased agricultural production overall and accomplished other important goals, from 1973 to 1981 agricultural output actually declined, largely due to severe climatic factors. This decline resulted in a meteoric rise in imported foodstuffs to cover domestic shortfalls. Between 1977 and 1984, the ratio of imported to domestic wheat was five to one; in 1984 the ratio had become nine to one, prompting Jordan Times economic analyst Fahed Fanik to write in March 1985 "Agriculture is almost dying or fading away, despite all the lip service and financial expenditure it is attracting."¹ Despite this grim summation, by 1985 there was some improvement in the agricultural sector as income rose seventeen percent, after a 12.9 percent decline the previous year.²

Another major problem is the need to improve marketing systems. Crown Prince Hassan, in an address on the economic situation at the University of Jordan in September 1986, said that the agricultural sector was suffering from difficulty exporting its surplus, and even marketing it within Jordan.³ According to Rami Khouri, this is the weakest link in the future development of the valley. The marketing problem is characterized by chronic excess

¹Robert B. Satloff, Troubles on the East Bank (New York: Praeger, 1986) 12, 25.

²"Economic Recession in Jordan Persists" Paris Al-Mustaqbal (1-7 Dec. 1986), 36. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-87-011; (GPO microfiche; PrEx 7.20: 87-011; 67).

³"Crown Prince on Economic Issues," 1.

supply of certain products on domestic markets, irregularity of market supply, and under-exploitation of export markets.¹ At the beginning of the 1980s marketing consisted of an uncontrolled system based on auctioning off fresh produce at roadside markets like Sawalha, Wadi Yubis or Karameh via the medium of commission agents. Critical marketing difficulties and haphazard production unrelated to demand caused marketing bottlenecks.² Moreover, the irregular flow of vegetables to export markets resulted in a loss of some traditional markets.³ The government established the JVFA to assume marketing responsibilities in 1974 but it has had inconsistent results.⁴

According to Rami Khouri the key to coherent development of the valley is the evolution of a strict marketing policy based on grading and packing, rational crop patterns, and better farm management.⁵ The fragmentation of land holdings has hindered the effective use of production techniques.⁶ Competition has increased in the export markets of the Arabian peninsula and other traditional and nearby markets such as Syria, Iraq, and Lebanon as a result of development in these regions. To address

¹Burrell, Agricultural Policy, 111.

²NPC, Five Year Plan 1986-1990, 534.

³Ibid., 533.

⁴Khouri, "Returning to the Valley," 15 and Mazur, Economic Growth, 183.

⁵Khouri, "Returning to the Valley," 15.

⁶Ibid.

this problem, in 1984 the government of Jordan established the Agricultural Marketing and Processing Company of Jordan (AMPCO), jointly owned by the private and public sectors, to concentrate on marketing Jordanian produce abroad and within the country.¹ AMPCO took over the commercial activities of the Agricultural Marketing Organization, a semi-governmental agency established in the 1960s to promote the marketing of agricultural products. The government hopes that the involvement of aggressive private sector firms in this new national marketing company will help generate new markets and achieve a balance between production and demand. In an interview with Al-Majallah (London) in August, 1986 Minister of Economy Dr. Raja'i al-Mu'ashir claimed that marketing bottlenecks in the agricultural sector had been solved by offering subsidies to export goods.² The Five Year Plan 1981-85 included the establishment of agricultural marketing centers in Wadi Yubis, South Shuna, and the southern Ghors, at a cost of JD 3.1 million to be financed from the general budget and loans from the German Kredit Anstalt Bank and the British government.³

Perhaps the most serious challenge to Jordan's agricultural development is water management. Entering the 1980s Jordan's National Planning Council began to see the valley's resources in a national context. It expected a devastating shortage of water

¹Burrell, Agricultural Policy, 108-110.

²al-Murr, "The Situation is sound," 33-34.

³NPC, Five Year Plan 1981-85, 79.

to develop if it could not locate new sources to tap. The only significant new sources of water are in the valley. Development of these sources is crucial for providing water for over three quarters of the population of the country.¹ Municipal and industrial needs for the 1980s and 1990s require a strict national water policy. Progress entering the 1980s was erratic.² The long-term challenge for Jordan is to harness and manage its water supplies more strictly for the development of agriculture and to meet the population's general need for water.

Government efforts produced some progress in the problem of water management. A project that the government expected to complete in the mid-1980s would pump forty-five million cubic meters of water a year from the valley to the north Jordan plateau cities, requiring five massive pumping stations along a steel pipeline. This project, along with a similar project to tap the newly-found underground waters of Mukheibeh near the confluence of the Yarmouk and Jordan rivers and pump it to the Irbid region, will form the core of a national water network by the end of the 1980s.

The JVA's Five Year Plan 1986-90 contains a project to replace the open canal system used to irrigate fifty-seven thousand dunums of land with a system of pipe networks, saving sub-

¹Khouri, The Jordan Valley, 17.

²Steven Ross, "Industry, Mining, and National Resources," in Jordan: A MEED Practical Guide, 122-126. Edited by Trevor Mostyn (London: Middle East Economic Digest Ltd., 1983), 126.

stantial amounts of water lost through evaporation. The water will come from the Yarmouk and Zarqa rivers and the King Talal reservoir. The JVA expects to complete the project, which entails construction of four pumping stations and 227 kilometers of pipes along the East Ghor canal, by 1990. The Arab Fund For Economic and Social Development will provide JD 6 million in funds, and the Jordanian treasury will provide the rest.¹

In conclusion, Jordan enjoyed a period of agricultural growth from the early 1970s into the decade of the 1980s. Earlier agricultural development efforts were sporadic and subject to repeated setbacks from regional and internal instability. In the wake of these disturbances, the government introduced the concept of integrated development centering on the Jordan valley, combining an ambitious program of social and economic development.

Government publicity in this area especially emphasizes the strong social objective in its agricultural development planning. Improvements in access to schools, health clinics, improved water, electricity and other public services have been dramatic. By the 1980s the Jordan Valley emerged as a pole of socio-economic opportunities that attracted substantial numbers of residents of the highlands to settle and work there permanently, and perhaps offered many Jordanians the first meaningful alternative to

¹"Contract Awarded For Irrigation project" Amman Jordan Times, (18-19 Dec. 1986), 3. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-87 010; (GPO microfiche; PrEx 7.20: 87-010; 30).

existing jobs, place of residence, and access to essential services. Government publicity also emphasized the international character of the projects, and the successful partnership of government planning and private enterprise.

In the coming years, the agricultural sector must address a number of urgent problems, such as marketing difficulties and water management. Agricultural development remains below its potential as many farmers persist in using traditional methods. Also, since 1982 the agricultural sector has employed increasing numbers of foreign workers. As educational facilities have increased and developed, fewer Jordanians have been willing to accept labor jobs as agricultural laborers. In addition, by its own admission, the government has encountered difficulty establishing two-way communication with valley residents.

While government publicity emphasized its success in providing the population with incentives to live in the valley, it also has readily admitted to the failures and weaknesses in its agricultural development policy. In keeping with its theme of a "modern country in an ancient land," it stressed Jordan's seemingly unique ability to utilize its extremely meager physical resources, and its abundant human resources to achieve substantial progress in agricultural in a country that is eighty percent desert.

INDUSTRY: "IDEAL LOCATION FOR A MIDDLE EAST BUSINESS"

Even in dealing with topics such as industry and mining, government publicity of major development projects constantly alludes to Jordan's rich historical heritage. The caption of a photograph in Jordan of a team of archaeologists working on a dig with the modern day community created by the Dead Sea potash project in the background reads: "Together the work of each group--one constructing the future, the other reconstructing the past--is living testimony of the vibrant and changing land that is Jordan."¹ This heritage is central to the government's portrayal of Jordan as "a modern country in an ancient land."

Government publicity in this area, however, tends to focus on Jordan's present and future role as a center for regional business, and thus emphasizes its free enterprise economic system, its record of political stability, and its location at the geographic, cultural, and economic crossroads of the Middle East. Government publicity also cites a number of other inducements to foreign and domestic investment, such as Jordan's efficient transportation network of primary highways, the seaport at Aqaba, and a new international airport south of Amman, its proximity to

¹Jordan Information Bureau (JIB), "Extracting Life From the Dead Sea," Jordan 7 (Washington D.C: Winter 1982-83), 8.

an enormous surrounding market, its skilled work-force,¹ and favorable tax regulations that provide for impressive tax and customs exemptions to companies that locate their regional headquarters in Jordan, including one hundred percent exemption on profits earned outside the country.²

Jordan hopes that the image it promotes of itself as "an oasis of stability at the heart of the Middle East" will attract Arab and foreign investment and expertise.³ Crown Prince Hassan, Jordan's economic ombudsman, oversees planning for national development and is a strong advocate of free enterprise and private initiative. In his vision of the future, Jordan will play an expanded role in the Middle East. He is a proponent of new regional alliances that will foster political stability in the Middle East and make better use of human resources, and is committed to new programs which will build business, professional, and scientific ties between Jordan and other nations.⁴

The leading industries in Jordan are phosphate mining, potash, fertilizers, and cement. Important also are hundreds of

¹Pam Daugherty, "Chamber of Industry Director Interviewed" Amman The Jerusalem Star, (12 Feb. 1987) 4. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-87-045; (GPO microfiche; 7.20: 87-045; 72).

²JIB, "Industry on the Move," Jordan 5 (Washington D.C.: Winter 1980), 15.

³JIB, Jordan, At the Heart of the Middle East, 1, and Muriel Allen, "Jordanian, U.S. Businessmen Aiming To Forge Firmer Links," Wall Street Journal, 20 May, 1988, 7.

⁴Allen, "Jordanian, U.S. Businessmen Aiming To Forge Links," 6.

medium and small sized companies that produce such things as pharmaceuticals, footwear, prefabricated housing, irrigation pipes, and a whole host of other commodities. Most industries rely on imported raw and semi-processed materials, causing production costs to be high and subject to fluctuations and changes in the world's markets. The industrial structure has a broad base and little elevation, consisting of about six thousand small industrial establishments in 1985, with only about 750 employing more than ten workers.¹ In 1986 industry and mining employed only eleven percent of Jordan's workforce.² This chapter will analyze the kingdom's publicity efforts with respect to industrial development since around 1973, when a period of sustained growth began due to external factors, particularly the Arab oil boom, which resulted in a large infusion of financial aid into the Jordanian economy from the oil-rich Arab states.

Jordan's economic planners based their strategy on its role as a major staging area for supplying goods to Iraq and the Arabian peninsula. They geared the development of the economy to serve and complement the neighboring economies, on which it

¹Jabir, Muhammad Salih "Industrial Development in Jordan and Obstacles Facing It; A Study Presented to Recent Military industrial Cooperation Seminar Held in Amman Chamber of Commerce" Amman Risalat Al-Sina'ah (January, 1986) 14-16. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-86-057; (GPO microfiche; PrEx 7.20: 86-057; 28-32).

²Fanek, "Unemployment Problem Described," 4.

relies heavily.¹ As a result, the transport and education systems in Jordan play a significant role in the other Arab states. Since Jordan has geared its industrial sector for export to neighboring Arab markets, production in selected industries exceeds the needs of Jordan's small market.

The government of Jordan treats the independent business community with remarkable deference and encourages the private sector with tax exemptions under the Encouragement of Investment Law and loans through specialized credit institutions at reduced rates of interest. Moreover, the government invites the private sector to furnish ideas, advice, and participation in decision-making, and appoints representatives to a number of councils, committees, and boards.²

To promote industrial development, the government characteristically assumes partnership in leading industries, and despite its fundamentally free enterprise industrial strategy, is unabashed about the prominent role that it plays in promoting industry. This role is neither socialist nor capitalist, but an inbetween course, tailored by Jordan's planners to create a stable balance between economic and social demands.³ The major theme in all of Jordan's highly publicized development projects

¹Trevor Mostyn, ed., Jordan: A MEED Practical Guide (London: Middle East Economic Digest Ltd., 1983), 11.

²Bichara Khader and Adnan Badran, eds., The Economic Development of Jordan (London: Croom Helm, 1987), 137.

³Ibid., 135.

is that Jordan has struck a right balance between government planning and free enterprise to accomplish an impressive measure of economic growth. Using this approach, Jordan has overcome enormous obstacles, such as scarce natural resources and a small domestic market. Successive Jordanian governments have tenaciously adhered to this policy to foster an amenable economic climate within the framework of free enterprise.¹

Jordan's economic philosophy, which some observers might call benevolent paternalism, manifested itself in frequently high levels of protection from foreign competition, government shareholding, and government initiative in starting new firms. The government characterized its own role as that of a catalyst, stabilizer, supporter, promoter, and, in certain cases, a partner. This role freed it to build infrastructural services, pursue the exploitation of natural resources, and attend to planning, while exercising some measure of control. The government's large foreign aid receipts have allowed it to have a great impact through expenditures and to its ability to provide financing.² Crown Prince Hassan hopes that "Jordan can be a model for development in the Less Developed Countries (LDCs), but this will require re-directing larger sums of money into productive enterprises. We believe the Americans can help by increasing invest-

¹Ibid.

²Mazur, Economic Growth, 220.

ment in our region and that the oil-rich Arab states can channel more of their financial resources to the Arab world."¹

In some cases the government's role in an industrial enterprise begins at its inception. For some large industrial investments, the government sponsors a feasibility study, typically carried out by a foreign consulting firm and financed by foreign assistance agencies.² After defraying the initial cost, the government starts the project and then invites subscription to the capital, or declares a proportion of the capital and then invites the private sector to provide the remainder of the capital requirements.³

Throughout the 1950s the industrial sector in Jordan remained minuscule and growth was of marginal significance. Characterized by the presence of small factories and craft shops, industry in 1955 comprised only three percent of the gross domestic product, with 421 industrial establishments employing five or more people.⁴ In 1955 the government began direct activity to stimulate industry when it issued laws to encourage and regulate industrial development and became a direct participant in the capitalization of some industrial firms. Consequently, by the end of the decade, joint private and governmental cooperation

¹Allen, "Jordanian, U.S. Businessmen Aiming to Forge Links," 6.

²Mazur, Economic Growth, 220.

³Khader et al, Economic Development of Jordan, 135.

⁴Jabir, "Industrial Development," 14-16.

achieved improvements in the infrastructure, the road network, and Aqaba port.¹

The government of Jordan did not carry out industrial development policy in a systematic manner in the 1960s. Nevertheless, the Industry and Mining sector averaged an annual growth rate of sixteen percent from 1959 to 1966.² During this period a number of factories began producing such commodities as animal feed, biscuits, confectioneries, dairy products, table salt, carbonated beverages, woolen and cotton textiles, blankets, cement pipes, cosmetics, pharmaceuticals, batteries, paints, steel rods for construction, and plastics.³ The government enacted an Encouragement of Investment Law in 1967, providing incentives to attract domestic and foreign investments in developmental projects.

The June 1967 war--and subsequent occupation of the West Bank and closure of the Suez Canal--interrupted Jordan's industrial momentum and the period of 1967-71, on the whole, was a lost time for industrial development.⁴ Recession in the aftermath of the war, uncertainties about a Middle East peace settlement, the loss of the West Bank market, and the civil disturban-

¹Mazur, Economic Growth, 204.

²National Planning Council (NPC), Three Year Plan 1973-75, 106.

³Ibid., 107.

⁴Mazur, Economic Growth, 213.

ces of 1970-71, all precluded any meaningful industrial development.

Despite all of these negative factors, progress in industrial development by 1973 was substantial, especially in view of the scarcity of local raw materials and the small domestic market.¹ In 1971 and 1972 income from industry and mining averaged \$22 million, about twelve percent of the gross domestic product.² As internal and external conditions returned to normal in 1972, the government enacted a new Encouragement of Investment Law and the growth of the industrial sector accelerated. The National Planning Council, transformed from the Jordan Development Board between 1971 and 1973, and given greater responsibility for formulating and executing development plans, took responsibility for preparing a short-term plan to oversee the recovery of the economy and lay the groundwork for longer-term development planning. The Three Year Plan 1973-75 was essentially an interim program to bridge the gap between the period of policy improvisation in the early postwar years and the resumption of systematic development policy formulation. It determined to invest heavily in large scale agricultural and industrial projects. This approach was a result of the ready availability of foreign assistance for these types of development.³

¹Ministry of Culture and Information, Jordan 1973, 46.

²Ibid.

³Mazur, Economic Growth, 252.

Striking unforeseen changes occurred, however, during the 1973-75 period such as the oil price revolution, the acceleration of world inflation, the great increase in aid availability to Jordan, greatly enhanced employment opportunities for Jordanians abroad, and the boom in world phosphate prices. In 1974, at the initiative of Morocco, the world's largest exporter of phosphates, world phosphate prices quintupled. In response, Jordan increased production by more than fifty percent over the 1973 level. The combined effect was an increase in earnings from phosphate exports of almost four hundred percent between 1973 and 1974.¹ The great increase in oil wealth of Arab governments contributed to the Jordanian boom by facilitating a large increase in aid payments. The Arab summit conference in Rabat in October of 1974 approved substantial aid payments to Jordan. Between 1973 and 1975 transfer payments to the Jordan government from Arab governments quadrupled.²

The Jordanian government and outside observers agreed that the implementation procedures for the Three-Year Plan 1973-75 were highly unsuccessful. The performance of the National Planning Council (NPC) during the period showed indications of serious weaknesses in the Council's ability to implement the Five Year Plan 1976-80.³ Nevertheless, during the plan period, the

¹Ibid, 85.

²Ibid.

³Ibid., 63.

mining and industry sector expanded faster than the plan envisaged, averaging an annual growth rate of 32.5 percent, and the government licensed 184 new factories.¹ When aid became more available after 1973, the NPC increased its efforts to solicit and negotiate additional aid, somewhat at the expense of efficient project design and implementation.² An American management consulting firm concluded that the failings of the NPC were the results of poor personnel policies arising from over-centralized management. It concluded that the existing approach overburdened the top management and underutilized a qualified staff at lower levels.³

During the Five Year Plan 1976-80, income generated in manufacturing and mining grew an astonishing 229 percent in real prices, while employment in this sector increased from twenty-seven thousand to forty thousand.⁴ The plan contained a target of JD 229 million in investment in mining and manufacturing, of which JD 35 million was to be invested in the private sector. Actual investment exceeded these goals, reaching JD 317 million, of which JD 60 million was in the private sector and JD 16 million in the public sector. The remaining JD 241 million was investment by companies having private and public sector

¹NPC, Five Year Plan 1976-80, 170.

²Ibid., 267.

³Mazur, Economic Growth, 264.

⁴Ross, "Industry, Mining," 122.

participation. The government licensed 670 new factories during the plan period, with chemical industries receiving the largest number of licenses. During the plan period, 303 projects benefited from exemptions and facilities provided under the Encouragement of Investment Law of 1972. Exports of domestic mining and manufacturing products rose from JD 29.4 million in 1975 to JD 97.4 million in 1980.¹

The plan contained a small number of relatively large projects. Among the most important was the expansion of phosphate exports. Phosphate is still the only proven exploitable resource in a country otherwise poor in natural resources. During 1973-76 the phosphate industry began to grow, as prices quadrupled. Jordan drew on its vast phosphate deposits to produce fertilizers for export to farmers around the world. Phosphates are the single largest source of export earnings, comprising one-third of the total in 1986.² According to Wasef Azar, managing director of Jordan Phosphate Mines Co. (JPMC), phosphates, potash and phosphoric fertilizers together comprise more than half of the country's total exports, excluding re-exports, averaging \$320 million annually from 1983 to 1988, and are by far the country's largest earner of foreign exchange.³

¹NPC, Five Year Plan 1981-85, 114-117.

²Mary C. Wilson, "Jordan's Malaise" Current History 86 (February 1987): 22.

³Muriel Allen, "Extractive Industry Plans to Expand," Wall Street Journal, 20 May, 1988, 7.

The government organized the Jordan Phosphate Mines Company (JPMC) in 1953 to explore and develop the country's phosphate deposits. Production increased from seventy-five thousand tons in 1954 to 362,000 tons in 1960 and 1,158,000 tons in 1968, while the value of exports increased from JD 265,000 to JD 4,212,000.¹ In 1975, the JPMC joined with other agencies to form the new Jordan Fertilizer Industry Company (JFIC) with the government (twenty-six percent), the JPMC (twenty-five percent), the Arab Mining Company (ten percent), and the Arab Petroleum Investment Corporation (ten percent) as the main shareholders. The JFIC's vast industrial complex is sprawled over 875 acres of coastal plain along the coast of the Red Sea south of Aqaba. This complex is spotlighted in Jordan in an article by Kenneth G. Olson, a Washington based consultant who has traveled widely in Jordan and the Middle East.² The company's advertisement featured in a special advertising section of the Wall Street Journal promoting the 1988 United States trade mission featured photos of its state of the art facilities.³

Most of the workers in JPMC's mines come from regions in the southern part of the country where the mines are located. The company, which does not employ non-Jordanians, constructed housing for the workers, provided with basic services and utilities

¹NPC, Three Year Plan 1973-75, 125.

²JIB, "From Rock to Fertilizer," by Kenneth G. Olson Jordan 9 (Washington D.C.: Spring/Summer 1984), 9.

³Allen, "Extractive Industry," 7.

as part of the government's plan to prevent the movement of people from rural to urban regions.¹ The government points with pride at the social objectives of its economic planning.

As with all of Jordan's highly-publicized development projects, government publicity emphasizes the international nature of this project, illustrating the extent of foreign involvement, from planning and implementation to financing. The general contractor of the phosphate complex was Spie Batignolles of France, while Mitsui Toatsu Chemicals of Japan provided technical assistance, and more than fifty companies from France, the United States, West Germany, Canada, the United Kingdom, the Netherlands, Italy and Jordan furnished equipment and construction work. The JFIC received \$330 million in loans backed by Jordanian government guarantees. The International Finance Corporation provided loans amounting to \$80 million directly or in association with European and Arab banks. The balance in financing came from Arab Development Funds, the French Treasury, Union Bank of Switzerland and various Jordanian financial institutions.²

The JFIC is indicative of a shift in the nation's economic planning from services towards commodity production for export earnings. Jordan's domestic demand for fertilizer of about fifteen thousand tons a year is a small fraction of the JFIC's

¹"Phosphate Production Increases" Amman Jordan Times (28 Jan. 1987) 3. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-87-023; (GPO microfiche; PrEx 7.20:87-023; 25).

²Olson, "From Rock to Fertilizer," 12.

production capacity of 700,000 tons a year. The balance is for export. To market its products, the JFIC signed three-year marketing agreements with two foreign firms, Woodward and Dickerson, an American company, to sell to customers in Europe, Africa and the Americas (thirty-five percent), and Mitsubishi Corporation of Japan to market in Asia (fourty percent). JFIC markets the remaining twenty-five percent.¹

The JFIC created 860 positions. Jordanians who have been trained to replace temporary foreign employees, fill most of these positions. Here again is an example of the Jordanian government encouraging active foreign participation. The government sent senior technicians and engineers to Western Europe for training. JFIC established its own training center for junior staff.

The government emphasized that preventing environmental damage was a major consideration since the Aqaba region is a winter resort and a key area for tourism.² The installation of expensive systems to minimize water and air pollution was necessary. The JFIC constructed an artificial lake nearby to dispose of toxic waste. The JFIC strictly controls air emissions and effluent discharges using environmental standards and practices developed in the United States.

¹Khader, et al, Economic Development of Jordan, 138.

²Olson, "From Rock to Fertilizer," 10.

The JFIC is an important pillar of development in Jordan's economy. By 1982, phosphates accounted for one quarter of all commodity exports.¹ In the Five-Year Development Plan 1981-85, the pattern of heavy investment in mining, along with industry, continued. The allocation of \$2.2 billion constituted the largest investment of the Jordanian economy.² During the plan period, production of phosphate rose from 3.9 million tons to 6.1 million.³ The newly prospected source of phosphate rock at Shediya, a remote site in southeast Jordan, has given new impetus to phosphate production.⁴ A French-Lebanese consortium helped with planning of mining and processing facilities there. The World Bank provided financing for Shediya construction and equipment valued at \$31 million, \$300 million has come from Jordanian resources, and JPMC expected to receive money from the Arab Development fund and Kuwait Development fund.⁵

¹Ross, "Industry, Mining," 123.

²Ibid., 124.

³NPC, Five Year Plan 1986-90, 554.

⁴"Jordan's Economic Trends Reviewed" London Middle Eastern Economic Review, (21 Dec. 1985), 54. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-86-034; (GPO microfiche; PrEx 7.20: 86-034; 46-47).

⁵Allen, "Extractive Industry," 7.

By 1986 Jordan's ability to export increased greatly with the opening of the Wadi Al-Abyad mine.¹ As a result, it ranked third among phosphate-exporting states after the United States and Morocco. Its phosphate mines produced 6,250,000 tons of phosphate rock, 5,200,000 tons of which were sold abroad, equaling nearly one half of the kingdom's total income.²

In 1986 the Jordan Phosphate Mining Company bought the Jordan Fertilizer Industry Company, which was losing money.³ According to Wasef Azar, Managing Director of JPMC, American phosphate producer's cheap prices of as low as \$1.25 a ton in the middle 1980s were increasingly hurting the competitiveness of Third World producers.⁴ During that year, Jordan provided only fifty percent of Indonesia's and India's needs in phosphate, down from eighty-five percent.⁵ Taiwan was also a leading phosphate

¹"Recession of the 80's Reflected in Jordan's Situation" London Al-Dustur (10 Nov. 1986), 36. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-87-009; (GPO microfiche; PrEx 7.20: 87-009; 62-68).

²"Phosphate Production Increases," 3.

³"Impact of Oil Price Decline Mixed" London Middle Eastern Economic Review (30 Aug.-5 Sept. 1986), 46-47. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-86-129; (GPO microfiche; PrEx 7.20: 86-129; 28-29).

⁴Pam Dougherty, "Problems Facing Phosphate Industry Discussed" Amman The Jerusalem Star (11-17 Dec. 1986), 11. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-87-009; (GPO microfiche; PrEx 7.20: 87-009; 83).

⁵Ibid.

market for Jordan. In February 1987 JPMC and the Taiwan Fertilizer Company solidified their relationship when they signed a three-year contract calling for Jordan to provide 270,000 metric tons of phosphate.¹

Parallel to the JFIC phosphate operation is the Arab Potash Company (APC), another major project in the Five Year Plan 1976-80. Potash is another key ingredient used in the production of fertilizer and the project has made Jordan one of the world's primary sources. The \$466 million potash recovery project is the largest development project in the history of Jordan. An international team of contractors constructed the facility and Arab and Western development lending heavily supported it.² APC's advertisement in the special advertising section featured in the Wall Street Journal at the time of the United States trade mission in May, 1988 boasted an internationally competitive product, conformity to world standard specifications, supplying twenty different countries throughout the world, and the advantage of Jordan's unique geographic position.³

The Jordanian government's publicity campaign for the APC especially emphasized the multi-national character of the project. It took great pride in the APC as an outstanding example

¹"Phosphate Trade With China" Amman Jordan Times (7 March, 1987), 3. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-87-041; (GPO microfiche; PrEx 7.20; 87-041; 33).

²Ross, "Industry, Mining," 124.

³Wall Street Journal, 20 May, 1988, 7.

of regional and international cooperation.¹ Its evolution vindicates this claim. The APC was the first major pan-Arab venture in contemporary history. Each aspect of the project, planning, engineering, design, construction, financing, management and marketing was an international effort. The government contracted the initial on-site feasibility stage to the United States firm of Brown and Root, which undertook studies on every aspect of the project. It involved long and careful experiments in field testing and construction analysis. APC turned to international skills for the special technology needed. During initial planning in the early 1960s the government chose Jacobs Engineering Group of Pasadena, California, to conduct more technical and economic studies for the project. Jacobs trained over 750 Jordanian engineers and technicians to take over full management of the plant by 1986. Among the other international firms contracted to construct the various elements of the industrial complex were Sir Alexander Gibb and George Wimpy Ltd., the British firms responsible for the elaborate network of dikes, ponds and related facilities. The American firm, Kahco Disc, provided specially designed harvesters to collect the concentrated mineral after evaporation. In addition, Voest Alpine of Austria constructed the refinery complex, Brown Boveri and CIE of West Germany erected the seventeen megawatt power plant at the site, and Shin Seung of South Korea constructed a 350 home township with community

¹JIB, "Extracting Life From the Dead Sea," 8.

facilities.¹ Articles in Jordan about the potash project convey the strong spirit of cooperation, vitality and congeniality that grew among Americans, Jordanians and other foreigners.²

Jordan proudly points out that financing and technology for the potash project also required a multi-national effort. When Jordan and other Arab states started the APC in 1956, the total capital of \$13 million was scarcely enough to cover the planning. The government of Jordan, the World Bank, and the United States Agency for International Development (USAID) jointly financed phase one of the project. With the success of phase one, APC began raising funds and increased its capital to \$189 million, then began seeking international financing. Through a combination of equity financing and loans, the necessary funds came from Austria, the United States Agency for International Development (USAID), Kuwait, the World Bank, Britain, Iraq, Saudi Arabia, Libya, the Arab Fund for Economic Development, OPEC, and the government of Jordan, which holds a fifty-one percent share of APC.³

In 1980 APC signed contracts with three international companies for the marketing of its production over the following five years. The American firm Woodward and Dickerson agreed to market Jordan's potash in North and South America, the Japanese company, Mitsubishi, in the Far East, and the French firm,

¹Ibid., 9.

²Ibid.

³Ibid., 8.

Entreprises Minières et Chimiques, in Europe and Africa. APC is handling its own sales in the Middle East and India. APC started production of potash on schedule in October, 1982. In 1987 APC signed an agreement with The People's Republic of China to export 250,000 tons of potash. Production in 1987 again totaled 1.2 million tons.¹

The articles and photographs on the potash project featured in Jordan convey the great complexity of the project, the harsh environment of the Dead Sea, and the use of unusual equipment and sophisticated technology.² The high temperature and fairly constant winds make the southern area of the Dead Sea adaptable to solar evaporation, which is the basic method used in the extraction process. The evaporation rate in this area is the highest in the world. The terrain posed great obstacles and hardships. Workers constructed the village to house the workers on brittle salt crust and soft mud. In addition, the workers had to contend with flash floods, sandstorms, and temperatures up to 130 degrees Fahrenheit.

The king and crown prince maintain a high profile in the public relations effort in all of Jordan's major development projects. Government publicity frequently refers to them as "the central figures who guided the project from concept to reality"

¹"Potash Exports to PRC" Amman Al-Ra'y (18 Dec. 1986), 1, 20. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-87-009; (GPO microfiche; PrEx 7.20: 87-009; 87).

²JIB, "Extracting Life From the Dead Sea," 6-8.

and "whose vision inspired and sustained the project."¹ Both men were present at the inauguration at the Dead Sea basin to celebrate the completion of APC's plant. Dr. Jacobs, himself an Arab-American, also claimed a personal and emotional attachment: "I had a deep professional interest and conviction in the economic challenge and what it meant for the people of Jordan."²

As noted, the biggest industries in Jordan are fertilizer production and phosphate mining. At the other extreme are the thousands of small operations employing fewer than five people. In between lies the increasingly important sector of medium sized industries. Light and medium industries are gaining a greater role in Jordan's economy every year. During the period 1981-85, 681 industries employing five or fewer people received licenses.³ The Central Bank of Jordan's 1980 annual report gave manufacturing industry (as opposed to extractive) a seventy-six percent share of industrial income.⁴ Chemical industries, cement, pharmaceuticals, paints, plastics, detergents and soaps have the highest growth rate. Other manufactured products include drinks and tobacco, textiles and clothing, batteries, fodder, paper

¹Ibid., 8.

²Ibid.

³Mutale Chilangua, "Government Incentives to Aid Industries", Amman The Jerusalem Star (12 Feb. 1987), 5. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-87-045; (GPO microfiche; PrEx 7.20: 87-045; 76-77).

⁴Ross, "Industry, Mining," 125.

goods, and leather products.

Typically, Jordan imports the raw materials and technology to produce the finished products.¹ Amiantit, International Leather Products, and Sabri Farah are perfect examples of this. Amiantit has long-standing connections with Swiss expertise. Together they designed cement works all over the Middle East. Amiantit also produces pipes for irrigation, sewerage, and electric cables at its six million dollar pipe factory located at the Dead Sea near Jordan's agricultural irrigation projects. Sabri Farah International draws on European expertise to produce concrete wall panels for pre-fabricated housing. International Leather Products Company uses American technology to produce footwear. Wolverine Worldwide, the makers of Hushpuppies, is the American equal-share partner. The shoe factory uses leather from Africa, but the tannery belongs to the Jordan Tannery Company, the Jordanian partner. Jordan is seeking joint ventures with foreign firms to manufacture a wide variety of products based on the many raw materials found around the Dead Sea as well, such as limestone phosphate rock and salts.²

As with large projects, Jordan welcomes foreign investors in medium industries. Amman Chamber of Industry Director, General Muhammad Jaber, encourages foreign companies to participate not only in the equity of Jordanian companies but also in the trans-

¹Khader, et al, Economic Development of Jordan, 134.

²Allen, "Extractive Industries," 6.

fer of technology.¹ One article in Jordan called Jordan an "ideal place to set up a Middle East business...alert businessmen and manufacturers recognize the benefits of Jordan as the distribution center for the region."² "Jordan is a good base to build a regional services center," according to Dr. Muhammad Smadi, an economist in the office of the crown prince. "We want to marry our developing services sector and our natural resources with financial resources from the region and from industrialized countries like the United States, Japan and Western Europe."³

Many Jordanian businessmen are interested in joint ventures and investment by American firms, such as Arab Electrical Industries, which produces two hundred different electrical accessories for home, office and industrial use. The USAID mission to Jordan retained Donald L. Pressley, president of Columbia Resources Inc. in Washington, D.C., to organize the United States trade mission and pursue links with American businessmen. His contacts with Jordanians reveal that some are looking for sources of raw materials, hoping that the weaker dollar has made American goods more competitive. Others are looking for a combination of technical support, new technology and equipment to start new product lines. Prior to embarking on the May 1988 trade mission

¹Dougherty, "Chamber of Industry Director Interviewed," 4.

²JIB, "Jordan's Prospering New Medium Industries," by Ian Kellas Jordan 3 (Washington D.C: Fall 1978), 12.

³Allen, "Jordanian, U.S. Businessmen Aiming to Forge Links," 7.

to the United States, Arab Electrical Industries Managing Director Mansour Ghishan said, "I'm going on a buying mission to the U.S., looking for dollar suppliers. We now get our raw materials, copper and plastic, from West Germany and Italy. Maybe we also can set up a joint venture to re-export to the U.S., applying American standards to our products."¹ The mission primarily targeted medium-size firms that have an international interest. However, some multinational giants participated, including Heinz, Westinghouse, and General Foods.²

To link venture capital from other countries and Jordan to new entrepreneurial ideas for the manufacture of advanced products for domestic use and export, Crown Prince Hassan conceived of a science park in Amman to serve as an incubator for the development of high-technology industries. This will serve as a key vehicle for bringing Jordanians and Americans together in joint ventures. "We want the American business community to become active participants in our development process" he explained during a visit to the United States in May, 1988 leading the Jordanian Investment and Trade Mission. Jordan welcomes any opportunity for its people to develop new skills in American science parks and for American specialists to work in Jordanian science

¹Ibid.

²Ibid.

centers. Jordan also has agreements with the Cambridge Science Park in Britain and with the Scottish Development Agency.¹

Practically all of the new industries in Jordan are export-oriented. Muhammad Jaber, Director of the Amman Chamber of Industry, a private organization governed by a twelve member board and the sole organization of manufacturing firms in Jordan, believes export-oriented industries are the key to the long-term success of Jordan's industrialization, because the market in Jordan is limited, but the surrounding market, especially in the gulf states led by Saudi Arabia, is gigantic.² Even though the oil states have been rushing to set up their own industries, they cannot meet the huge demand. Some companies in Jordan export up to seventy-five percent of their goods to the neighboring Arab markets.³ Jaber hopes for exports beyond the Arab World, and believes that Jordan should take greater advantage of its privileges as a developing country in the United States and the European Economic Community markets for sale of items that these nations no longer have an interest in producing themselves.⁴

Jordan's economic development plans contain measures to encourage the establishment of export-oriented industries, and to

¹Muriel Allen, "Hassan: Regional Remedy For Economic, Social Ills," Wall Street Journal, 20 May, 1988, 6.

²"Recession of the 80's Reflected," 36.

³Ibid.

⁴Ibid.

provide incentives for more import-substitution industries.¹ To encourage local production, the government has banned imports of certain goods that are produced locally.² To encourage exports, the government exempts exported goods from income tax, and the Custom Law allows duty-free importation of machinery and raw materials used to manufacture products for export.³ Although Jaber believes that it is necessary for Jordanian industries to produce import-substitution products, he disagrees with the government's policy of banning imports to protect local industry on the grounds that it is bad for the consumer and has a negative effect on the quality of products.⁴ At any rate Jordan's ability to lower imports is limited since most of its light industries rely on the importation of primary materials.

The pharmaceutical industry in Jordan is yet another example typifying Jordan's approach to industry because it purchases its raw materials from abroad and then processes finished products in Jordan. Like its other medium industries, Jordan's pharmaceutical companies are export oriented but also seek a share of the domestic market, and are interested in joint ventures with American firms or in arrangements which would allow them to receive royalties in return for selling American drugs in the Middle

¹NPC, Five Year Plan 1976-80, 173, Five Year Plan 1981-85, 118, Five Year Plan 1986-90, 560.

²"Recession of the 80's Reflected," 36.

³Chilangua, "Government Incentives," 5.

⁴Dougherty, "Chamber of Industry Director Interviewed," 4.

East.¹ Jordan's pharmaceutical industry has seventeen different markets, primarily in Arab countries and Africa. The biggest market is Saudi Arabia, followed by its own.

Jordan initiated its pharmaceutical industry in the early 1960s. By 1985 five different companies were producing a variety of drugs for export and the local market.² Jordan has become the major exporter of pharmaceutical products in the Arab world, which is remarkable considering Jordan must compete in a region with the most reputed pharmaceutical firms. Jordan's premier and largest pharmaceutical firm is the Arab Pharmaceutical Manufacturing Company (APMC), which began production in 1961. The Jordanian government is especially proud of the fact that APMC is a major employer of women. In 1985 almost half of the company's six hundred employees were women. The same holds true for the other pharmaceutical concerns in Jordan. It points out with equal pride that pharmaceutical products in Jordan are subject to meeting standards that comply with American and British pharmacopoeia specifications.³

The Arab Center for Pharmaceutical and Chemical Industries (ACPC) is the newest company in Jordan's pharmaceutical scene. It began production of gelatin capsules in 1985 and expects to

¹Allen, "Jordanian, U.S. Businessmen Aiming to Forge Links,"
6

²Dougherty, "Chamber of Industry Director Interviewed," 4.

³JIB, "Pharmaceuticals ±Made in Jordan'" by Katherine J. Sullivan Jordan 10 (Washington D.C.: Spring/Summer 1985), 3.

fill Jordan's market and hopes to gain a good share of the export market in the Arab world, Turkey, Africa and Western Europe.¹

The Jordanian government is proud of the fact that it is the only firm of its kind in the Arab World. In 1986 ACPC exported fifty percent of its produce to Canada, thirty-five percent to Greece, Cypress, and Malaysia, and fifteen percent was sold in Jordan.²

Muwafaq Al-Zubi, director of The Arab Center for Pharmaceuticals and Chemicals, represented the company on the May 1988 trade mission to the United States. The company sells to Canada and is looking into the American market.³ ACPC imports gelatin, the beef-derived major ingredient of the capsules, from Australia, Belgium, England, France, and West Germany. The Canadian firm Capsule Technology International Ltd. (CTIL) provides ACPC's equipment and technical assistance. ACPC is located at the Sahab Industrial Estate. Here again, the government is proud that ACPC is registered with the United States Food and Drug Administration and is inspected regularly by FDA representatives.⁴

As the decade of the 1980s draws to an end, Jordan's industrialization effort faces an array of difficulties and obstacles:

¹Venita Maudsley "Tour of Pharmaceutical Factory" Amman The Jerusalem Star (12 Feb. 1987), 5. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-87-045; (GPO microfiche; PrEx 7.20: 87-045; 44-45).

²Ibid.

³Allen, "Jordanian, U.S. Businessmen Aiming to Forge Links," 7.

⁴Sullivan, "Pharmaceuticals Made in Jordan," 3.

a meager natural resource base, the continuing regional recession, the need to import raw materials, and a small local market. The Five Year Plan 1981-85 projected an annual growth rate of 17.8 percent for the mining and manufacturing sector. Actual growth during the plan period amounted to only 4.9 percent annually at 1980 prices.¹ Increases in investment costs, unsatisfactory implementation, and the inability of certain major industries, such as fertilizers and potash to attain capacity targets on time, caused the shortfall, although investment costs were reasonably close to projected values. Since 1982 the economic recession in the neighboring Arab markets and in its own domestic market have adversely affected Jordan's commodity-producing sectors, resulting in declining demand for their products. Some of the industries established during the 1981-85 plan period, especially the larger ones, encountered difficulties arising from global economic developments and mismanagement, and a rise in global production of raw and intermediate materials affected the export prices of potash, phosphate, and fertilizers, which reduced the profitability of Jordanian companies producing these products.²

In addition, Jordanian companies have had difficulty marketing their products at home and abroad.³ Many of Jordan's

¹NPC, Five Year Plan 1986-90, 555.

²Ibid.

³Jabir, "Industrial Development," 14-16.

industrial projects, especially small and medium sized, were established during the boom years of 1973-82 when export demand was much higher. In the late 1980s many of these establishments were facing losses in exports and local demand.¹ Nevertheless, according to Minister of Economy Dr. Raja'i al- Mu'ashir, only a small percentage of these companies has gone under.² The best hope for invigorating the export sector remains mineral resources, phosphates, potash, and derivative chemicals and fertilizers.

To conclude, Jordan's fundamentally free-enterprise philosophy, shaped by a government attitude of benevolent paternalism has been the unifying theme of the government's industrial development policies. Government publicity in this sector aimed to promote Jordan as a regional center for Middle Eastern business, and to promote foreign, as well as domestic investment. To do this, it emphasized Jordan's strategic location, free enterprise economy, and its political stability.

As in the other sectors of the economy, Jordan's planners have made efforts to integrate its economy into the regional economy, and expand business links with Arab and foreign nations. Government publicity emphasized the international nature of all of its major projects, from planning, to construction, to financing. Jordan welcomed venture capital from other countries, as well as technological expertise.

¹"Crown Prince on Economic Issues" 4.

²al-Murr, "The Situation is Sound," 33.

BANKING AND FINANCE: MOBILIZING THE PRIVATE SECTOR

During the 1970s and 1980s the government of Jordan promoted Amman as a base for international bankers and businessmen to do business in the region. With respect to the banking sector, Jordan's image makers emphasized the rapid growth, innovation, and increasing sophistication in this area.¹ Interest in Amman increased in the 1980s with the continuing conflict in Lebanon.² Jordanian bankers and decision makers hoped to expand Jordan's role into a regional services center, complementing centers like Beirut and Bahrain.³ Yet most banking in Jordan involves domestic clients rather than international dealings. By 1986 Jordan's banking system consisted of seventeen commercial banks and specialized agencies for long-term financing of housing, industry, and agriculture.⁴ The government and private investors introduced a number of other institutions into the monetary

¹See for example: Rami G. Khouri, "Banking," in Jordan: A MEED Practical Guide, ed. Trevor Mostyn (London: Middle East Economic Digest Ltd., 1983), 115.

²Rodney Wilson, "The Role of Commercial Banking in the Jordanian Economy," in The Economic Development of Jordan, eds. Bichara Khader and Adnan Badran (London: Croom Helm, 1987), 47.

³Khouri, "Banking," 118.

⁴Jawad Al-Anani, "Jordanian Banks and the Problems of the Era" Beirut Al-Iqtisad Wa Al-A'mal (May 1986), 101-102. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-86-102; (GPO microfiche; PrEx 7.20: 86-102; 22-25).

investment and insurance firms, and savings and pension funds. The commercial banks are privately owned, as are most of the specialized financial institutions, and together provide the major source of credit in the economy.¹

Governmental policy in the banking and finance sector centers on the encouragement of private enterprise to invest in productive industries, especially for export, and governmental participation with private capital in larger enterprises, where the private sector is unable to undertake the complete financing. The government wants the banking system to assume a developmental role, to mobilize greater national savings and channel them into development projects, and provide credit facilities to finance investment, especially in the productive sectors.²

The government of Jordan points with pride at the rapid development of the financial sector from a rudimentary banking system into "a strong and sophisticated entity of international reputation" which it attributes largely to the "dynamic and resourceful guidance of the Central Bank."³ In the banking sector, as in other sectors, the government emphasizes the cooperative attitude that characterized relations between the

¹Wilson, "The Role of Commercial Banking," 45.

²National Planning Council (NPC), Five Year Plan 1981-1985, 282 and Five Year Plan 1986-1990, 267.

³See: Jordan Information Bureau (JIB), "Central Bank of Jordan: A Profile," Jordan (Washington D.C.: Summer/Fall 1987), 2.

Central Bank and private bankers as a model of public-private cooperation for other Third World countries to emulate.¹

In the early 1980s the growth of the banking sector moved ahead of other sectors and bankers began to venture into the markets of nearby oil-producing states. The impressive growth of the banking sector was due largely to the large flow of money from nearby oil states, long term international loans from several international agencies such as the World Bank, USAID, and the OPEC Special Fund; workers remittances from abroad; and tourism. Jordan's image-makers also cite the country's internal stability and reputation for efficient use of state-managed aid funds or privately invested remittances as major contributors to the growth of banking.² The money supply increased from JD 594.8 million in 1980 to JD 848.2 million in 1985, an annual average increase of 7.4 percent.³ By this time, bank assets in Jordan reached almost half the level of those of the Syrian and Iraqi banking systems, countries with much larger populations and longer histories of urban settlement, indicating the extent to which Jordan's banks successfully mobilized domestic resources.⁴ Most

¹JIB, "Banking and Finance," by Rami G. Khouri Jordan 7 (Washington D.C.: Summer/Fall 1982), 6.

²Rami G. Khouri, "Jordan is Adapting to the Squeeze," Euro-money, May 1985, 257; Khouri, "Banking," 116; and Omar Jawad, "Growing Role for Jordan's Banks," The Banker, (December 1984), 123.

³NPC, Five Year Plan, 1986-1990, 280.

⁴Wilson, "The Role of Commercial Banking," 48.

lending was for trade and commerce, or construction. Deposits by government bodies, including municipalities and state-owned entities, comprised a relatively minor portion of total deposits, reflecting the fact that most of the Jordanian economy is in private hands.¹

Since the early 1980s however, after a decade of highly profitable growth (Jordan's Gross Domestic Product grew from JD 218 million in 1973 to JD 1,487 million in 1983),² banks have adjusted to a slower rate of economic growth due to reduced Arab aid, stagnant exports, depressed prices for phosphates, and curtailed government spending.³ The money supply, which had grown at a rate of twenty-six percent during the 1970's, grew only by two percent in 1986.⁴ Bank shareholders' capital profits and dividends declined.

Although the expansion of the industrial sector slowed sharply, Jordanian banks still played an increasingly important role in financing Jordan's industrial development. Despite the slowdown, the banking sector continued to grow in real terms. The increasingly sophisticated banks continued to grow by servicing the government and the economy. In 1985 the Central Bank tightened its reporting requirements on commercial banks and

¹Ibid.

²Jawad, "Growing Role," 123.

³"Kingdom Should Weather Latest Economic Challenge," Business America, September 17, 1984, 27.

⁴Al-Anani, "Jordanian Banks," 101-102.

investment companies, and imposed a standard loan classification system on all banks. The private sector was hesitant to invest in new ventures, however, and public expenditure and imports accounted for most of the GDP increase, tempering the positive real growth figures.¹ In 1987 the government implemented a new investment program involving additional spending of \$369 million over a two-year period, a series of new financial regulations to enhance Jordan's role as a regional financial center and attract foreign capital, plans for the privatization of a number of public organizations, and the establishment of a new economic consultative council to coordinate the activities of the public and private sectors.²

In most of its major economic projects, Jordan's government encouraged private investment to help finance them. The Five Year Plan 1981-85 urged monetary policy to mobilize domestic and foreign resources and channel them into investment. However, the plan conceded that most of the investment institutions did not yet play a leading role in identifying or promoting new investments.³ Projects in the plan included the first phase of Yarmouk University, Mu'ta University, a new thermal power station at Aqaba, a shale-oil fueled power plant at Qatraneh, the King

¹Rami G. Khouri, "Respectable Year For Jordanian Banks," Euromoney, May 1987, 143.

²"Jordan: A Country Making the Most of Its Limited Resources and Markets Must Now Adjust to a Decline in External Income," Business America, February 16, 1987, 30.

³NPC, Five Year Plan, 1981-1985, 285.

Talal and Maqarin dams, a one thousand kilometer Euphrates-Jordan water pipeline, and a four lane highway from Aqaba to the Iraqi border. Increased financing for these projects from domestic resources was the chief goal of the plan. To meet the goal, the plan urged monetary policy to pursue further development of financial and capital markets, to expand banking's role in savings and investments and in lending to rural and small borrowers, and to strengthen specialized credit institutions.¹

Jordan's specialized credit institutions provide subsidized credit to areas traditionally shunned by profit minded banks, such as housing, agriculture, municipal services, and small scale industry. Jordan's image-makers cited the emergence of such institutions as proof that the country was nearing its heretofore elusive goal of being able to rely on itself and its own resources to finance the bulk of its small and medium sized industries and economic development projects.²

Jordan's banking system is top-heavy because of the enormous resources of the Arab Bank, the only Jordanian bank with a significant regional and international network of branches and subsidiaries. In the early 1980s some Jordanian banks had capitalizations as low as JD 500,000. The limited resources of the banks made syndications necessary to meet customers borrowing needs. Only the Arab Bank had the resources to make loans of a few

¹Jawad, "Growing Role," 123.

²Khouri, "Banking and Finance," 8.

million dinars on its own.¹ A Palestinian, Abdel Hamid Shuman founded the Arab Bank, which is actually a Palestinian financial institution, in 1929 in Jerusalem. After 1948 it moved its headquarters to Amman, although it continued doing business in the West Bank until 1967.²

The Arab Bank was one of the few Arab banks that became internationally prominent before the advent of OPEC and the Arab oil surpluses. By 1983 it was a global network with fifty-four branches and six subsidiaries and partly owned affiliates in seventeen countries.³ Because the Arab Bank's main purpose is to serve the Palestinian community throughout the Arab world and overseas, it has pursued most of its expansion outside Jordan.⁴ Nevertheless, it maintained strong roots in Jordan. In the early 1980s it derived a quarter of its total balance sheet and profits within Jordan where it accounted for nearly half the banking business.⁵ Even during times of crisis, such as the 1936 disturbances in Palestine, the 1947-48 war, and the 1975-76 Lebanese civil war, the Arab Bank paid all depositors.

During the 1960s and 70s banking in Jordan was conservative and cautious. The Central Bank of Jordan began operation on

¹"Arab Bank," in Jordan: A MEED Practical Guide, ed. Trevor Mostyn (London: Middle East Economic Digest Ltd., 1983), 119.

²Wilson, "The Role of Commercial Banking," 47.

³"Arab Bank," 118.

⁴Wilson, "The Role of Commercial Banking," 47.

⁵Khouri, "Banking," 119.

October 1, 1964 primarily to regulate credit, issue currency, maintain monetary stability, and act as banker to the banks and to the government.¹ The government attributes the dinar's consistent, reliable exchange rate to the Central Bank's "prudent management of its foreign exchange and gold reserves."² The Central Bank monitors Jordan's economy on a month-by-month basis, including all commercial loans to provide banks with a consolidated profile of prospective borrowers, and often adjusts monetary controls to effect changes in liquidity.³ It aims to fight inflation by controlling credit expansion and creating financial institutions to mobilize and channel savings for development projects in productive sectors of the economy such as mining, industry, agriculture and tourism. In adjusting its policy to the changing requirements of the country's economic growth, the Central Bank cited what it calls the "sound caliber" of its financial leadership.⁴

In the early 1970s nine commercial banks operated in Jordan (five Jordanian banks and four foreign bank branches) and six government-dominated specialized credit institutions, providing loans to municipalities and village councils, manufacturing and

¹Ministry of Culture and Information, Jordan 1973, 56.

²JIB, "Central Bank of Jordan," 2; and Khouri, "Banking and Finance," 7.

³Khouri, "Jordan is Adapting to the Squeeze," 257.

⁴JIB, "Central Bank of Jordan," 4.

tourism industries, farmers, and entrepreneurs.¹ During the Lebanese civil war, Jordan experienced an influx of foreign businesses who transferred their operational centers from Beirut to Amman, infusing foreign capital into Jordan's economy but increasing the rate of inflation. This resulted in little incentive or opportunity for investment in productive enterprises. Although surplus capital continued to grow, money began to trickle abroad, and this trend did little to support the local economy.

In the mid-1970s the Arab oil boom and regional political circumstances allowed development of Jordan's potential as a growing finance center. From 1973 to 1983 the commercial banking system grew over twenty percent a year.² Facilities increased and activities varied, as bank branches throughout Jordan increased from seventy-six in 1975 to 175 in 1982. Deposits in commercial and housing banks increased from JD 33.4 million in 1972 to JD 520.4 million in 1980, a fivefold increase, while the money supply rose from JD 115.0 million to JD 594.8 million, an annual growth rate of 22.8 percent.³ Credit extended by commercial banks and the Housing Bank rose from JD 50.6 million to JD 563.8 million in the same period, with an increasing share going to the construction and productive sectors of the economy,

¹Ministry of Culture and Information, Jordan 1973, 56.

²Jawad, "Growing Role," 123.

³NPC, Five Year Plan, 1981-1985, 281.

such as mining, industry, agriculture and tourism.¹ Banking activities concentrated on large, government-guaranteed loans to certain facilities, like the Jordan Phosphate Mining Company.² Jordanian image-makers cited the rapid growth and expansion into new financing fields, such as syndicated loans, bond issues, certificates of deposit, syndicated guarantees, and underwriting of company share issues as evidence of the increasing sophistication of the Jordanian economy.³

At the end of 1978 Jordanian banks put together Jordan's first syndicated loan in Amman, an event the Central Bank called "the beginning of Jordan's venture into the wider arena of Middle Eastern and international capital markets."⁴ Twenty-eight other syndications totaling JD 75 million (\$218 million) followed quickly.⁵ The Central Bank cited its responsive support to the initiation of locally syndicated loans by agreeing to rediscount up to fifty percent of any bank's share in syndicated loans at its normal rediscount rate of 6.5 percent, as a "prime example of its seasoned capability."⁶ By the late seventies the combined resources of Jordan's financial system joined ranks to undertake

¹Ibid.

²Al-Anani, "Jordanian Banks," 101-102.

³Khouri, "Banking and Finance," 6.

⁴JIB, "Central Bank of Jordan," 4.

⁵Khouri, "Banking," 117.

⁶JIB, "Central Bank of Jordan," 4.

the financing of development projects through loans denominated in Jordanian dinars. Local industrialists and entrepreneurs were able to begin raising capital requirements locally. The government considered this significant because it reflected the new-found ability of Jordan to meet financing needs on the home market.¹ By 1984 total syndicated loans had risen to JD 132 million (\$330 million), and corporate bonds reached JD 84.5 million (\$211 million).²

The thinking of the Central Bank in the mid-1970s was that Jordan needed new outlets to channel the increasing amount of idle cash in the Jordanian economy into productive use.³ With this in mind, the government established the Amman Financial Market (AFM) on January 1, 1978. The AFM became the third stock exchange in the Arab Mideast after Lebanon and Kuwait. By 1982 the AFM listed over eighty public shareholding companies. To promote instant global accessibility and overcome foreign fears of political risk and economic instability, in 1982 AFM's administration put the stock market on the Reuters system which transmits activities of stock markets worldwide.⁴

The Jordanian government was extremely cautious in the creation of a stock market and gave its approval only after the

¹Khouri, "Banking and Finance," 7.

²Khouri, "Jordan is Adapting to the Squeeze," 257.

³Khouri, "Banking and Finance," 9.

⁴John West, "Jordan Goes for Broke," Management Today, December, 1988, 22.

Central Bank made a comprehensive survey of Jordan's financial climate. The survey concluded that Jordan definitely needed a stock market. The Jordanian business community was receptive. To encourage further private investment in its economy, the government also encouraged emigrant investment in various projects, forming a committee to make feasibility studies and develop a successful and lasting investment medium.¹

Jordan's government wanted investors to divert their investments away from land and other real property into enterprises that are more likely to benefit the economy. The AFM deals in stocks, bonds and other securities allowing investors to buy and sell quickly to help this process. The AFM received a boost in 1980 with the establishment of the Jordan Securities Corporation (JSC), a joint undertaking of private and public sector financial institutions to deal with all types of securities. By 1982 the JSC had JD two million (\$5.8 million) in capital held by local institutions, banks and individuals along with Arab and western banks and the World Bank's International Finance Corporation.²

Although skeptics insisted that actual trading was not sufficient to warrant creation of a stock market, the volume of trading increased from JD 9.6 million in 1978 to JD 155.5 million in 1983, the golden year in the AFM's history. After a decline

¹al-Murr, "The Situation is Sound," 33-34.

²Khoury, "Banking," 119.

due to the regional recession, the number of public shareholding companies reached 105 in 1986,¹ and the AFM reached a new peak in 1987 of JD 148.1 million.² The AFM began on a small scale and proceeded slowly and has not attempted to offer the wide range of services as such money markets as London, Zurich or New York. However, the number of companies listed increased from fifty-seven in 1978 to 118 by the end of 1987.³

The government of Jordan considers the success of its stock exchange an important indicator of continuing economic development.⁴ The stock market is an impressive achievement in the strife-torn region, and is a symbol of the government's vision of a self-reliant technomeritocracy.⁵ It points to the modest scale of Jordan's stock exchange and the gradual maturing of its money market as a reflection of the its cautious attitude to major innovations.⁶ Reflecting this cautious attitude, Nader Azar,

¹Samir Ghawi, "Amman Financial Market Statistics Cited" Amman Jordan Times, (15 Dec. 1986), 11. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-87-010; (GPO microfiche; PrEx 7.20: 87-010; 26-27).

²JIB, Amman Financial Market, 1978-1987 (Washington D.C.: 1987), 11.

³Ibid., 16.

⁴Ibid., 5.

⁵West, "Jordan Goes for Broke," 22.

⁶JIB, "The Amman Financial Market; Its Modest Birth," by John M. Munro Jordan 4 (Washington D.C.: Spring 1979), 5.

head of the AFMF's public relations department, describes Jordan's stock market as "a centrally-run free market."¹

The government directs a public relations campaign to the Jordanian public to educate and inform them about the market and its activities. Nader Azar's mission is to inculcate commercial savvy in Jordanians. Schools distribute comic strip leaflets to children, and the government distributes pamphlets to adults explaining what stocks and shares are and how they can be utilized. Photos in Jordan and government produced information pamphlets depict crowded galleries where brokers conduct trading daily.² The Five Year Plan 1981-85 underscored the importance of continued development of this sector and suggests policies and measures to this effect.³

With the onset of the regional economic recession in the early 1980's, the AFM and the banking sector recoiled from the impact. In 1984 stock market activity plunged fifty-eight percent, and seven of the eight foreign banks operating in Jordan lost money.⁴ The private sector remained depressed throughout 1985, with continuing reluctance to invest in the sluggish financial market.⁵ In January 1986 Chase Manhattan Bank closed its

¹West, "Jordan Goes for Broke," 22.

²See: Munro, "Amman Financial Market; Its Modest Birth," and "Amman Financial Market, 1978-1987."

³NPC, Five Year Plan, 1981-1985, 285.

⁴Satloff, Troubles on the East Bank, 26.

⁵"Jordan's Economic Trends Reviewed," 54.

Amman branch rather than increase its cash reserves to the government mandated level of \$13.5 million. Nevertheless, performance of the AFM improved that year. In spite of a fall in the price of shares, the performance was one of the best in the market's nine-year history, according to AFM General Manager Hashem Sabbagh. The turnover of JD 69.6 million (\$203 million), was still less than one half the 1983 peak of JD 141.4 million (\$412 million).¹

In 1981 the government formed the Pension Fund, the Social Security Fund, and five new commercial and two new investment banks, resulting in an increase in institutional investment. The government points to the role these institutions play in inducing private sector institutions and individuals to invest in industrial, tourism, and financial projects as one of the salient features of the expansion of institutional investment.²

Another important indication of economic growth and investor confidence during the same period was the steady growth of gold and foreign exchange reserves as from 1980 to 1985 reserves increased from JD 622.6 million to JD 763 million.³ The Jordanian Dinar has maintained a consistent exchange rate against

¹"Stock Exchange Performance Improves" London Middle East Economic Review, (10 Jan. 1987), 11. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-87-020; (GPO microfiche; PrEx 7.20: 87-020; 46).

²NPC, Five Year Plan, 1981-1985, 282.

³NPC, Five Year Plan, 1986-1990, 280.

major Western currencies, which Rami Khouri attributes to the prudent policy of the Central Bank in managing its reserves of foreign exchange and gold. Also, from 1976 to 1981, gross fixed capital formation grew from JD 138 million (\$345 million) to JD 564 million (\$1.4 billion).¹

From 1980 to 1982 the government licensed several new finance companies, such as the Arab Finance Corporation, the Arab-Jordan Investment Bank, the Jordan Securities Corporation, the Jordan Finance House, and the Islamic Finance House. By this time, the Housing Bank was the largest of all credit facilities, with forty-nine branches throughout Jordan and outstanding loans worth JD 125 million, followed by the Industrial Development Bank (JD 24 million), and the Agricultural Credit Corporation (JD 18 million).² The Housing Bank is a private institution but works closely with the government-owned Housing Corporation, and is responsible for many construction loans, both commercial and private. The Jordanian government points to these and Jordan's other specialized credit institutions as highly significant indications of an increasingly sophisticated economy because they provide subsidized credit to vital needs of the economy. These needs have been neglected by the commercial banks, most of whose loans went to the commercial and construction sectors, such as

¹Khouri, "Jordan is Adapting to the Squeeze," 256.

²"The Housing Bank," in Jordan; A MEED Practical Guide, ed. Trevor Mostyn (London: Middle East Economic Digest, 1983), 120.

housing, agriculture, municipal services and small-scale industry.¹

In the late 1970s and early 1980s Jordan's economy experienced an annual growth rate of nine to eleven percent.² From 1973 to 1983 the commercial banking sector in Jordan grew at an average annual rate of twenty percent a year. By 1982 sixteen commercial banks, two investment banks, five finance companies, three Islamic banking houses, four real-estate linked savings and loans associations, and thirty-five insurance companies were operating in Jordan.³ From 1982 on the growth rate began to fall due to a decline in Arab aid payments and the depressed demand for phosphate, which comprised about two-thirds of Jordan's exports.⁴ With the advent of the regional economic recession, the domestic economic decline had an adverse effect on the demand for commercial loans and banking services.⁵ Yet Jordan continued to develop its own resources and growth continued at a slower but healthy rate. Such stability and growth was remarkable for a non-oil producing developing country in a period of global economic slowdown. In 1982 the Central Bank imposed a freeze on

¹Khouri, "Banking and Finance," 10.

²Vicky Eicher, "Competition is Tough But Market Worth the Effort," Business America, 4 March 1985, 54.

³Khouri, "Jordan is Adapting to the Squeeze," 256.

⁴Vicky Eicher, "Slowdown, Competition Push U.S. Sales Lower," Business America, 20 February 1984, 30.

⁵Al-Anani, "Jordanian Banks," 101-102.

licensing of new commercial banks and encouraged the opening of new fields of banking to broaden the range of services available to the public.¹ A period of consolidation set in giving Jordanian bankers a chance to adjust to the changing needs of clients. The trend shifted toward establishment and expansion of more specialized services dealing with wholesale finance.

The post 1982 recession hurt investment banks and finance companies. In 1984 Jordan's economy grew by only 2.5 percent in real terms, and the annual growth rate of banking dropped to ten percent.² Jordan received slightly less than half of the Arab aid payments it expected, slowing the flow of foreign exchange into its economy. From 1980 to 1985, foreign exchange reserves dropped fifty-four percent.³ Nevertheless, the period saw a large increase in credit facilities extended by commercial banks, rising from JD 721 million in 1981 to JD 1274 million in 1985.⁴ The Arab Bank and the Bank of Jordan increased profits, while all others held steady or showed a slight drop. Of the eight foreign banks in Jordan, all but one showed lower profits. In the mid-1980s market conditions were not conducive to the introduction of new financial instruments and services like convertible bonds, floating rate notes, and negotiable certificates of deposit. The

¹Khouri, "Banking," 119.

²Jawad, "Growing Role," 123.

³Satloff, Troubles on the East Bank, 26.

⁴NPC, Five Year Plan 1986-1990, 285.

depressed stock market and lack of secondary bonds also hurt Jordan's economy. In these circumstances, investment bankers concentrated on managing and underwriting primary issues for clients with emphasis on government guaranteed debt.¹ Despite this, Euromoney in 1985 called Jordan's banking system "fundamentally robust, growing and deep in human talent."²

Amid the difficult economic climate in the whole region, Jordan's banks made long-term structural adjustments and retrenchments. In the mid-1980s, some bankers, among them Jawad Hadid, deputy general manager of the Arab Jordan Investment Bank, believed that Jordan had too many banks.³ "Jordan is overbanked....it would'nt hurt if some commercial banks thought of merging as well, if this were accompanied by a clarification of roles between commercial and investment banks."⁴ Maher Shukri, general manager of the Finance and Credit Corporation, said in 1985 that "The general conviction is that there are too many investment companies in Jordan trying to share a small cake that is not growing."⁵

Some outspoken bankers questioned the adequacy of government supervision as many banks and insurance companies opened without

¹Khouri, "Jordan is Adapting to the Squeeze," 257.

²Ibid., 256.

³Ibid., 257 and Jawad, "Growing Role," 123.

⁴Khouri, "Jordan is Adapting to the Squeeze," 257.

⁵Ibid.

sufficient managerial depth. In some cases senior managements made serious misjudgments. According to Rami Khouri, Jordan's banking industry grew too fast for the limited pool of skilled workers in the financial sector. During the 1973-83 boom, banks expanded rapidly, with banks' assets and liabilities growing at over twenty percent a year, from JD 214 million (\$535 million) to JD 2.16 billion (\$5.4 billion).¹ Faced with more government regulation against the backdrop of a sluggish economy, management needed improvement.

In response to this, the government took measures to slow the rate at which new institutions and financial instruments entered the market and to continue the diversification of the financial sector. In a 1987 interview, Hussein S. Kasim, governor of the Central Bank said

We are in the final stages of reviewing the entire structure of the banking system and will soon forward to the Government and the parliament a new draft banking law. It is designed partly to introduce new supervision methods that will meet emerging needs and also keep up with sophisticated banking supervision practices around the world. Our policy has been and continues to be one of encouraging mergers among smaller institutions, whether banks, finance companies, money changers or other financial services institutions. We want to see larger institutions, with more depth of management and a stronger capital base.²

Jordan's banking industry adjusted to a constrained economic climate, while it still responded to the need to finance an increasing share of the economy. Even though the recession

¹Ibid., 256.

²JIB, "Central Bank of Jordan," 4.

tested the resiliency and vitality of the economy, the demand for credit from the public sector and private firms was still strong in 1985. Despite the recession, private sector borrowing actually grew sixteen percent in 1984, the government borrowed ten percent more, and borrowing by state-owned corporations increased 4.5 percent.¹ Even though Jordan's economic growth rate mid-way through its Five-Year Plan 1981-85 was only one half the target rate of eleven percent per annum (GDP real growth) and investment outlays were thirty-five percent lower than projected,² Omar Jawad, writing for The Banker in 1984 called Jordan's banking system "innovative and dynamic,"³ and Business America said that Jordan would weather the recession with its "prudent economic managers."⁴

In the late 1980s Jordan's bankers complained about the tightening of liquidity, which government directives aggravated by requiring banks to increase by two percent their mandatory reserves in government bonds, treasury bills and public sector company bonds. Under Governor Dr. Muhammad Sa'id Nabulsi, the Central Bank adopted an interventionist policy to keep market liquidity at adequate levels by manipulating interest rates and banks' compulsory reserves and credit/deposit ratios. The

¹Khouri, "Jordan is Adapting to the Squeeze," 256.

²"Kingdom Should Weather," 26.

³Jawad, "Growing Role," 123.

⁴"Kingdom Should Weather," 26.

Central Bank's law authorizes its governor to fix interest rates on deposits and credit facilities. As of 1983, it fixed maximum interest rates for deposits and fixed the minimum interest rate chargeable to borrowers.¹ Bankers claimed that the Central Bank reduced their spreads by lowering the maximum lending rates to 10.25 percent in 1985 while raising to 8.5 percent the ceiling on interest rates in dinar deposits.²

The reduction of the banks' spreads was a result of the recession which caused lending to become riskier and clients more vulnerable. Bankers' risk/reward ratio was hit at both ends. Jawad Hadid, deputy general manager of Arab Jordan Investment bank, complained in 1985 that "When lending rates are relatively high, as they are today, there should be wider margins to compensate for them....The lending rate ceiling should be raised to thirteen percent to allow us leeway to lend to different clients at rates that distinguish between their relative risks. The way things stand now, there is no difference between the interest charged on low risk or high risk assets."³ Bankers faced the dilemma of funding long-term loans with volatile short-term deposits. Most depositors received top interest regardless of the duration of their deposits, and banks seldom penalized

¹Fahed Fanek, "Drop in Interest Rates Urged" Amman Jordan Times (24 Aug. 1986), 4. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-86-120; (GPO microfiche; PrEx 7.20: 86-120; 20-21).

²Khouri, "Jordan is Adapting to the Squeeze," 256.

³Ibid.

clients who broke fixed long-term deposits and withdrew their money.¹

In 1984 one bank with a JD 30 million loan portfolio lost twenty-five percent of its net profit for the year because of the margins squeeze.² Banks adjusted by favoring borrowers with government guarantees or increasing lending to non-Jordanian firms at the maximum rate allowed for non-residents of fourteen percent. A disproportionately high percentage of new lending went to government or government-guaranteed borrowers, curtailing credit availability to the private sector when it needed it the most. Government and government guaranteed debt increased from JD 309 million (\$772 million) in 1980 to JD 932 million (\$2.33 billion) in 1985, while internal public debt increased from JD 197 million (\$492 million) to JD 339 million (\$847 million).³ Falling government reserves accompanied this trend, but in the view of creditors, Jordan's excellent record of repayments offset the larger debt burden. According to Omar Jawad, Jordan maintained a good name in Euromarkets with a debt serving ratio of fifteen percent in the mid-1980s.⁴ One positive sign was the relative increase of lending to productive industries and mining and construction with a corresponding drop in credits to retail

¹Ibid.

²Ibid.

³Ibid., 257.

⁴Jawad, "Growing Role," 123.

trade.

Jordanian bankers were especially unhappy about the rigid interest rate structure which in 1984 allowed maximum interest payments of 8.5 on time deposits. The Central Bank countered that it was vital to keep corporate borrowing costs down to finance the needs of productive sectors of the economy. Investment banks complained that they were at a disadvantage with commercial banks because the higher cost of their funds would constrict profits.¹ When confronted with these complaints, Hussein Kasim replied "We feel that the interest rate structure can only be amended gradually. We started doing this last year (1986), when we lowered interest rates on loans and deposits, to reflect the zero inflation rate in the country and to stay in line with international rates."²

Another trend that characterized Jordanian financial affairs in the 1980s was significant shareholding by interests in the Gulf states and elsewhere. Late in 1983 the government announced the "Jordanization" of the eight foreign banks in the country, which required them to restructure their equity to reflect majority Jordanian ownership.³ Most foreign bankers opposed the

¹Ibid.

²JIB, "The Central Bank of Jordan: Current Policies and Plans, An Interview with Hussein Kasim by Rami G. Khouri," Jordan (Washington D.C.: Summer-Fall 1987), 5.

³"Kingdom Should Weather," 27.

directive, and argued that Jordan should not alienate foreign banks at a time when it sought to expand overseas.¹

In 1984 the government passed a new Encouragement of Investment Law that made more types of projects eligible for special consideration. While under the old law, industry, mining, tourism, hotels, and agriculture were eligible, the new law added shipping, health care facilities, labor housing, and educational projects such as technical schools. The new law divides Jordan into three zones, designated development areas A, B, and C. The law extends tax holidays from five to ten years to concerns in area A, which is comprised of the Amman Governorate. Tax holidays of seven to ten years are extended to area B, which includes Jordan's other major cities. Area C comprises small towns, villages, and rural areas that receive extended tax holidays of twelve years. Tax holidays apply to income and social security taxes.²

Thus, the government of Jordan has been supportive of private sector development, leaving industry, agriculture, and tourism to the private sector generally, except for large capital investments like potash, oil, and phosphates. Forty percent of the \$10 billion 1981-85 development plan was comprised of investments

¹Khouri, "Jordan is Adapting to the Squeeze," 257.

²"New Jordanian Law Promotes Investment," Business America, 14 May 1984, 37.

from the private sector.¹ In 1986 the government embarked on a new economic policy, inviting private sector companies and individuals to participate in the running of establishments previously owned and operated by the government.² In an interview with Al-Majallah in August, 1986, Minister of Economy Dr. Raja'i al-Mu'ashir said that the government was willing to sell its shares in some joint ventures to the private sector.³

With the decline of oil prices, remittances from Jordanians working abroad, and exports, capital formation declined, and the government resorted to commercial borrowing from foreign banks to maintain solvency.⁴ In 1987 imports were nearly triple the value of exports.⁵ Crown Prince Hassan, in a lecture on the economic situation at the University of Jordan in September, 1986, warned about the limitations and costs of commercial borrowing to supplement external revenues. The crown prince also added that Arab

¹Mark Roth, "Development Plan Fosters Broad Market Expansion," Business America, 9 August 1982, 34.

²"Policy to Encourage Private Sector" Amman The Jerusalem Star, (28 Aug. 1986), 8. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-86-120; (GPO microfiche; PrEx 7.20: 86-120; 19).

³al-Murr, "The Situation is Sound," 33-34.

⁴Satloff, Troubles on the East Bank, 26.

⁵West, "Jordan Goes for Broke," 22.

and international credit institutions consider Jordan too strong to benefit from easy loans.¹

Although the resiliency and vitality of the Jordanian economy was put to the test in the mid-1980s, Jordan's "solid credit rating" enabled it to continue to raise international loans for commercial development projects. In 1983 and 1984 Jordan raised two successive seven year Eurocredits, the first for \$225 million, the other for \$150 million.² In 1985 the Islamic Development Bank granted a \$15 million loan to Jordan to assist in the financing of crude oil, and an \$8 million loan to help implement an expansion at the Arab Potash Company.³ In June 1986 the World Bank granted Jordan a \$27.5 million loan to help finance \$71.6 million in power projects slated for the Five-Year Plan 1986-90. The projects aimed to provide electricity to 32,000 new consumers. Other financing came from the Jordan Electrical Power Company (JEPCO), the Irbid District Electricity Company (IDECO), the Jordan Electricity Authority, and the Jordanian government.⁴ The Jordanian government cites its ability to raise international

¹"Crown Prince on Economic Issues" Amman Jordan Times, (15 Sept. 1986), 4. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-86-140; (GPO microfiche; PrEx 7.20: 86-140; 44-49).

²Khoury, "Jordan is Adapting to the Squeeze," 257.

³JIB, "World Bank Loan for Electricity," Al Urdun XI (Washington D.C.: May-June 1986), 4.

⁴Ibid.

loans as an indication of the respect for its economic and monetary management in the international financial community.¹

Although the government of Jordan adopted measures to stimulate and encourage local investments and attract foreign investments, particularly Arab, the economic recession in Jordan persisted in the late 1980's. By the Spring of 1989 Jordan faced a monetary crisis of unprecedented proportions. At the Baghdad summit of 1978, Arab leaders agreed to pay Jordan \$12 billion over ten years, but actually paid only half this amount.² Only Saudi Arabia did not renege on its pledge of support. In 1989 Jordan faced its first year in a decade without the \$360 million annual stipend from the Saudis, which accounted for up to a third of its budget.³ According to one adviser to King Hussein, "We borrowed money according to these promises....now all the loans we made to build up our infrastructure are coming due and the money isn't there."⁴ In 1988 the dinar lost nearly a third of its value against the dollar.⁵

¹See for example: JIB, "The Economy: Growth and Potential," Jordan 5 (Washington D.C.: Winter 1980), 10, and Khouri, "Jordan is Adapting to the Squeeze," 257.

²Jack Anderson and Dale Van Atta, "Hussein Hoping for More U.S. Aid," Washington Post, 18 April 1989, sec. C, 11.

³Patrick E. Tyler, "Jordan Grapples with Political, Economic Woes," Washington Post, 14 March, 1989, sec. A, 21.

⁴Anderson, Van Atta, "Hussein Hoping," sec. C, 11.

⁵Tyler, "Jordan Grapples With Woes," sec. A, 21.

As part of a package of reforms negotiated with the International Monetary Fund to reschedule payments on the kingdom's \$6 billion foreign debt, the government in April, 1989 announced price rises of fifteen to fifty percent on cigarettes, fuel, telephone calls and other goods and services.¹ The move sparked two days of rioting in the southern cities of Ma'an, Kerak, Tafilah and Madaba, areas inhabited by East Bank Jordanians, who comprise the heartland of support for the regime. The disturbances marked the worst civil violence in Jordan since the army liquidated Palestinian guerrillas in 1970-71.

In conclusion, during the 1970s and early 1980s the banking sector in Jordan grew rapidly and moved ahead of other sectors in terms of sophistication. Jordan's image-makers emphasized the rapid growth and sophistication as indications of an increasingly sophisticated economy. This rapid growth was due in large part to the flow of money into the Jordanian economy from the nearby oil-rich countries, remittances of expatriate workers, and phosphate exports. From 1973 to 1983 the banking sector grew at a rate of twenty percent a year. Government policy focused on mobilizing national savings and channelling them into development projects in productive sectors such as agriculture, industry, mining, and tourism.

Since the early 1980s however, the economic growth rate slowed due to reduced Arab aid, stagnant exports, curtailed

¹"A Right Royal Survival Guide," The Economist, 29 April 1989, 51.

government spending, and, with it, the growth of the banking sector slowed. Jordan's reliance on foreign, mainly Arab, sources of financing for as much as a third of its budget helps to explain the brisk development of the banking and finance sector, but it may also be the ultimate cause of the underlying weakness of the economy that provoked the civil unrest of April 1989. In coming years, increased attention must be given to balancing the trade deficit, which in 1986 totaled JD 700 million.¹ Banks will have to finance special trading arrangements with developing countries, and the banking system will have to meet basic development requirements without leaning on government guarantees.

The crisis of confidence in Jordan's economy is acute and will require several years of austerity and readjustment. Jordan's image-makers will continue to cite the resiliency of the Jordanian people and the effectiveness of the country's leaders in coping with such crises. In an editorial to the Washington Post in November 1988, Jordan's ambassador to the United States, Hussein Hammami wrote "This is not the first time Jordan has had to face economic difficulties. It is a small country of limited resources, and in good times as well as bad it has always had to seek outside support in building its economy. Out of little, it

¹Al-Anani, "Jordanian Banks," 101-102.

has achieved much. Furthermore, Jordan enjoys worldwide recognition for its clean and efficient government."¹

¹Hussein A. Hammami, "Loaded Words on Jordan," Washington Post, 26 November, 1988, sec. A, 21.

ALIA: "ENVISIONING REGIONAL COOPERATION"

At the end of 1963 King Hussein issued a decree establishing Alia: The Royal Jordanian Airline. By the late 1980s Alia had built a reputation as the Middle East's pacesetter carrier, and Amman had become the region's most convenient transit point. Royal Jordanian's operations greatly assisted Jordan's economy, proving to be an important source of foreign exchange with hard-currency earnings in 1985 exceeding expenditures by \$75 million.¹ To some extent, Alia's success was due to the default of other airlines in the region. Middle East Airlines, once regarded as the region's premier carrier, and Beirut, formerly the top transit airport, were virtually put out of business by the civil war in Lebanon. Many travelers shunned Damascus, the base of Syrian Arab Airlines, as being too close to Lebanon, while the Iran-Iraq war made passengers wary of Iraqi Airways and the Baghdad airport.²

The Jordanian government considers international air transportation vital to its development as a major Middle East business and tourism center, and gives its national airline more publicity than perhaps any other sector of its development effort. In late 1983, the government devoted an entire special issue of

¹Anthony Vandyk, "Royal Jordanian Continues to Uphold Reputation as a Progressive Carrier," Air Transport World, 7 July 1987, 72.

²Ibid.

Jordan to the airline's development, and every issue is adorned with Alia advertisements complete with color photographs depicting famous sites from many of Alia's destinations around the world such as the Eiffel Tower, the Roman coliseum, the Statue of Liberty, and the pyramids of Egypt. Photos also depict scenes of Jordan such as Bedouin riding camelback across a breathtaking expanse of desert, the ancient cobblestones streets of Jerash, smiling Alia crew members holding splendid dishes of food ready to cater to their passengers. The advertisements portray Alia as a progressive airline and emphasize its strategic location at the crossroads of the Middle East.¹

In publicizing its national airline, the government's main objectives were to promote tourism and the concept of regionalism in aviation, and to illustrate Jordan's competence in aviation by highlighting the rigorous training program of its national airline. Beyond this, the airline was an important focal point for Jordan to project its image to the world and to its own people as well. As Ali Ghandour, the Chairman and Chief Executive of the airline said "Alia is the Royal Jordanian Airline and more than anything else it symbolizes our belief in our country, its people and our future."² Jordan's promoters stressed the usual themes

¹See: Jordan Information Bureau (JIB), Jordan (Washington D.C.: Fall/Winter 1983-84).

²Alia, The Royal Jordanian Airline, Alia, The Royal Jordanian Airline, N.p., n.d., 1.

of careful planning, hard work, and of course the central role of the monarchy.

Yet with respect to its national airline, a source of national pride and the most visible symbol of Jordan's modernity, Jordan's image-makers return to the underlying theme of its public relations, that of "a modern country in an ancient land." As Ghandour put it,

"To many people it (Jordan) is a poor country....But to me Jordan is rich. Jordan is the cradle of civilization, the land of Canaan, the birthplace of Christianity, the home of the prophets, the crossroads of antiquity....Our industries are established. Our economic growth is carefully planned and being achieved. Our health and education systems are among the most highly developed in the Arab World....All these riches are reflected in Alia."¹

Jordan spotlights Alia's growth since its inception in 1963, acknowledging that from 1946 to 1962, four previous airlines failed in Jordan.² At the time of Alia's creation, Jordan had little aviation skills or knowledge and only three co-pilots, no licensed mechanics, no engineers and no administrative personnel. Despite predictions of failure by many experts around the world, in its first two decades, Alia's traffic growth averaged close to twenty-five percent per year, and reached a peak of over eighty percent in 1975. However, from 1982 to 1987, due to the regional economic recession and the armed conflicts in Lebanon and the gulf, Alia's annual traffic growth was about eight percent. Its

¹Ibid.

²JIB, "Alia, The Royal Jordanian Airline: Twentieth Year in Flight," Jordan 8 (Washington D.C.: Fall/Winter 1983-84), 10.

revenue grew at an average annual rate of over twenty-five per cent from 1964 to 1987.¹

Alia began with only three aircraft, one DC-7 and two Dart Heralds leased from the Royal Jordanian Air Force, manned by foreign crews. Private sources raised the initial capital of \$450,000. The flight schedule included only Beirut, Cairo, and Kuwait. One month later the airline added Jeddah to the schedule and purchased one more DC-7. In 1965 flights to Europe began. The airline received a setback in the 1967 war and Israel's occupation of the West Bank including the airport, terminating the "Holy Cities" flights from Rome to Jerusalem. Alia was forced to move its base to a small, inadequate airfield near Amman. In March 1968 Alia became entirely government-owned.²

Alia began a series of other ventures in 1975 with the establishment of Arab Wings, an executive jet service to operate throughout the Middle East and Europe. The airline created Arab Wings to serve international businessmen and enhance Amman's position as an important hub of business activity in the Middle East. Arab Wings began as a joint venture with the Sultanate of Oman, with Alia owning eighty-eight percent and the Sultanate twelve percent.³ The government calls Arab Wings and other

¹Vandyk, "Royal Jordanian Continues Reputation," 72.

²"Alia, The Royal Jordanian Airline," in Jordan, A MEED Practical Guide, ed. Trevor Mostyn (London: Middle East Economic Digest Ltd., 1983), 136-137.

³Ibid., 137.

inter-Arab ventures by Alia viable examples of regional cooperation in aviation, a concept Alia's management stressed vigorously.¹

As the decade of the 1980s came to an end, the government of Jordan remained convinced that regional cooperation in civil aviation training was a vital element in the development of a pan-Arab aviation industry, and planned its future with an eye to this concept. It claimed that Royal Jordanian was qualified to act as a leader in developing Arab aviation regionalism, citing Alia's twenty-year record of growth.² Ali Ghandour, chairman of Royal Jordanian Airline, was an energetic advocate of the concept and supported the rationale by citing the savings from lower costs of operation that would result from common maintenance and training facilities. In Ghandour's vision, he saw the Arab airlines, along with the rest of the world's international air carriers, moving toward cooperative regional groupings that will allow them to be more competitive, reduce costs, negotiate traffic rights on a regional basis and engage in cross-border joint ventures.³ Alia helped create the Arab Airlines Technical Consortium in which other Arab airlines and Alia share their facilities and specialized expertise. By 1983 the consortium included

¹JIB, "ALIA, Twentieth Year in Flight," 12.

²JIB, "Towards Regionalism in Arab Aviation," Jordan 8 (Washington D.C.: Fall/Winter 1983-84), 22-23.

³Muriel Allen, "Ghandour is Envisioning Cooperation in the Air," Wall Street Journal, 5 May 1988, 6-12.

Alia, Kuwait Airways, Middle East Airlines, and Saudia, sharing overhaul and maintenance tasks.¹

In another move toward regionalism, in March 1982, Alia and Iraqi Airways formed Arab Air Cargo as a joint venture to supply Iraq during its conflict with Iran. The Jordanian government hoped that Arab Air Cargo would eventually become a pan-Arab consortium. The two countries share equal ownership in the company, which concentrated in the early 1980s on linking Amman and Baghdad with Europe and the gulf states.²

In April 1983 Alia sponsored a conference called "Regionalism in International Air Transportation: Cooperation and Competition" in cooperation with the Massachusetts Institute of Technology. Over one hundred aviation experts from around the world attended the conference. King Hussein addressed the conference and made a straightforward declaration of support for regionalism in aviation: "We fully recognize the vital and dynamic role of aviation in contributing to the progress and prosperity not only of our own nation, but all nations. Thus, we have adopted and implemented policies aimed at increasing regional cooperation between our national carrier and other carriers in the region."³ As a demonstration of his personal interest and support, he

¹Eric Ridder, "Our Woman in Amman," Journal of Commerce 356 (13 May 1983): 1A.

²Mostyn, "Alia," 137.

³JIB, "Towards Regionalism," 23.

stayed to hear the final two speakers of the session and shook the hand of everyone in the audience.¹

In the 1980s Jordan's Civil Aviation Authority worked to launch the proposed Arab Air Academy, Jordan's long-term ambition of an air university that would train personnel from the entire Arab world. The government cited Alia's achievements as giving impetus to the establishment by the Arab Civil Aviation Council of the Arab Civil Aviation Academy, an organization to set area-wide standards of training, equipment and maintenance, and to coordinate the aviation instruction capabilities in the Arab countries.² The proposed academy would be headquartered in Amman. Ghandour, as chairman of the International Air Transport Association's Program for Developing Nation's Airlines, pledged the availability of Alia's considerable training resources to serve as the nucleus of the new institution and to integrate into it all of Jordan's aviation training facilities, including the Amman airport.³

In June 1988 Jordan's efforts to promote aviation regionalism culminated in the establishment of what Mr. Ghandour called the first and most important step toward regional cooperation among major Arab airlines. Ghandour and the chairmen of Air Maroc and Kuwait Airways, and other members of the Arab Air

¹Ridder, "Our Woman," 1A.

²JIB, "Training the Civil Aviation Corps," by Daniel da Cruz Jordan 5 (Washington D.C.: Fall, 1980), 7.

³Vandyk, "Royal Jordanian Continues Reputation," 72.

Carriers Association, launched a company to purchase aircraft according to standardized specifications. According to Ghandour, "This will facilitate the regional concept. Once we have one standard airplane, we can use a centralized maintenance base and buy one simulator for training pilots that can be used by all Arab airlines."¹

The three components of Jordan's civil aviation training capability, the Royal Jordanian Air Academy (RJAA), the Alia Training Institute, and the Queen Noor Civil Aviation Training Institute, evolved from the Royal Jordanian Aero Club, a flying club established in 1965 to train aspiring flyers to the Private Pilot Standard. The government called Alia's three training institutes "together the finest aviation training complex in the Arab world,"² offering its candidates comprehensive instruction in aviation skills. The three schools compliment each other in curriculum and facilities and provide comprehensive training in all aviation skills from ground personnel to traffic controllers and flight crews for Jordanian and other Arab candidates. Adjacent to the RJAA, at Amman's Marka Airport, is the Royal Jordanian Airline Training Center, which had 3,587 trainees in 1986. They spent 10,400 hours participating in 258 courses in flight opera-

¹Allen, "Ghandour Envisions Cooperation," 6-12.

²JIB, "Towards Regionalism" 22-24.

tions, engineering and aircraft maintenance, cabin service, management marketing, commercial and customer service.¹

With the development and expansion of its training facilities during the 1970s and 1980s, Jordan has opened its training to students from other Arab countries. Crews have come from Tunis Air, Yemenia, Air Algerie, Eagle Air, Iraqi, Kuwait, Saudia, Ethiopian, Syrian Arab, Libyan Arab and some Latin American airlines.²

Jordan details Alia's rigorous training program, ever assuring its readers of Alia's competence and thoroughness in this area. During the first months of RJAA's course, students must perfect their English, the international language of aviation, and learn the arcane code language used by pilots and controllers. Then students must undergo a three month long review of aviation mathematics, physics, aerodynamics, and the theory of flight. The next stage combines twelve months of actual flying with ground school courses in meteorology, aviation medicine and law, navigation, aircraft performance, radio aids, and technical aspects of the aircraft, for a total of 651 hours of classroom study. Students solo in RJAA's training fleet of single and twin engine aircraft. Two to three years of successful service in panel systems operation earns the title of First Officer. An additional five to nine years of service puts the panel systems

¹Vandyk, "Royal Jordanian Continues Reputation," 73.

²Ibid.

operator in line for promotion to captain. By this time he has logged ten thousand hours of flying. The Jordanian government gives strong assurances that RJAA demands that its students maintain the highest standards possible. Alia takes great pride in the fact that RJAA flight instructors fail thirty percent of their students,¹ which is the standard failure rate in aviation schools worldwide.

Safety and expertise are important themes in government literature and publicity about Alia, as they would be to any airline trying to establish credibility worldwide. Alia's literature assures that Jordanian expertise meets the same safety standard level as can be found anywhere else in the world. One article cites a statement by Alia's Director of Production and Maintenance that "G. E. specialists who have visited Alia's engine shop praise its workmanship and regard it as one of the very few trouble-free and safe engine maintenance facilities."² To ensure the maintenance of its high standards, beginning in 1983, Royal Jordanian invited a randomly chosen foreign airline to inspect its technical facilities twice a year.³

Alia took special pride in the assistance that it provides to other airlines. Pakistan International Airways asked Alia to handle its technical matters in the gulf city of Ras Khaimah, and

¹da Cruz, "Training the Civil Aviation Corps," 7-11.

²JIB, "Behind Alia's Performance," Jordan 5 (Washington D.C.: Summer, 1980) 25.

³Vandyk, "Royal Jordanian Continues Reputation," 76.

Air France asked Alia's Houston crew to assist in inspection and repair work of their aircraft in that city. It is a credit to Jordan's growth as a transport center that Lockheed Corporation and Rolls Royce Ltd. chose Amman as the site for its \$37 million overhaul facility.¹ This decision was followed by a 1977 decision by Arab Air Carriers Organization to locate its engine overhaul facility in Amman. In the late 1980s Royal Jordanian entered a partnership with Sudan Airways in which it provided the Sudanese carrier with an L-1011 and management assistance. Flight attendants came from Khartoum to Amman for training. Alia trained Sudan Airways flight deck crews and technicians to take over from Jordanian pilots, flight engineers and ground crews. Under a similar arrangement dating back to 1982, Royal Jordanian assisted another African carrier, Sierra Leone Airways.²

One of Alia's major purposes is to promote Jordan abroad continuously and thus the airline itself is an indispensable arm of Jordan's public relations campaign. This is especially true with respect to tourism.³ That this a major purpose of the airline is explicit in Alia's charter; "...That Alia work closely with the Ministry of Tourism and Antiquities and other agencies in the development of tourism to Jordan."⁴ Every Alia office

¹Ibid.

²Ibid., 73.

³Mostyn, "Alia," 136.

⁴JIB, "Alia, Twentieth Year in Flight," 10.

around the world promotes Jordan's attractions with travel agents, writers and other journalists. Echoing the "modern country in an ancient land" theme, a pamphlet produced by Alia proclaims "Tourists have been coming to Jordan since before time began. The Romans and Persians built their resorts, their baths here. As they and other peoples shrouded by history crossed this land, they left a rich heritage. So rich that Jordan today is a marriage of ancient traditions, monuments and modern resort facilities....When you step off your Alia jet in Amman, you are stepping back thousands of years."¹ The number of visitors to Jordan rose from one million in 1976 to two million in 1986.² That two-thirds of those visitors were Alia passengers shows the airline's importance to tourism.

To further aid the tourist industry, Alia has worked to attract major hotel chains such as the Holiday Inn to the kingdom. Alia has part ownership in Holiday Inns in Aqaba and Amman, and other hotels such as the Amman Marriott and the Gateway Hotel at Amman's Queen Alia International airport. Alia also has investments in Jordan's tourism infrastructure. It owns Royal Tours and has an interest in a coach company serving Jordan's main tourist centers. Alia uses The Royal Jordanian Folklore

¹Alia, The Royal Jordanian Airline, 7.

²Vandyk, "Royal Jordanian Continues Reputation," 72.

Troupe and the airline-managed Royal Falcons aerobatic flying team in many promotional projects.¹

As mentioned previously, Alia is a major instrument in Jordan's image projecting efforts. King Hussein emphasized Alia's commitment to project an authentic image of Jordan and the Arab world to other countries. According to Alia's charter, Alia is to be "Jordan's ambassador of goodwill to the rest of the world—that it serve as an effective symbol of Jordan as a progressive modern state...."² The king called Alia "the bridge across which we can exchange culture, civilization, trade, technology, friendship and better understanding with the world."³ King Hussein charged Alia to act as a sort of international forum by which to exchange contact with the rest of the world, citing Alia's usefulness in forging links of friendship and understanding and the airline's efforts to develop international awareness of the values of Arab culture, traditions, achievements and contemporary life.⁴ Ghandour has spoken at international conferences on aviation and also subjects of concern in East-West relations, from politics to economy and culture.

¹Ibid.

²JIB, "Alia, Twentieth Year in Flight," 10.

³JIB, "Alia Takes Off With Jordan," by Terry McBride, Jordan 6 (Washington D.C.: Winter 1981-82), 32.

⁴JIB, "Alia: Looking Ahead," Jordan 8 (Washington D.C.: Fall/Winter 1983-84), 14.

Alia's activities also included efforts to act as a cultural bridge and enrich Jordan's own cultural life. Alia sponsored exhibits of fashion, dance, music and art, as well as its own Royal Jordanian Folk Dance Troupe, which performs abroad. Alia also owns its own art gallery in Amman to showcase the work of Jordanian and other Arab artists, and contemporary art from other countries like the United Kingdom, the United States, France, Spain, and the Soviet Union. In 1983 Alia sponsored an art competition in Amman for Jordan's school children to "express their vision of aviation's importance in furthering international understanding among peoples of the world."¹

Jordan quoted an Alia annual report: "these activities are not merely public relations. Alia believes that its future, the industry's future, Jordan's future and that of all nations around the world depend a great deal upon keeping bridges of communications open to two-way traffic at all times."² In an interview with Rami Khouri, a Palestinian-Jordanian journalist and former editor of the Jordan Times, Ghandour said "Alia as an institution in Jordan is not there only to carry passengers and cargo. We see it as our mission to promote better Arab and international relations through travel and people contact. In this respect we

¹JIB, "Jordan's Bridge to the World," Jordan 8 (Washington D.C.: Fall/Winter 1983-84), 16.

²JIB, "Alia, 20th Year in Flight," 15.

will continue to look to areas of potential tourist travel, identify market needs and try to meet them."¹

Jordan's publicity campaign with respect to its national airlines contains many of the themes that consistently appear in other areas of its development effort. The airline's success is credited to the same ingredients-careful, wise planning, hard work, and what Jordan calls most decisive, "imagination, initiative, and tenacity."² The government is portrayed as far-sighted and ambitious, with the purpose of transforming Jordan into "a modern progressive state with its doors open to the world."³ This theme of openness to and encouragement of international involvement is a recurring theme in Jordan's public relations in every area of the development effort. This especially holds true with Jordan's national airline, as Jordan's expressed interest in regionalism in aviation shows.

Another recurring theme in Jordan's development publicity, that of the central, vital role of the monarchy, was especially evident with respect to aviation. Ever since its establishment in 1963 Alia enjoyed a privileged position due to the great interest of King Hussein in the company. The monarch maintained an extremely close relationship with the airline's chairman and chief executive officer, Ali Ghandour. Jordan cited the king's

¹JIB, "Looking Ahead," 16.

²JIB, "Alia, Twentieth Year in Flight," 9.

³McBride, "Alia Takes Off," 32.

personal interest in aviation and boasted in the fact that he is an accomplished pilot. Photos show King Hussein sitting at the controls of a 747 to illustrate his personal knowledge and active involvement, a major influence in the growth of the airline.¹ King Hussein himself was the first to sign up for the course given by the Aero club, created to help the development of the human infrastructure needed for the airline, attending the class every evening for weeks to emphasize the importance of aviation and boost student enrollment.

Yet another recurring theme is the human dimension of the development effort. Jordan's development planning attached vital importance to the country's human talents in every area of development, and aviation is no exception. Ghandour made the claim that "airlines are all required to be very much alike....What makes us different is our people and the service they give to our customers. You might even say that our people are our airline."² Alia's Vice President for Airport Services Akel Biltaji stressed the importance of the human element and personalized treatment of passengers to the airline's station managers from all points on the airline's system. "Without this, we won't be getting as much as we should out of our product and our new corporate image."³

¹JIB, "Alia, 20th Year in Flight," 11.

²JIB, "The Training Component," Jordan 8 (Washington D.C.: Fall/Winter 1983-84), 27.

³Vandyk, "Royal Jordanian Continues Reputation," 80.

To illustrate the importance Alia gives to its human resources, Jordan outlines the benefits Alia offers to its employees: company sponsored housing projects, a nursery for children of working mothers, a pension plan, and medical insurance for employees.¹ Alia is proud of the fact that a quarter of its employees are women and claims to be the leader in the Middle East in training women for flight crews.²

In 1983 the Queen Alia International Airport opened amid great hopes that it would enhance Jordan as a regional business center.³ The government devoted an entire issue of Jordan to this event, calling it the "crowning achievement in the development of Jordan's civil aviation industry." The issue spotlights the major features of the airport, which is located just south of Amman, replete with color photographs of Alia jumbo jets sitting on the tarmac, the spacious interior of the airport terminal, the massive maintenance hangar, and of course, King Hussein giving an inaugural tour of the airport. It calls the facility a "concrete symbol of aviation advancement" in Jordan and Alia "one of the most progressive airlines in the world."⁴ The architectural style is a combination of Islamic tradition and futuristic design, reflecting the image Jordan wants to convey of itself as

¹JIB, "ALIA, Twentieth Year in Flight," 11.

²da Cruz, "Training the Civil Aviation Corps," 11.

³Anita Schrodt, "Jordan to open Queen Alia Airport," Journal of Commerce 356 (May 23, 1983): 2.

⁴JIB, Jordan, Fall/Winter, 1983-84, 1.

a "modern country in an ancient land." The maintenance hangar won a French award for its design in 1982.¹ The airport was named for King Hussein's third wife, who was killed in a helicopter crash in 1972. The airline itself was named after Princess Alia, the daughter of his first wife.

The failure of the government to have an adequate road constructed when work on the airport began hindered the construction process.² As a result heavy equipment and construction vehicles encountered problems with mud during the rainy season. Notably, this shortsighted error in planning is not discussed in government literature and publicity.

Jordan is especially proud of Alia's accomplishments of the last decade. In 1977 Alia began flights from Amman to New York, becoming the first Arab airline to link the Middle East with North America. In 1980 Alia signed a bilateral agreement with the United States allowing Alia flights to four terminals in the U.S.--New York, Houston, Chicago and Los Angeles. By 1988 Alia employed 4,600 people, becoming one of the largest corporations in Jordan.³ The government of Jordan is most proud of the agreement signed with Sierra Leone Airlines in 1982 to provide development assistance and help prepare the new airline for independent international operation. Services included help with

¹Schrodt, "Jordan to Open Airport," 2.

²Ridder, "Our Woman," 1A.

³Vandyk, "Royal Jordanian Continues Reputation," 72.

management, sales, marketing, supply of aircraft, a training program, staffing, and comprehensive maintenance. However, in the late 1980s, after Alia withdrew its development assistance, Sierra Leone Airlines began to falter.

By 1981 Alia was flying to thirty-five destinations on four continents, with offices in over one hundred cities worldwide.¹ In December 1983 Alia purchased its fifth Lockheed Tristar L-1011-500 aircraft, the most technically advanced jet in Alia's fleet, bringing the total number of aircraft to twenty-two. In 1984 Alia opened new routes to Sri Lanka, Singapore and Malaysia, and was exploring the possibility of opening a route to Peking, hoping to profit from China's enormous market and possible tourist travel. Ghandour predicted that Alia would carry over three million passengers and have a fleet of thirty-four aircraft by 1990.²

In December 1986 the Tel Aviv newspaper Ma'ariv reported that Jordan was seeking the Israeli government's agreement allowing Alia to reopen its offices in the West Bank, which it maintained prior to the 1967 war. The newspaper, which erroneously reported that the airline was named for King Hussein's third wife, and was changed to Royal Jordanian at the insistence of Queen Noor, quoted Ali Ghandour as saying that the airline's intention in reopening its West Bank offices is to increase

¹Mostyn, "Alia," 138.

²JIB, "Looking Ahead," 15.

tourist traffic from Europe, the United States and the Arab countries to the area.¹ Royal Jordanian carries passengers from the United States and Europe to Amman and transports tourist groups across the Jordan river to sites in the West Bank.

1987 was an important year for Royal Jordanian for a number of reasons. Alia adopted the title "Royal Jordanian" early in the year as well as new colors. This reflects a change in emphasis in the airline's as well as Jordan's overall public relations strategy. Ali Ghandour explains: "We have a national flag carrier and it should be known by the name of the country, like Pan-American or British Airways. That's why we have tried to emphasize Jordan rather than Alia, which is the name of a Jordanian princess. This is one of the themes we will be emphasizing this year."²

Part of the strategy behind the new image was Royal Jordanian's desire to attract more business travelers. The aim of the corporate restructuring which led to the carrier's name change, new livery and a sophisticated new look for the aircraft, is a more efficient company which will compete aggressively for international business travelers and tourists. According to Ghandour,

¹Shafi Gabay, "Jordan airlines Is Interested in Reopening Its Offices in Judaea and Samaria and in Jerusalem" Tel Aviv Ma'ariv (16 Dec. 1986), 4. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-87-031; (GPO microfiche; prEx 7.20: 87-031; 34).

²John Munro, "No Longer Alia, It is Royal Jordanian Now," Middle East Times (Cairo), 1-7 February 1987, 15.

"our new image is a key factor in the first quarter (of 1988) growth of twenty-four percent in traffic and revenues."¹

In February Indian and Jordanian officials reached an agreement allowing Royal Jordanian to operate two weekly direct flights to New Delhi and Calcutta beginning in May. Royal Jordanian wants to share the traffic of some ten thousand Indian Christians who travel each year to visit holy places in the West Bank. In March Royal Jordanian announced plans to start twice-weekly services to Montreal via Vienna in June. In addition, Royal Jordanian hoped to add Algeria and Brazil to its network that included Europe, South America and the Middle East.² Europe provides the greatest share of Royal Jordanian's business, followed by the Far East, the Gulf states and the United States. In addition Royal Jordanian adopted a new marketing strategy promoting religious, touristic, and archaeological visits to both banks of the Jordan. It also stressed a major marketing effort in the Gulf to promote family touristic visits to Jordan and Egypt.³

1987 also saw the transformation of Royal Jordanian into a public shareholding company. The airline's paid-up capital amounted to \$60 million, all owned by the government.⁴ It granted ten percent of its shares to its employees, to be paid

¹Allen, "Ghandour Envisions Cooperation," 12.

²Vandyk, "Royal Jordanian Continues Reputation," 80.

³Munro, "No Longer ALIA," 15.

⁴Vandyk, "Royal Jordanian Continues Reputation," 72.

for over a period of five years. The government of Jordan will be left with about thirty percent of the shares, while the remainder will be offered to the public on the open market.¹ This move reflected the effort of the government of Zayd al-Rifai in the late 1980s to sell public establishments to the private sector.²

Ghandour believes that allowing the employees to own ten percent of the company will result in higher productivity and profitability, and that ownership of shares by other Jordanians will provide a wide base of support that will help the airline raise more capital. "As a private company, Royal Jordanian's board will be able to make the fast decisions necessary in a dynamic industry, and longer-range, it will be free to enter into joint ventures with other airlines and even buy other airlines."³

In conclusion, Jordan's national airline, as the most visible symbol of the country's progress, has been the focus of more public relations than perhaps any other sector of its economic development. The success of its airline was due in large part to the difficulties related to regional turbulence that have beset other carriers in the region. Even with the economic slowdown

¹Munro, "No Longer ALIA," 15.

²"Jordan Is Gaining control Over Its economic crisis" Paris Al-Mustaqbal (15 Nov. 1986), 37. Translation by the Joint Publications Research Service. Near East and North Africa Report, JPRS No. NEA-87-009; (GPO microfiche; PrEx 7.20: 87-009; 69-71).

³Allen, "Ghandour Envisions Cooperation," 12.

since 1982, Alia grew steadily, twenty-five percent annually from 1964 to 1987.

Jordan's image-makers stressed the usual themes of openness to international participation, careful planning, and of course the human element in its development planning. They especially emphasized the role of the monarchy, and King Hussein's personal involvement and interest in aviation. Jordan is most proud of the assistance it has given to foreign airlines, as an indication of Alia's credibility. They emphasized perhaps most of all the government's efforts to promote regionalism in aviation. Following the theme of Arab economic integration in other sectors, Royal Jordanian has sought to be a leader in aviation regionalism. Along these lines, it initiated joint ventures with other airlines in the region, culminating in 1988 in the creation of a joint company in which Alia and other Arab airlines will purchase aircraft according to standardized specifications.

Ghandour is confident that Royal Jordanian's future will be increasingly profitable. He expects the north Atlantic route in particular to show increased profitability. The future of Royal Jordanian rests on two main hopes, namely a less turbulent political atmosphere in the Middle East and more accommodating attitudes by foreign governments to enable the airline to expand.

CONCLUSION

Jordan is an outward-looking country that seeks an expanded role in the Middle East as a regional transit, banking, business, manufacturing and distribution center. From 1973 to 1982 it enjoyed one of the highest economic growth rates of any nation in the world, but from 1982 to 1989 it experienced a much slower growth rate due to the regional economic recession. During this time the underlying theme of its overall public relations campaign was "A modern country in an ancient land." Its strategy was to spotlight its development projects as indications of modernity while at the same time illuminating the relics of its rich past. In all of its development publicity, the ever-present backdrop of history is apparent. During early and late antiquity, the entire region flourished. During the 1970s and 1980s, the government depicted Jordan's modern development as a continuum of the past civilizations that flourished on its soil.

That the Jordanian government should choose the phrase "a modern country in an ancient land" in itself shows that Jordan's vision of its present and its future is bound up in its vision of the past. That is not to say that Jordan is living in the past, or longing for the past. On the contrary, it merely illustrates how Jordan is attempting to modernize while holding on to its values that are rooted in the past, such as Islam and other aspects of traditional Arab culture.

Government literature described Jordan's economic philosophy as neither socialist nor capitalist, but as an in-between course tailored by Jordan's economic planners to create a stable balance between social and economic demands. This characterization appears to be fairly accurate. Although the government encouraged free enterprise, it assumed partnership in leading industries. It pointed to the cooperative attitude of relations between the government and the private sector as a model of private-public cooperation for other developing nations.

Against the background of its rich historical past, Jordan pointed to the growth and of its financial institutions, modern industries, and its national airlines as indications of a modern, sophisticated economy. In each sector of the Jordanian economy surveyed in this thesis, Jordan's image-builders emphasized a number of themes consistently. Among these recurring themes were the international character of its development projects; the balanced partnership between government planning and free enterprise, political stability; Jordan's strategic location at the heart of the Middle East; the central, guiding role of the monarchy; the strong human element in its development planning, and Jordan's desire to be economically integrated into the larger Arab nation.

The international character of Jordan's major economic development projects, the cooperation between the government and the private sector, and Jordan's strategic location astride the crossroads of Africa, Asia and Europe are a matter of historical

record. Jordan's characterization of itself as "an oasis of stability" in the heart of the Middle East is a more subjective claim however. Since independence Jordan has been involved in three major regional wars and a devastating civil war, not to mention numerous attempts on the king's life. Jordan's public relations do not attempt to hide or down-play these crises, rather, they claim that it is in surviving many such crises that the Jordanian people draw their strength.

Jordan sought Arab economic integration because it is too small to be economically viable on its own. With a population of only 2.5 million, its own market was limited. However the surrounding market is enormous and, therefore, almost all of the new industries in Jordan were geared to serve the larger neighboring economies. Thus the government geared not only its development publicity, but also its development planning to this concept. To help facilitate regional economic integration, Jordan initiated a number of joint-ventures with other Arab nations, such as the Arab Potash Company, which was the first major pan-Arab venture. As a strong proponent of regionalism in aviation, Jordan initiated numerous joint ventures, such as Arab Wings, the Arab Airlines Technical Consortium, Arab Air Cargo, and the Arab Air Academy. Jordan also sought to develop into a single tourist entity with the rest of the region, but this hope was stymied by political differences and regional turbulence. Jordan sought venture capital from the oil-rich Arab nations.

From 1978 to 1989 such budgetary transfers accounted for fully one-third of Jordan's budget.

Government publicity stressed the international character of all Jordan's major development projects. Jordan sought business, professional, and scientific ties with other nations. The government encouraged foreign companies to participate in the equity of Jordanian companies and the transfer of new technology. Jordanian businessmen showed interest in joint ventures and investment by foreign firms. They sought sources of raw materials, technical support, and new technology. With small and medium industries, typically, Jordanian businessmen imported raw materials and technology to manufacture finished products for Jordan's domestic market, such as concrete, footwear, and irrigation pipes.

In most large projects, planning, construction, and financing were international efforts. An international team of contractors constructed the Arab Potash Company, Jordan's largest industrial project, and Arab and Western development lending helped finance it. The government pointed to the APC as an outstanding example of regional and international cooperation, as its planning, design, engineering, construction, financing, management, and marketing were all accomplished with foreign help. Funding for the APC came from foreign countries and international lending agencies such the World Bank, USAID, the Arab Fund for Economic Development, and OPEC. Three international companies marketed APC's production.

International agencies such the World Bank and the United Nations provide much of the financing for the infrastructure of Jordan's tourism industry. With regard to its antiquities, which constitute its biggest tourist attractions, teams from foreign universities and institutions aided in most restoration projects. American, German, British, and French archaeological institutions maintained permanent headquarters in Amman.

With regard to the agricultural sector, construction and financing of major projects was an international effort. Fourteen foreign governments, Arab aid funds, and multinational organizations contributed about one half of the financing for the development projects in the Jordan valley.

The role of the private sector in Jordan's development was another strong theme stressed by Jordan's image-makers. The government participated in the financing of large projects such as the APC and the JFIC, but encouraged the private sector to play a major role. The government boasted that for every dinar invested by it in Jordan's economic infrastructure, the private sector invested five dinars in agricultural and commercial efforts. The private sector invested much of the capital needed for the tourism infrastructure, particularly in new hotels. Jordan's monetary policy aimed to mobilize domestic resources, as well as foreign, and channel them into productive sectors, such as agriculture and industry.

In all of Jordan's major development projects, government literature pointed to the leading role of the monarchy. It

presented the king and crown prince as patriarchal leaders, initiating and overseeing Jordan's development with their personal interest and involvement. With such large projects as the APC and the Jordan valley projects, it projected the King and Crown Prince as the central figures guiding the projects, providing the conceptual ideas, and sustaining them to completion with their top-level political support. Government literature especially stressed the King's hands-on approach to aviation, boasting of his personal accomplishments as a pilot. In publicizing Jordan's tourist attractions, particularly its antiquities, Jordan's image-builders focused on the proprietary attitude of the monarchy, its sense of mission, a responsibility to preserve Jordan's monuments of the past for the rest of the world.

In every area of its development, Jordan's public relations campaign placed a great deal of emphasis on the Jordanian people. Travel literature focused on the legendary hospitality of the Jordanian people. Literature about Jordan's national airline focused on personal treatment for passengers. Nowhere does Jordan's public relations more emphasize the human element than in the agricultural sector. Government literature in this area stressed the strong social objective contained in Jordan's agricultural development planning. This idea developed into the planning concept of integrated rural development, whereby large economic projects would include provisions for the human needs for education, health care, water and electrical power, as well as mechanisms for the people to participate in the decision-

making process. Notably, Jordanian officials were quite candid about the failures and shortcomings of the Jordan valley development effort. This is especially true with regard to the difficulty attracting Jordanians to live in the valley despite the incentives offered, and difficulty overcoming skepticism and establishing communications with valley residents. Nevertheless, the Jordanian government portrayed the Jordan valley development project as a prototype of this concept, and a model for other developing nations.

In summation, Jordan is a tiny nation with few natural resources. Despite the fact that it remains, at this writing, a basically poor nation, it has made impressive strides in agriculture, industry, banking and finance, aviation, and in developing a burgeoning tourist industry. It has accomplished this by effectively soliciting funds from its Arab neighbors and other nations, by utilizing its strategic location at the heart of the Middle East (as a distribution and transit center), by utilizing its well-educated workforce, and by seeking to integrate into the larger surrounding regional economy. Most observers agree that, as its government claims, the country's stable and prudent leadership has been instrumental in its modest measure of success. As the decade of the 1980s comes to a close, Jordan faces serious economic problems, as was underscored by the events of April 1989. Regardless of the relative truth one reads into the statement "a modern country in an ancient land," most observers would agree that this remarkable nation is not an average third-world country.

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