ROLE AND IMPACT OF WORLD BANK STRUCTURAL ADJUSTMENT PROGRAMS IN DEVELOPING COUNTRIES: ANALYZING THE EFFECTIVENESS OF SAPS IN THE MIDDLE EAST: THE CASE OF JORDAN

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Abstract

This paper aims to analyze the World Bank's Structural Adjustment Programs (SAPs) and their impact on Jordan's development trajectory. Jordan serves as a representative case study in the Middle East. The main aim is to examine the dual nature of SAPs as possible catalysts or obstacles to development, closely examining their economic, social, and political impacts. The paper utilizes a combination of qualitative methods to assess the impact of SAP-related changes on economic indicators and analyze the social consequences on Jordanian society. This study is based on a theoretical framework that incorporates multiple disciplines. It explores economic theories that address market imbalances, the consequences of poor governance, and the controversial components of neoliberalism. The study focuses on market liberalization, privatization, and fiscal austerity in Structural Adjustment Programs (SAPs) by critically examining the principles of the Washington Consensus and its neoliberal origins. The results suggest that although SAPs have aimed to boost productivity and integrate Jordan into the global economy, the outcomes have been inconsistent. The analysis reveals that policies implemented by SAPs have resulted in a temporary economic improvement, as well as causing deeper social inequalities, weakening local industries, and generating widespread discontent among the population. It concludes by offering several policy recommendations aimed at maximizing the advantages of SAPs while minimizing their negative consequences. The study emphasizes the importance of policy reforms that take into account Jordan's specific circumstances. It highlights the need to reconsider SAP strategies to better match the socioeconomic conditions of developing countries.

Keywords: Structural Adjustment Programs (SAPs), Developing Countries, World Bank, Middle East, Jordan, Economic Reforms, Social Consequences, Neoliberal Policies.

Introduction

Founded in the aftermath of World War II, the World Bank was established with the idealistic aim of promoting global economic stability and development. Over time, its primary emphasis shifted towards resolving the economic difficulties experienced by developing nations by the execution of Structural Adjustment Programs (SAPs). Nevertheless, as Stiglitz (2007) stated "To those in the developing world, it seemed another example of the rich old boys club imposing their will." This profound statement reflects a sentiment shared by many scholars, activists, and policymakers who thoroughly analyzed the World Bank's approach. The World Bank has faced strong and diverse criticism, especially concerning Structural Adjustment Programs (SAPs). Before we begin assessing the effectiveness of SAPs in the Middle East and specially the case of Jordan, it is important to recognize the considerable skepticism that has surrounded these programs. Academics and activists have shared concerns about the equity of

Structural Adjustment Programs (SAPs) and have highlighted concerns over their effects on social systems, economic disparity, and national autonomy.

This study aims to explore the historical origins of the World Bank and Structural Adjustment Programs (SAPs), analyzing their development and placing them within the wider framework of global development. Through an analysis of the criticisms presented by scholars like Joseph Stiglitz, Jane Harrigan, Hamed El-Said, and others, our objective is to understand the complex nature of Structural Adjustment Programs (SAPs) and their impact on the development path of countries in the Middle East. Taking Jordan as a case study, the objective is to provide valuable insights into the effectiveness and impact of economic reforms imposed by international financial institutions on developing countries. The investigation is mainly focused on determining whether these Structural Adjustment Programs (SAPs) act as a catalyst or an obstacle to the advancement of developing countries in the Middle East.

The World Bank, formerly known as the International Bank for Reconstruction and Development (IBRD), was established in 1944 to assist with post-war reconstruction and development. Since then, it has consistently focused on supporting the growth of developing countries through a comprehensive approach. The World Bank, together with the International Monetary Fund (IMF), originated from the Bretton Woods Conference in 1944, which is commonly referred to as the "Bretton Woods Institutions." The structure and objectives of these two organizations were established by scholars and political figures from 44 countries. The initial objective of the World Bank was to allocate and direct funds towards the reconstruction and development initiatives in Europe that had been severely affected by the aftermath of the Second World War.

The historical context demonstrates that the primary aim of the World Bank was to tackle the post-war reconstruction needs of Europe. Nevertheless, the dynamic functions and extent of the World Bank resulted in modifications to their roles. The World Bank experienced changes in its operations. The lack of private capital in the 1950s and 1960s was resolved as private sector financial inflows surpassed public development financial aid. Moreover, as a result of the United States' aspiration for direct authority over Europe's reconstruction funds, the funds were diverted to the Marshall Plan; The Marshall Plan allocated over $13 billion in assistance to European nations, including Germany and Italy, despite their status as enemies during World War II. This aid played a pivotal role in reviving their economies in the aftermath of the war. Upon the termination of U.S. funding in 1951, the economies of all the European recipients had surpassed their levels before the war. The World Bank's strategic restructuring encouraged a renewed focus on assisting developing nations, with a particular emphasis on Asia, Africa, and Latin America. The term "Developing countries" describes nations that show low levels of living standards and face various developmental limitations. These countries are commonly located in regions such as Asia, Africa, the Middle East, Eastern Europe, Latin America, and the former Soviet Union (Todaro–Smith 2012). While the World Bank has made substantial contributions to the development of many countries, there are ongoing debates about the effectiveness of its strategies and the consequences of the conditions attached to its loans.

Historical Overview of SAPs

Structural Adjustment Programs (SAPs) are economic policies implemented by the International Monetary Fund (IMF) and the World Bank in developing countries, such as West Africa, Europe, Middle East, North Africa, and Latin America regions, to address economic imbalances and promote growth (Michalopoulos, C. (n.d.). These programs typically involve policy reforms such as reducing government spending, liberalizing trade, and privatizing state-owned enterprises. Development refers to improving the economic, social, and political conditions of a country or region, aiming to increase the standard of living, reduce poverty, and promote sustainable growth (Easterly 2003).

The World Bank and IMF are key international financial institutions that play a significant role in global development and economic policy. SAPs typically involve conditions such as fiscal austerity, deregulation, and privatization, which borrowing countries must implement in exchange for financial assistance. Critics argue that SAPs have often led to negative social impacts, including increased poverty and inequality.

The historical context of SAPs is important to understand their evolution, impact, and changing priorities of international financial institutions. The IMF and World Bank played a major role in designing and carrying out these programs, often making these conditions for providing financial assistance during times of crisis. In the 1970s, the IMF and World Bank started promoting SAPs as a response to the global debt crisis, with particular emphasis on developing countries. These programs aimed to tackle balance of payments problems and fiscal imbalances through policy reforms and financial assistance, creating a more market-oriented economy that would attract foreign investment and promote economic growth (World Bank 2003). The United States holds significant power within the World Bank and IMF through voting, leadership, financial contributions, policy influence, and informal influence. The President is typically an American, while the IMF Managing Director is typically a European. In the 1990s, the IMF and World Bank faced criticism for their Socially Responsible Advancing Programs (SAPs), but ongoing debates remain about their effectiveness and social consequences (Harrigan et al 2006 Feb; Easterly 2001).

The Middle East, a multicultural and geopolitically significant area, is known for its diverse cultural and geographical characteristics, including countries with different economic structures, political systems, and social contexts. The countries that are considered part of the Middle East region include Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Malta, Morocco, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, Tunisia, United Arab Emirates, West Bank and Gaza, and Yemen (World Bank 2001). The region is marked by a significant population growth rate, poor economic management, corruption, and prolonged excessive protection, all of which have led to economic inefficiency and elevated unemployment (Muhumed–Gaas 2016). The influence of donor interests, including geopolitical considerations, in determining the distribution of loans from the World Bank to countries in the Middle East is also highlighted. Political factors also play a vital role in predicting the approval of these loans. Studies examining the impact of SAPs on poverty and inequality have yielded varied results, with some nations experiencing improvements in poverty indicators following SAP implementation, while others face increased inequality and social hardship (Harrigan et al 2006 Feb).

The Middle East's political and economic situation is complex, characterized by declining oil prices, balance of payments pressures, and fiscal deficits. The region has faced economic difficulties such as unemployment, inflation, and debt, and decreased growth and development. Political instability, conflict, and social unrest have exacerbated these challenges. To address these issues, many countries have adopted SAPs to foster economic reform and institutional development. These programs have both positive and negative effects, with some enhancing economic expansion and alleviating poverty, while others exacerbate inequality and social adversity. The region's geopolitical importance is emphasized by its continuous tendency towards war and prolonged conflict duration. From 1960 to 2001, the Middle East received approximately $329 billion in aid, second only to sub-Saharan Africa. The United States, a major bilateral donor, plays a significant role in allocating loans from institutions like the IMF and World Bank to Middle East countries. Studies suggest the Middle East may be receiving excessive aid, with unequal distribution of aid per impoverished individual compared to other areas (Issawi 1971; Harrigan–Mosley 2007; Harrigan–Wang 2006).

In terms of the national context, The Kingdom of Jordan, a small, upper middle-income country with a population of around 10 million and a GDP per capita of $4,600 in 2011, has SAPs in collaboration with the International Monetary Fund (IMF) and the World Bank to address economic challenges and promote growth through policy reforms and austerity measures. These programs typically involve financial assistance in exchange for policy reforms aimed at addressing economic imbalances and promoting sustainable growth. SAPs in Jordan often include fiscal austerity measures, trade liberalization, privatization of state-owned assets, tax reforms, tariff reductions, and the reduction or elimination of subsidies. These reforms aim to enhance economic efficiency and competitiveness. However, the impact of these measures on vulnerable populations and social protection mechanisms has been a subject of concern (Abugattas-Majluf 2012; Awad 2017).

Critiques and Debates

The World Bank's structural adjustment programs, or SAPs, have faced a lot of criticism throughout their long history. Experts and academics have voiced a variety of worries, highlighting the potential negative consequences of these programs. Stiglitz (2002) highlights how SAPs have a narrow focus on economic liberalization and often neglect the collateral damage inflicted on social aspects. According to Harrigan and Mosley (2007), spending cuts have a negative effect on infrastructure, healthcare, and education, and increasing poverty and inequality while limiting access to basic services. Moreover, Kreishan (2004) challenges the relevance of neoliberal economic theories, claiming that a one-size-fits-all strategy may not be aligned with the various needs of developing nations. Chang (2002) adds his voice to this discussion by arguing that SAPs frequently promote the goals of international financial institutions and donor nations while compromising democratic processes and national sovereignty. Issawi (1971) contributes to the discussion by questioning the effectiveness of SAPs in promoting sustainable development and poverty reduction, raising concerns regarding their effects on democracy and sovereignty. The debate is further advanced by Roe et al. (1989) and Muhumed & Gaas (2016), who contribute to the discussion by addressing challenges related to debt problems, finance adequacy, and the negative economic consequences of SAPs. Reinsberg et al. (2019) critique SAPs for impinging on borrower sovereignty, questioning their effectiveness in resolving economic crises, and promoting a "good governance" agenda. Furthermore, Bradshaw and Huang (1991), additionally argue that SAPs weaken national state power, which is crucial for economic development and the provision of basic needs. These critiques collectively underscore the complex and contentious nature of SAPs, necessitating a comprehensive examination of their impacts and implications.

Methodology

The research design for this study adopts a mixed-methods approach to facilitate a comprehensive analysis. Methodologically, it encompasses quantitative aspects. Quantitative analysis involves utilizing existing economic and social indicators to measure the impact and effectiveness of Structural Adjustment Programs (SAPs). Statistical methods will be employed to identify correlations and patterns within the data. Furthermore, data integration and analysis are crucial for producing a comprehensive interpretation. This involves integrating statistical analysis is applied to quantitative data. In conclusion, this study aims to provide valuable insights into the complex dynamics of SAPs in Jordan. By employing a mixed-methods approach, it seeks to offer a nuanced understanding of SAPs' role, impact, and potential improvements, thereby contributing to ongoing discussions on international financial interventions in developing countries.

The research's data come from a wide range of sources. Firstly, official reports and documents from organizations such as the World Bank, the International Monetary Fund (IMF), and relevant governmental agencies are utilized. These reports include progress reports and economic indicators essential for the analysis. In Addition, a thorough case study with a particular focus on Jordan is carried out, involving the examination of historical context, policy documents, and socio-economic data. Theoretical frameworks, criticisms, and analyses about structural adjustment programs (SAPs), economic development, and their effects on the Middle East can be found in academic journals and articles. Moreover, archival data, including historical records and previously collected data, offer insights into the economic and political conditions before, during, and after SAP implementation.

The criteria for country selection encompass several key factors. Firstly, Jordan's economic and political landscape, characterized by resource scarcity and diverse political structures, provides a rich context for analyzing the effectiveness and implications of Structural Adjustment Programs (SAPs). The country's history of SAP implementation offers valuable perspectives into the long-term impacts of such programs, including successes and setbacks. Moreover, Jordan presents reliable and accessible data across economic, social, and political dimensions, facilitating comprehensive analysis over various periods. As a native researcher from Jordan, personal access to local information and insights contribute to the depth and authenticity of the research. Additionally, the personal relevance of studying Jordan allows for a more intimate exploration of SAP impacts, offering vital perspectives and critical viewpoints based on lived experiences and observations of the programs' real-world effects.

The Catalyst or Obstacle Debate

Analysis of SAPs as a Catalyst for Development

The neoliberal economic framework is a fundamental aspect of Structural Adjustment Programs (SAPs), closely connected to the principles of free markets. It suggests that minimizing government intervention, privatization, and promoting open markets result in more effective distribution of resources and increased market productivity (Bradshaw–Huang 1991). SAPs are influenced by Neoclassical economic principles, which prioritize market-driven strategies and fiscal discipline to maintain macroeconomic stability (Noorbakhsh–Paloni 1997). SAPs frequently strive to reduce government intervention, promote privatization, and improve the efficiency of free markets. Noorbakhsh and Paloni (1997) emphasize the significance of implementing efficient macroeconomic measures, such as cutting spending and exchange rate adjustments, in order to establish a competitive economic atmosphere that promotes productivity and innovation.

The objective of trade liberalization in SAPs is to facilitate countries in producing goods and services in areas where they possess a comparative advantage. This, in turn, increases exports and improves the overall economic performance (Bradshaw–Huang 1991). The rational expectations theory, which forms the basis of SAPs, suggests that implementing reforms will have a positive impact on investor confidence and the economic future. This, in turn, will influence financial decisions, leading to increased investment and economic progress (Bradshaw–Huang 1991). In addition, SAPs aim to facilitate policy reforms that encourage foreign direct investment, simplify investment regulations, and cultivate a favorable environment for investment (Michalopoulos, n.d.). Although SAPs are intended to enhance sustainable economic growth, in theory, they have faced criticism for aggravating social inequalities and governance problems. Sustainable development within SAPs encompasses not only economic restructuring but also the achievement of social development objectives. These factors encompass the fair distribution of resources, the cultivation of political agreement, the promotion of inclusivity, and the prioritization of equitable allocation of benefits. The goal is to achieve a harmonious combination of economic growth, environmental preservation, and social equity (Weiss 1992).

Analysis of SAPs as an Obstacle to Progress

Even though SAPs aim to promote economic growth through market-oriented reforms, trade liberalization, and macroeconomic policy adjustments, underpinned by neoliberal economic principles that advocate for free markets and reduced government intervention (Bradshaw–Huang 1991; Noorbakhsh–Paloni 1997). However, they have been widely criticized for a range of issues. They are seen as neglecting the need for economic diversification, leading to reliance on a narrow range of export commodities, making countries vulnerable to global price fluctuations (Bradshaw–Huang 1991). Critics also argue that SAPs often focus too narrowly on short-term economic stabilization, such as reducing budget deficits and controlling inflation, potentially at the expense of long-term development goals (Karshenas 1994).

Additionally, SAPs have been linked to a decline in investment, particularly in the manufacturing sector, with high foreign debt and fiscal deficits correlated with reduced investment in manufacturing infrastructure and enterprises, affecting their export capacity (Noorbakhsh–Paloni 1997). This is compounded by rising unemployment due to austerity measures and privatization requirements, staples of SAPs, which can lead to job losses and reduced wages, thus sparking social unrest (El-Said–Harrigan 2014).

The dependency on developed nations is another critique, as SAPs often lead to a cycle of debt and dependency, limiting economic autonomy (Knowles, 2011). Moreover, the lack of local ownership and engagement in SAPs can result in ineffective reforms that lack support from local communities (Crisp–Kelly 1999). SAPs have also been criticized for amplifying income inequalities and increasing poverty, contrary to their objectives of alleviating poverty (El-Said–Harrigan 2014).

Furthermore, SAPs' one-size-fits-all approach is problematic as it often fails to consider the unique economic landscapes and societal needs of each country (Kreishan 2004). The issue of economic sovereignty is at stake with SAPs, as they often lead to a loss of policy-making autonomy when countries agree to the conditions set by the World Bank (Muhumed–Gaas 2016). Additionally, there are concerns about the lack of transparency and accountability in how SAPs are managed (Ravallion 2016; Moyo 2009). Finally, the critiques point to a donor-driven agenda in SAPs that overshadows local needs and priorities, suggesting the need for a more context-specific, locally-driven approach (Harrigan–Mosley 2007).

Operation of SAPs in Jordan

Introduction to SAPs in Jordan

Jordan's unique context, including its strategic location and resource limitations, influences the dynamics and challenges surrounding SAPs. This chapter provides an overview of these factors, including economic structure, trade dependencies, social demographics, education, healthcare, refugee crises, political governance, stability, and political reforms. The SAPs in Jordan aim to address economic imbalances, promote fiscal sustainability, enhance economic competitiveness, and stimulate investment. The specific objectives include fiscal consolidation, public debt reduction, improvements in the business environment, and economic competitiveness enhancement. The reforms undertaken include fiscal consolidation measures, subsidy reductions, tax collection enhancements, privatization of state-owned enterprises, and promotion of transparency and good governance.

However, the implementation of SAPs has faced resistance and criticisms, particularly in the social and political ramifications. The reduction of subsidies has sparked protests and social unrest, while political opposition, labor unions, and civil society groups have expressed concerns about citizens' welfare and national sovereignty. Balancing political stability and economic reform has proven to be a challenging task for the Jordanian government.

Jordan's Economy Pre-SAPs

Having provided an overview of Structural Adjustment Programs (SAPs) in Jordan, it is crucial to understand the historical context that led to their implementation. To fully understand the impact of SAPs on Jordan's development trajectory, we must first examine the state of Jordan's economy before the introduction of these programs. The economy of Jordan was heavily impacted by both local and global events prior to the implementation of SAPs, which had positive and negative impact on the country's economy. Jordan's economy developed during the boom years of the 1970s and 80s, especially after the oil booms of 1973 and 1979, triggered by the Yom Kippur War and the Iranian Revolution, which significantly benefited Middle Eastern countries, particularly oil producers. The surge in revenue from oil exports allowed for investment in infrastructure, public services, and development projects. Several Jordanian infrastructure projects benefited greatly from this financial assistance. Additionally, remittances from Jordanians working in the Gulf countries surged, providing a crucial source of income for families back home and bolstering the nation's foreign exchange reserves. Together with foreign assistance, these transfers helped Jordan enter an economic recovery, which was evident in the country's citizens' living standards and per capita income rising significantly (Awad 2017; Harrigan et al 2006 Aug).

Furthermore, the real GDP of Jordan increased at an average annual rate of 7.9% between 1972 and 1982, indicating a period of sustained strong economic expansion reflected in higher investment, employment opportunities, and economic activity. Though it later declined to 5.7%, the growth rate during the later part of the boom period was still indicative of a respectable level of economic expansion and continued development (Awad 2017; Harrigan et al 2006 Aug). Still, there were some negative aspects to this time. At a level that its GDP could not support on its own, Jordan's economy became heavily dependent on international partners for public and private consumption, levels that domestic GDP alone could not sustain. This over-reliance left Jordan exposed to vulnerabilities, especially to fluctuations in international aid and broader economic shifts, casting doubt on the long-term sustainability of its economic growth (Awad 2017; Harrigan et al 2006 Aug).

The regional conflicts of the time also played a dual role in shaping Jordan's economic landscape. The Iran-Iraq War, for example, inadvertently boosted Jordan's trade activities through the port of Aqaba, a strategic location for Middle Eastern commerce. On the other hand, the instability of the Lebanese Civil War positioned Jordan as an alternative center for financial and professional services. These events, despite the surrounding turmoil, created unique economic opportunities that Jordan capitalized on, further spurring its economic growth (Awad 2017; Harrigan et al 2006 Aug). Towards the late 1980s, however, Jordan encountered severe economic and demographic challenges. Numerous Jordanians experienced a decline in their standard of living as a result of the 1989 currency and banking crisis, which also caused a sharp drop in GDP per capita, investment, and employment. A major contributing factor to this crisis was the nation's exceeding foreign debt, which by the end of 1989 had increased to $5.8 billion, and its incapacity to pay it off. Along with the debt, the country struggled with rampant inflation, with living costs rising by

25.8% in the same year, fueling public dissatisfaction. These economic difficulties highlighted Jordan's risky dependence on external financial aid and underlined the urgent need for a robust and sustainable economic framework to withstand future shocks (Awad 2017; Harrigan et al 2006 Aug).

Timeline for SAPs in Jordan

The implementation of Structural Adjustment Programs (SAPs) in Jordan is part of a broader historical context that spans several decades. These programs have evolved, responding to Jordan's changing economic, social, and political circumstances.

Table 1: Historical Economic Phases and Structural Adjustments in Jordan (1945-2016)

Time Period	Key Economic Developments	Average Foreign Aid (USD)	Impact Events	Economic Challenges	Sources
1945-1961	High unemployment due to war and dependence on foreign aid	-	War of 1948	Economic challenges and dependence on external support	-
1960s-1970s	Modernization and development; Infrastructure, education, and healthcare investment	Increased inflow of Arab aid, peaking at JD 382 million (USD 538,489,738) (1980-1983)	Boom in transit trade; Lebanon's civil war	-	Kanaan et al., 2002
1973-1984	High growth rates; Increased Arab aid and remittances	From JD 126 million (USD 177,617,034) to JD 475 million (USD 669,588,025) (1976-1984)	Iran-Iraq war; Lebanon's civil war	-	Kanaan et al., 2002
1980s	Rising fiscal deficit and external debt	-	First SAP initiated in 1989	Fiscal imbalances, public debt	-
1989-1999	"Model student" of IMF and World Bank; Economic reforms	-	-	Unsustainable growth, rising poverty post-2002	Awad, 2017
1989 - 1990	Significant Reduction in Aid from Key Arab Nations (Saudi Arabia, Morocco, Iraq, UAE, Algeria, Qatar, and Libya)	-	Led to significant policy changes and economic reforms.	Budget deficit hit $143M (3.7% of GDP), Arab aid fell sharply, GDP growth slowed to 4.7%, trade imbalance worsened with imports at 51.8% of GDP.	Bani Salameh et al., 2018
1989 - 2016	Budget deficit, decline in Arab aid, reduction in GDP	-	Adoption of SAPs	Escalated Trade deficit	Bani Salameh et al., 2018
1990s	Regional turmoil, Gulf War impact	-	Additional SAPs for diversification and liberalization	-	-
2000-2011	Fiscal austerity and trade liberalization	-	-	Weakened social protection, affecting the poor	Awad, 2017
2010s	Syrian civil war, refugee influx	-	Financial assistance required in 2012	Economic strain due to refugees	Awad, 2017
2020s	COVID-19 pandemic impacts	-	Measures to mitigate pandemic impact	Economic slowdown, continued austerity	-

Source: Summary of research findings (Table created by Ahlam Saeed based on data from Kanaan 2002; Awad 2017; Bani Salameh 2018)

As demonstrated in Table 1, From 1945 to 1961, Jordan faced substantial economic challenges following World War II. These challenges included a staggering unemployment rate of 60%, which was worsened by a threefold increase in population due to the 1948 war, as well as a heavy reliance on foreign aid from Britain (Salameh et al 2018). During the 1960s and 1970s, under the rule of King Hussein, Jordan launched a process of modernization and development, characterized by significant investments in infrastructure, healthcare, and education. During the period from 1973 to 1984, Jordan's economy experienced a significant boost due to a substantial rise in Arab assistance. Foreign aid averaged JD 126 million per year from 1974 to 1978 and then increased to JD 382 million per year from 1980 to 1983. During the Iran-Iraq war, the country experienced a significant increase in transit trade with Iraq, as well as a nearly four times increase in remittances from abroad. Amidst the ongoing civil war in Lebanon at that time, Jordan found an opportunity to address the unmet needs and provide services that were unavailable in the neighboring country (Kanaan et al 2002).

In the 1980s, Jordan faced economic challenges such as a growing fiscal deficit and external debt. Jordan took the initiative to implement its inaugural Structural Adjustment Program in 1989, in collaboration with the IMF and World Bank. The program's objective was to rectify fiscal disparities and foster economic expansion by reducing public debt and promoting economic liberalization. Despite the unstable situation in the region, Jordan experienced a remarkable average annual growth rate of 10% in its GDP from 1960 to 1985. This growth can be attributed to a robust manufacturing sector and increased efficiency in labor productivity (Bani-Hani–Shamia 1989; World Bank 1994; 2002; Saif 2003).

In the 1990s, Jordan was praised for its adherence to the reforms recommended by the International Monetary Fund (IMF) and the World Bank. As a result, the country experienced economic growth rates, reaching as high as 8.6% between 1992 and 1995. Nevertheless, despite these advancements, there was no lasting socioeconomic improvement, as poverty rates experienced a resurgence by 2002 (Awad 2017).

The commencement of the Syrian civil war in 2011 and the subsequent arrival of refugees increased the difficulties faced by Jordan in the 2010s, requiring additional SAPs and emphasizing the importance of fostering inclusive economic growth and generating employment opportunities. In 2015, the International Monetary Fund (IMF) provided the last installment of financial aid as part of Jordan's economic program (Awad 2017).

During the 2020s, Jordan experienced additional economic challenges due to the COVID-19 pandemic. This led to the implementation of SAPs that included measures to provide relief during the pandemic, to strengthen the healthcare system, and promote economic recovery. However, these measures also involved continued austerity measures that affected the ability of lower-income groups to afford essential goods (Awad 2017). Lastly, between 1989 and 1990, Jordan's economy faced significant challenges, leading to policy changes and economic reforms. The budget deficit in 1990 was 3.7% of the GDP, and Arab aid declined significantly, with financial support from countries like Saudi Arabia, Morocco, Iraq, UAE, Algeria, Qatar, and Libya dropping from 1,250,000 Jordanian Dinars (1,762,073.75 USD) to 463,321 Jordanian Dinars (653,124.62 USD). The country's GDP and economic growth rate decreased to 4.7% in 1989, and an increased trade imbalance was compounded by imports accounting for 51.8% of the GDP. These factors led to Jordan's decision to engage with international financial institutions, such as the World Bank and IMF, to implement SAPs. The SAPs were implemented between 1989-1993, 1994-1998, 1999-2001, 2002-2005, and 2006-2016, addressing the economic challenges and promoting economic growth (Salameh et al 2018). The history of Jordan's economic trajectory from the aftermath of World War II to the 2020s illustrates the country's changing interaction with foreign assistance and structural adjustment programs, marked by periods of expansion and difficulties (Salameh et al 2018).

Major Reforms under SAPs in Jordan

In the late 20th century, Jordan experienced serious economic difficulties, which led to the implementation of a series of Structural Adjustment Programs (SAPs) in partnership with the International Monetary Fund (IMF) and the World Bank. These programs were created with the aim of completely transforming the economic framework of Jordan, by tackling a range of problems including fiscal deficits and inefficiencies in different sectors. This narrative explores the comprehensive reforms implemented and their effects, as documented by scholars and observers such as Harrigan and El-Said (2010), Abugattas and Majluf (2012), and Kanaan et al (2002).

Fiscal Reforms and Consequences

Jordan's SAPs implemented severe fiscal measures to address a significant budget deficit, equal to 3.7% of the country's GDP, equivalent to $143 million USD in 1990. These reforms included reducing public spending, overhauling the tax system to expand the taxable base, and improving debt management. However, such fiscal austerity led to a notable decline in public sector investment, which was reduced to just 6% of GDP by 1999, reflecting a shift in priorities towards fiscal stability over developmental spending.

Restructuring of the Public Sector

The SAPs also focused on the reorganization of the public sector. The privatization of major state-owned enterprises was an important aspect of these reforms, intending to promote a more competitive and efficient economy. Additionally, efforts were made to implement changes in the public sector workforce, such as establishing a connection between salary and job performance and reducing the size of the civil services, to establish a more efficient and effective government.

Evolution of the Financial Sector

In the 1990s, Jordan implemented substantial financial sector reforms. The establishment of a central bank, liberalization of interest rates, and the entry of foreign banks marked a new era of financial oversight and competitiveness in Jordan's market. These changes aimed to strengthen the financial sector's contribution to economic growth and improve the range and standard of services accessible to Jordanians.

Strengthening Social Safety Nets

Together with these economic reforms, SAPs included social safety nets to assist individuals impacted by the economic adjustment. The initiatives included providing direct aid, implementing educational programs, and enhancing accessibility to high-quality education, with a specific focus on marginalized individuals. These efforts aimed to achieve a harmonious integration of economic reforms and social welfare.

Encouraging Trade and Investment

Finally, the SAPs facilitated trade liberalization and investment reforms to stimulate economic growth and attract foreign capital. Jordan implemented a strategic plan to enhance its appeal as a global trade and investment hub by reducing trade barriers and creating export processing zones.

SAPs Economic and Social Impact on Jordan

Economic Impact

Unintended Economic Consequences

From 1992 to 1999, Jordan was praised by the World Bank and IMF for its adherence to the Structural Adjustment Programs (SAPs), which aimed to liberalize the economy. These measures included trade and energy deregulation, privatization of state-owned entities, tax reform, tariff cuts, and scaling back subsidies for essential items like energy and food. Jordan's economy experienced growth, reaching 8.6% from 1992 to 1995 and maintaining an average growth rate of 4.81% from 2000 to 2004. However, this growth has been criticized as unsustainable and not reflecting an increase in domestic productivity. Poverty rates spiked again, reaching between 15-30% by 2002, indicating that the economic development during this period was short-lived and did not lead to lasting socioeconomic improvement. The austerity measures and neoliberal policies disproportionately affected Jordan's poorer populations, with reduced subsidies and rising prices eroding living conditions, particularly in poorer and rural communities. Unemployment worsened, reaching 15.3% in 2002, further compounding the difficulties faced by Jordanians (Awad 2017).

Limited Impact of Foreign Investment

Despite efforts to attract foreign direct investment (FDI), it has had a limited impact on the Jordanian economy. The impact of SAPs on FDI and its contribution to new exports was constrained. Most investment in Jordan focused on real estate, particularly residential housing, and public infrastructure, which did not significantly drive productive transformation beyond the benefits of improved infrastructure. Private investment in productive activities declined during the 1990s and slowed recovery in the 2000s, remaining insufficient for sustaining high growth rates. FDI inflows averaged $31 million annually from 1972 to 1990, representing a small fraction of GDP and gross fixed capital formation. FDI contributed to the growth of tourism, financial services, and telecommunications, but made limited contributions to new exports, except in the garment industry as also viewed by Abugattas-Majluf (2012).

Economic Roller-Coaster

The 1980s brought Jordan to its knees economically, with a crisis precipitated by governmental mismanagement and exacerbated by SAPs. The nation grappled with a burgeoning external debt and a government unwilling or unable to meet its obligations, resulting in a catastrophic devaluation of the Jordanian Dinar.

Table 2: Jordan's GDP growth

(period average per annum)

1981-1985	1986-1990
5.3	-1.3

Source: From "The story of Economic Growth in Jordan: 1950-2000" by H. Kanaan and Marwan A. Kardoosh, 2002, p. 7.

The data shown in Table 2, reveals the average annual real GDP growth at factor cost for two distinct periods: 1981-1985 and 1986-1990. The data shows that between 1981 and 1985, Jordan experienced an average annual real GDP growth of 5.3%, indicating a period of economic expansion. However, from 1986 to 1990, the average took a downturn to -1.3%, reflecting a contraction where the economy shrank on average each year. This negative growth rate signifies a period of economic difficulty for Jordan, potentially caused by factors such as political instability, decreases in foreign investment, external shocks, or policy decisions that may have adversely affected the economy. This data is crucial for policymakers, investors, and researchers to understand the economic trends and challenges faced by a country. The reasons for this shift in economic performance are not provided in the table itself but could be due to political instability, decreases in foreign investment, external shocks, or policy decisions that may have adversely affected the economy (Jaber n.d.; Kanaan–Kardoosh 2002).

Privatization and Labor Market Upheaval

The privatization and restructuring of state-owned enterprises in Jordan, as part of the World Bank Structural Adjustment Programs, led to job cuts, increased unemployment rates, and challenges in reintegrating displaced workers (Kanaan–Kardoosh 2002). The private sector struggled to absorb the large workforce, causing economic hardships for affected individuals and their families. Job losses and unemployment had broader social and economic consequences, including income loss, reduced access to social benefits, and financial insecurity. Displaced workers may have faced skill mismatch challenges, as their prior employment in state-owned enterprises may not align with evolving private sector requirements.

External Debt

The late 1980s saw Jordan's external public debt soar to alarming heights, with debt servicing obligations devouring a significant share of the nation's export revenue, placing a stranglehold on financial resources and deepening economic fissures (Kanaan–Kardoosh 2002). In the late 1980s, Jordan faced significant economic challenges, particularly in terms of its external public debt and associated servicing costs. The country's external public debt to GDP ratio was alarmingly high, reaching 203.4% between 1986 and 1990, a significant increase from 49.8% between 1976 and 1980. The cost of debt servicing, including installments and interest payments, consumed a significant portion of Jordan's export revenue, averaging 23.4% of exports, a 10% increase from 1981-1985. To address this, Jordan sought the International Monetary Fund's assistance for debt repayment rescheduling and structural adjustments, including austerity measures, reductions in public spending, subsidy removal, and alterations in pricing and import duties. However, these policies had significant social repercussions, such as increased fuel prices and a marked increase in the cost-of-living index in 1989.

Domestic Expenditure

Increased domestic spending led to inflationary pressures on non-traded sectors, with a consequent shift towards imported goods and a detrimental impact on local industries and export competitiveness (Kanaan–Kardoosh 2002). In Jordan, increased domestic spending has led to inflation, particularly in non-traded sectors like education, health, welfare, and construction. This has resulted in higher prices, especially in areas with a shortfall in domestic production. This shift in consumption patterns towards imported goods has led to a dependency on imports and diverted funds from domestic savings and investments. The "expenditure effect" diminishes the profitability and competitiveness of domestic production, particularly for export goods. The "resource shift effect" further exacerbates the situation, as the local workforce is drawn to oil-rich neighboring economies, resulting in wage increases in domestic sectors that demand skilled labor. This hampers the competitiveness of Jordanian exports.

Growth Rates: A Misleading Narrative

The narrative of growth rates during the reform period, as detailed by Harrigan and El-Said (2010), reveals a tale of temporary and illusory prosperity. Despite reform efforts, the ensuing growth proved insufficient in addressing the entrenched socio-economic issues, leaving a legacy of hardship in the wake of SAPs. Jordan's economic phases, as described by Harrigan and El-Said (2010), have a significant impact on the nation's growth. The pre-reform period (1983-1988) saw moderate growth at 3.69%, indicating a stable economy before significant reforms. The stabilization period (1989-1991) saw a negative growth rate of -3.55%, indicating economic downturns that required stabilization efforts to correct macroeconomic imbalances. The reform growth period (1992-1995) saw a substantial increase to 8.62%, indicating a robust economic expansion. Efforts during the Stabilization Period included macroeconomic reforms, monetary policy adjustments, exchange rate policy changes, and external assistance, particularly from the IMF. The Reform Growth Period initiatives included structural reforms, privatization, deregulation, investment in human capital, and infrastructure development, all contributing to enhanced productivity and economic performance.

Table 3: Period Growth Rates in Jordan

Pre-reform 1983-88	Stabilization 1989-91	Reform growth period 1992-95	1996-99	Reform growth period 2000-04
3.69	-3.55	8.62	2.95	5.61

Source: World Development Indicators Online

Source: From "The Economic Impact of IMF and World Bank Programs in the Middle East and North Africa: A Case Study of Jordan Egypt, Morocco, and Tunisia, 1983 - 2004" by Jane R. Harrigan and Hamed El-Said, Volume 6, Number 2, 2010, p. 9.

As shown in Table 3, the growth rates between 1996-1999 were moderated by economic challenges, such as high public debt and regional instability. However, the increase in growth rate from 2000-2004 was attributed to continued reforms, improved business environment, favorable external conditions, and sector-specific growth. In conclusion, Harrigan and El-Said argue that while the World Bank reforms in Jordan brought some positive outcomes, they fell short of generating robust, self-sustaining growth needed to resolve deep-rooted socio-economic issues.

Table 4: Macroeconomic Indicators for Jordan (1978 – 1983)

Jordan						
Inflation, consumer prices	3.8	3.0	0.0	−0.2	6.6	25.7
Current account balance	−5.3	−4.9	−0.7	−5.4	−4.6	4.4
Central government debt	49.6	56.4	59.0	70.1	100.1	126.1
Total debt service	13.0	17.2	19.7	24.0	30.9	19.7
Gross capital formation	28.8	20.5	20.5	23.3	23.5	23.7
GDP per capita growth	4.6	−0.2	3.1	−0.8	−5.2	−16.5
	1978	1979	1980	1981	1982	1983

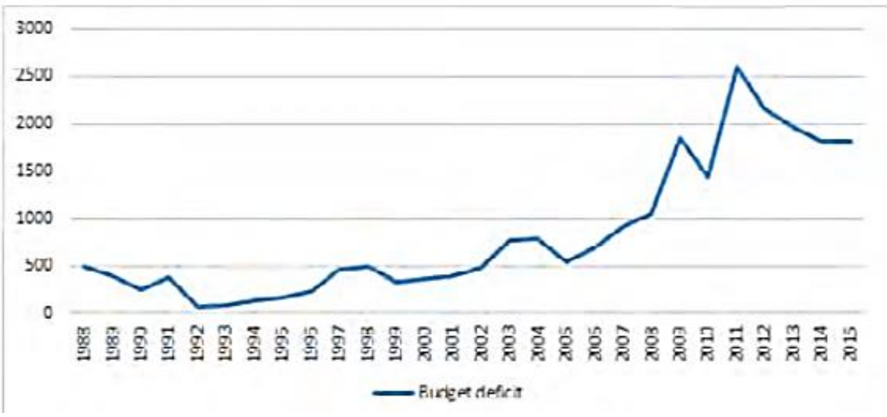
Source: From "The Economic and Political Determinants of IMF and World Bank Lending in the Middle East and North Africa" by Jane R. Harrigan, Hamed El-Said & Chengang Wang, Volume 34, Number 2, 2005, p. 254.

Table 4 demonstrates the economic indicators for Jordan from 1978 to 1983, revealing a range of trends and trends. Inflation rates fluctuated from 6.6% in 1982 to -0.2% in 1981, indicating a year of deflation. The current account balance showed consistent deficits, suggesting imports over exports. Central government debt increased significantly between 1981 and 1983, while total debt service showed fluctuations, possibly reflecting borrowing and repayment activities. Gross capital formation, an indicator of economic growth, remained stable. The GDP per capita growth showed a contraction in the early 1980s, with a sharp decline of 16.5% in 1983, indicating a severe economic downturn or potential crises. The data provides valuable insights into Jordan's economic health and trends during this period (Harrigan et al 2006).

Budget Deficit

Jordan's budget deficit has been a major issue for 27 years, with fluctuations peaking between 2012 and 2013. The deficits have led to economic strain and societal issues, with the country borrowing extensively to manage them. By 2016, Jordan's public debt stood at 94.4% of GDP, a significant obstacle to progress. The strategies recommended by the IMF and World Bank, including austerity and economic liberalization, have disproportionately impacted the poorer communities, making basic necessities less affordable and contributing to transient poverty. These measures have also stifled job growth, with high unemployment, particularly among women, and pushed many into the informal sector with low wages and substandard working conditions. The deficits have restricted the government's capacity to fund social programs and infrastructure, crucial for addressing poverty and inequality (Awad 2017).

Figure 1: Jordan's Budget Deficit (Million JOD) 1988 – 2015



Source: Ministry of Finance, 2016. From "The International Monetary Fund and World Bank Intervention in Jordan" by Ahmad M. Awad, 2017, p. 5.

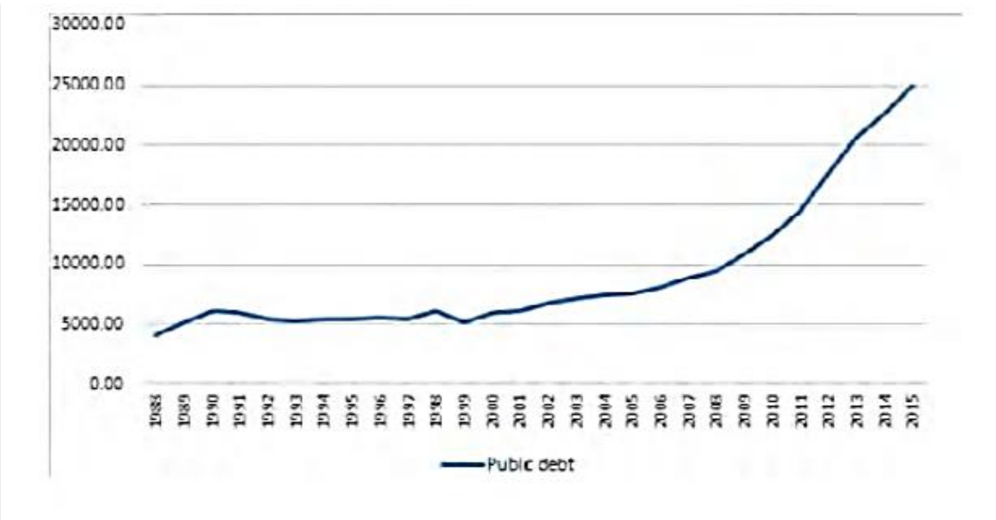
Figure 1 shows the data on Jordan's budget deficit from 1988 to 2015 is presented in a line graph, illustrating trends in the government's fiscal performance. The deficit increased significantly from the early 2000s to a peak around 2009, possibly due to increased government spending or decreased revenues. After this peak, the deficit declined, suggesting measures were taken to reduce the gap between government spending and revenue. This data is crucial for economic analysis and policymakers to make informed decisions about managing a country's economy. The graph is sourced from the Ministry of Finance in 2016 (Awad 2017).

Public Debt

Jordan's public debt has risen from 1988 to 2015 due to economic and political challenges, including high unemployment, limited resources, and dependency on external aid. The geopolitical situation in Syria and Iraq has further burdened the economy, leading to increased spending and borrowing. World Bank austerity measures have led to cuts in public spending, stagnation, and a borrowing cycle. The government struggles to generate revenue due to tax base expansion, relying more on borrowing. External shocks like global recessions and volatile commodity prices have negatively impacted the economy. The implementation of SAPs has also strained government finances.

Jordan, despite being praised as a star reformer in the MENA by the IMF and World Bank, has been criticized for its inadequate adherence to reform conditions, leading to discontinued programs and delayed funding. The government's resistance to reform measures has resulted in prolonged processes and partial implementation. The social impact of these reforms has been contentious, with the World Bank and IMF having divergent views on the social dimension. Jordan's path through economic reform and adjustment has been fraught with challenges, resistance, and varying degrees of implementation, resulting in a complex landscape of economic strain and social impact. The SAPs in Jordan have not only failed to engender sustainable economic growth but also repercussions on Jordanian society (Awad 2017).

Figure 2: Jordan's Public Debt (Million JOD) 1988 – 2015



Source: Ministry of Finance, 2016. From "The International Monetary Fund and World Bank Intervention in Jordan" by Ahmad M. Awad, 2017, p. 6.

Figure 2 shown above demonstrates Jordan's public debt (million JOD) between 1988-2015: it shows the significant increase in Jordan's public debt over 27 years. The graph starts with a smaller amount of debt in the late 1980s and then climbs upward, particularly after the early 2000s. By 2015, the debt had reached a peak much higher than the starting point in 1988, indicating that Jordan's fiscal situation had become increasingly burdened by debt over the years. The Jordanian Dinar, the currency of Jordan, is represented by the y-axis, representing the amount of public debt in millions of JOD.

Social Consequences

Educational Investments and Social Outcomes in Jordan

Jordan has demonstrated a strong dedication to improving its educational sector by consistently investing in both public and private initiatives. Since the 1990s, the government has allocated a substantial portion of its GDP towards education. In 2007, the amount of total public expenditures allocated to human capital development increased to 10.8%, indicating a strategic focus on this area (Abugattas-Majluf 2012). These endeavors have resulted in positive results: literacy rates, school enrollment, and educational achievement have significantly increased, surpassing even the average levels found in middle-income countries. By the mid-2000s, there was almost complete enrollment in primary and secondary education. In addition, Jordan's rate of higher education enrollment has reached 41%, placing it in competition with countries in the OECD. Jordan's higher education system has gained international recognition for its quality, attracting a significant number of foreign students and experiencing rapid growth in the number of institutions. The growth has been significantly influenced by ambitious initiatives such as the Jordan Education Initiative and the Education Reform for the Knowledge Economy initiative. Despite massive investment and enrollment rates, constant obstacles remain. The educational performance, especially in international assessments such as PISA, continues to be lower than the average of the OECD countries, indicating a necessity for enhancing educational outcomes (Abugattas-Majluf 2012).

Labor Market Challenges Amid Economic Reforms

The labor market and social protection mechanisms in Jordan have been affected by the substantial economic reforms. The reduction of public-sector employment has decreased the middle class's access to social benefits, such as health insurance and family/child benefits, which have traditionally served as a crucial form of social protection. These modifications have worsened the vulnerability of marginalized populations, intensified financial instability, and diminished the availability of crucial resources (ESCWA n.d.). The increasing prevalence of informality in Jordan's labor market, characterized by a proliferation of temporary and irregular employment, has resulted in a larger portion of the workforce being without social insurance coverage. The formal private sector has faced challenges in generating an adequate number of high-quality employment opportunities, thereby increasing the difficulties faced by the middle class in obtaining social insurance.

The Disparity between Economic Reforms and Social Equity

The implementation of economic reforms in Jordan, under the guidance of the IMF and World Bank, has been met with controversy due to delays in removing subsidies, tax reform, and privatization. Despite praise from the IMF and World Bank, the situation is more complex, with opposition to specific reforms and a lack of momentum. A dispute arose between the IMF and World Bank regarding the prioritization of social aspects in the reforms, affecting the design and execution of the program (Harrigan et al 2006 Aug). Despite progress in education and economic reforms, social outcomes have been varied. The middle class and marginalized groups have experienced increased economic vulnerability, while the skill gap between the educated workforce and job opportunities has grown. This highlights the need for a well-rounded approach to reforms, combining economic policies with social objectives to promote sustainable and inclusive development. Jordan faces complex challenges due to the interplay of educational advancements, labor market realities, and economic reforms.

Economic Reforms and Social Unrest: The Case of the 1996 Bread Riots in Jordan

In the early 1990s, Jordan implemented significant economic reforms as part of an IMF-sponsored program. These reforms included the elimination of wheat subsidies, the introduction of a sales tax, and a reduction in government spending. The history of Jordan's food subsidies dates back to the 1960s when the government dedicated over $53 million to wheat subsidies in 1995. However, the escalating global wheat prices led to an unmanageable increase in subsidy expenses, resulting in the sudden removal of these subsidies in August 1996. This led to an enormous increase in bread prices and widespread protests and riots, highlighting the wider political and social consequences of SAPs. The government's reaction to the unrest, characterized by pressure and fear of demonstrators, could potentially jeopardize the nation's political stability and social unity. The 1996 bread riots were not a singular occurrence in Jordan's history, but exemplify the persistent challenge faced by the Jordanian populace in grappling with the consequences of economic reforms. The riots highlighted the negative effects of SAPs on poverty rates and job prospects, impeding the advancement of development in Jordan (Andoni–Schwedler 1996).

The riots in Jordan, triggered by the cancellation of wheat subsidies, sparked societal discontent and led to demonstrations, aggression, and a curfew. The government's response, involving tear gas and military personnel, raised concerns about human rights violations and civil liberties. The sudden increase in bread prices further exacerbated the economic hardships, particularly for those already struggling with poverty and unemployment. Despite these challenges, the international donor community, including the IMF and Japan, provided financial assistance to fund economic initiatives and address Jordan's budget shortfall. This assistance offered a chance for economic stabilization and resurgence. The riots highlighted the challenges and societal consequences of economic reforms, but also highlighted the larger context of the IMF-sponsored program aimed at enhancing financial stability and establishing a sustainable economic structure. The riots also highlighted wider political and social tensions, presenting an opportunity for dialogue and involvement among the government, opposition parties, and the population (Andoni–Schwedler 1996).

Imperial Overtones of Structural Adjustment Programs

Structural Adjustment Programs (SAPs) are often criticized as colonial or imperial due to their reliance on Western-dominated international financial institutions like the World Bank for loans or debt relief. Critics argue that this requirement undermines the economic independence and political self-governance of borrowing nations. They also argue that SAPs reinforce neocolonial relationships by prioritizing Western interests and multinational corporations over indigenous needs and sovereignty. Scholars have extensively examined SAPs, comparing their implementation to past colonial efforts, highlighting the deprivation of economic and political autonomy for affected countries. Activists and NGOs have strongly opposed SAPs, advocating for alternative development strategies that consider local needs and participation. Their critique often employs the rhetoric of economic fairness, highlighting the perpetuation of exploitative structures reminiscent of colonial eras (Yoon Hui Kim 2015).

Policy experts and development professionals are concerned about the negative consequences of Strategic Partnerships (SAPs) due to their standardized framework, which fails to consider the unique economic, social, and political conditions of the countries receiving them. This often leads to negative consequences for local industries and the abandonment of long-standing traditions. SAPs are often imposed by Western-centric organizations on developing countries without considering the local context, prioritizing Western interests over the development and independence of the recipient nations (Yoon Hui Kim 2015).

Recommendations

The Jordanian government faces numerous challenges in achieving sustainable economic growth, poverty alleviation, and stability. To achieve these goals, the government should adopt a proactive role in initiating structural transformations within the economy, focusing on targeted policies, private sector development, and establishing robust support mechanisms. Jordan should target an annual economic growth rate of over 6% to improve living standards and ensure economic stability and independence. Private investment is crucial for this growth, but the government must also secure financial assistance and substantial debt relief to support long-term development objectives.

To diversify exports and boost competitiveness in global markets, Jordan should focus on innovation, investments in research and development, and a strategic approach to Foreign Direct Investment (FDI). Labor market reforms should be implemented to address unemployment and improve export competitiveness. Assessing economic instability requires fiscal strategies, strengthening economic governance, and improving the efficiency of public sector investments. Debt restructuring should be explored to alleviate external debt burdens and direct borrowing towards growth-enhancing projects.

Balancing domestic expenditure and inflation is essential, with policies to support domestic industries and reduce reliance on imported goods. Clearing growth narratives is essential to accurately reflect underlying economic conditions and inform policy decisions. Budget deficit management should be adopted, including enhancing revenue generation through tax reforms and reducing non-essential expenditures. Fostering educational outcomes should be linked more closely with labor market needs to ensure graduates possess the skills demanded by employers. Reconciling economic reforms with social equity is crucial to prevent exacerbating disparities and ensure that all segments of society benefit from economic progress.

To achieve sovereign economic management and autonomy, Jordan should focus on a robust national economic strategy that prioritizes self-determined development goals over externally imposed conditions. This includes creating strong domestic regulatory frameworks, promoting local industry and trade policies, asserting control over natural resources, building regional alliances, establishing sovereign wealth funds, encouraging public participation, formulating independent social policies, diversifying economic partnerships, and developing local expertise.

Conclusion

The implementation of Structural Adjustment Programs (SAPs) in Jordan, under the guidance of the World Bank, has had both positive and negative effects on the country's economic story. In the prosperous decades of the 1970s and 1980s, driven by abundant oil resources and substantial financial aid, Jordan experienced a notable period of economic advancement. The national economy experienced growth due to the increase in infrastructure projects and the influx of financial transfers, leading to improvements in living standards and per capita income. The real GDP growth during this period indicated a robust economy characterized by heightened investment and expanded employment prospects. However, this expansion was accompanied by an excessive dependence on external financial assistance, leaving the country vulnerable to the fluctuations of international aid and global economic patterns. The economic fluctuations in the region, such as the Iran-Iraq War and the Lebanese Civil War, brought both short-term trade advantages and instability, which eventually led to the implementation of SAPs. The chronology of SAPs in Jordan, which extends from the difficulties faced after World War II to the significant changes in the late 20th century, demonstrates the intricate process of adjusting to evolving economic circumstances and the extensive reforms involved in these initiatives. Although Jordan made substantial efforts and witnessed certain positive growth indicators in the 1990s, doubts arose regarding the long-term viability of these reforms due to the increase in poverty rates and the temporary nature of socioeconomic improvements. The economic policies implemented during the Structural Adjustment Programs (SAPs) period, such as privatization and market liberalization, were aimed at reviving the economy. However, they had unintended consequences, including increasing social inequalities, weakening domestic industries, and generating widespread public discontent. The significant economic difficulties faced in the late 1980s, worsened by substantial foreign debt and inflation, emphasized the need to establish a strong and independent economic structure.

The Structural Adjustment Programs (SAPs) implemented in Jordan, to reduce fiscal disparities and stimulate economic growth, have not definitively achieved the goal of promoting sustainable development. The economic volatility experienced in the 1980s, the fiscal restraint observed in the 1990s, and the different economic stages that Jordan has undergone demonstrate a path characterized by temporary prosperity and permanent challenges. The 1996 bread riots serve as a prime example of the social turmoil that can arise from sudden and far-reaching economic changes, such as the elimination of subsidies. These reforms can worsen the difficulties faced by the most disadvantaged groups in society. Despite the difficulties, Jordan has achieved noteworthy progress in the fields of education and infrastructure. However, the lack of harmony between economic reforms and social fairness, along with the lasting consequences of privatization and labor market disruption, have emphasized the ongoing challenge of balancing economic policy with social welfare. Given the complex range of results, the paper ultimately suggests adopting a more refined strategy for economic restructuring. The Jordanian government is advised to implement strategies that achieve a harmonious equilibrium between fiscal stability and social development, promote diversification in trade and investment, and cultivate an economic atmosphere that is both resilient and inclusive.

The examination of SAPs in Jordan serves as a warning about the process of reform. While these programs aim to achieve economic stability and growth, they must also take into account the social and economic requirements of all individuals to prevent worsening inequalities and social unrest. For Jordan to effectively progress in its economic development, future policies must take into account the knowledge gained from the experience with Structural Adjustment Programs (SAPs). This will help ensure that advancements are fair and that the benefits are distributed evenly throughout society.

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A VILÁGBANK STRUKTURÁLIS ALKALMAZKODÁSI PROGRAMJAINAK SZEREPE ÉS HATÁSA A FEJLŐDŐ ORSZÁGOKBAN: A SAP-OK HATÉKONYSÁGÁNAK ELEMZÉSE A KÖZEL-KELETEN; JORDÁNIA ESETE

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A tanulmányban a Világbank Strukturális Alkalmazkodási Programjai (SAP) és azok Jordánia fejlődésére gyakorolt hatásai kerülnek elemzésre. Jordániát reprezentatív esettanulmányként tartják számon a Közel-Keleten. A fő cél az SAP-ok kettős természetének bemutatása – tekintettel arra, hogy a fejlődés lehetséges katalizátorai vagy éppen akadályai is lehetnek – alaposan megvizsgálva gazdasági, társadalmi és politikai hatásaikat. A tanulmány kvalitatív módszerek kombinációját alkalmazza az SAP-hoz kapcsolódó változások gazdasági mutatókra gyakorolt hatásának felmérésére, valamint a jordániai társadalomra gyakorolt társadalmi következmények elemzésére.

A tanulmány több tudományágat magában foglaló elméleti kereten alapul. Olyan gazdasági elméleteket tár fel, amelyek a piaci egyenlőtlenségekkel, a rossz kormányzás következményeivel és a neoliberalizmus vitatott összetevőivel foglalkoznak. A tanulmány a piaci liberalizációra, a privatizációra és a Strukturális Alkalmazkodási Programok (SAP) pénzügyi szigorára összpontosít, kritikusan megvizsgálva a washingtoni konszenzus elveit és neoliberális eredetét. Az eredmények azt mutatják, hogy bár az SAP-ok célja a termelékenység növelése és Jordánia integrálása a globális gazdaságba volt, az eredményei ellentmondásosak voltak. Az elemzésből kiderül, hogy az SAP-ok által bevezetett intézkedések csupán átmeneti gazdasági javulást eredményeztek, valamint mélyebb társadalmi egyenlőtlenségeket okoztak, gyengítették a helyi iparágakat, és széles körű elégedetlenséget szültek a lakosság körében. A publikáció azzal zárul, hogy számos szakpolitikai ajánlást kínál az SAP-ok előnyeinek maximalizálására, ezzel együtt pedig a negatív következményeik minimalizálására. A tanulmány hangsúlyozza a szakpolitikai reformok fontosságát, amelyek figyelembe veszik Jordánia sajátos körülményeit. Kiemeli az SAP-stratégiák újragondolásának szükségességét, hogy jobban megfeleljenek a fejlődő országok társadalmi-gazdasági feltételeinek.

Kulcsszavak: Strukturális Alkalmazkodási Programok (SAP), fejlődő országok, Világbank, Közel-Kelet, Jordánia, gazdasági reformok, társadalmi következmények, neoliberális politika.