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Jordan Public Policy and Economic Development
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*Mohammed Al-Mogdad**

ملخص

تهدف الدراسة إلى التعرف على طبيعة السياسة العامة الأردنية المتبعة تجاه التنمية الاقتصادية، واستعراض كيفية تعامل السلطة التنفيذية مع المشاكل التي تواجه الأفراد في الأردن ممثلة بالبطالة والفقر كحالتهم دراسة.

كما وتوضح الدراسة الظروف الاقتصادية للأردن، وكيفية تعامل الحكومة لمواجهة التحديات على ضوء الإستراتيجية المتبعة منذ بداية حكم الملك عبد الله الثاني عام ١٩٩٩ وحتى عام ٢٠٠٩. وتقدم الدراسة أبرز السياسات الاقتصادية التي تسعى الحكومة على ضوئها خفض نسبة البطالة والفقر مثل: الخصخصة، والتعليم والتدريب، والقروض، والمناطق الاقتصادية الخاصة وغيرها.

تعتمد الدراسة على كل من المنهج التحليلي والمنهج الإحصائي في اختبار عدة فرضيات، يتمثل أبرزها بأن هناك علاقة ارتباطية بين فاعلية السياسات الحكومية وبين المتطلبات الواقعية للتطور الاقتصادي. وخلصت الدراسة إلى عدة استنتاجات وتوصيات منها بأن السياسات الحكومية الاقتصادية في الأردن مازالت بحاجة إلى إعادة تفعيل في مختلف القطاعات للوصول إلى الأهداف المرجوة، خاصة ذات العلاقة بهيكلية التعليم العالي والتدريب اللازم لتأهيل القطاع الخاص، والقدرة على جذب الاستثمارات التي تسهم بالتصنيع، وتشجيع النشاطات الفردية كالمشاريع الصغيرة، على اعتبار أن هذه المجالات عادة تعطي الفرص المتعددة لكافة الناس الذين يواجهون مشكلة البطالة ومشكلة الفقر؛ وتحافظ بالتالي على خدمة البقاء ومستوى الطبقة الاقتصادية الوسطى.

Abstract

This study aims to identify nature of Jordan government's Policies in economic development and how it deals with problems that facing Jordanian people life such as: Unemployment and poverty as a case study.

The study discusses the Jordanian economic condition and how the public

* Associate Prof, Wisdom House Institute, Al – albayt University.

policy using their strategy under king Abdullah 11 since 1999 till 2009. The study shows the main policies that the executive authority used to reduce rate of unemployment and poverty; its privatization, education and training, funds, special economic zone...etc.

This study is based on a basic hypothesis implying a correlation between the insightful public government policy and realization of economic development demands. The study used both analysis and statistical approaches.

The study concluded results and recommendations of which the most prominent that the Jordanian government policy needs more working in various sectors to lead the public policy to the right way. So, it needs; a policy reform in out-put of high education, training private sector, more investments in manufacturing industries and encourage activities in small personal businesses, because these sectors usually give various opportunities for the people suffering from unemployment and poverty problems and they serve to keep the level of economic at middle-class level.

1-1 Objectives of the Study:

The purpose of this study is to identify nature of Jordan government's policies in economic development, and how it's facing the economic problems, such as; unemployment and poverty. Moreover, the study will also try to reach the following goals:

- 1- Exploring the economic condition of Jordan.
- 2- Discussing the role of government in unemployment and poverty issue as most pressing economic problems.
- 3- Discussing the efficiency of procedures and policy measures that have been implemented; such as, the economic policy reform, training, and education, encourage

of investment, and decrease the rate of poverty.

- 4- Suggesting certain policies and measures to alleviate the unemployment and poverty problems.

1-2 Significance of the Study:

The significance of this study stems from its attempt to demonstrate good governance criteria relevant to public policy making by the executive power on economic sector; and how to deal with good strategy and policies to solve main economic problems that affect and impact people life.

1-3 Questions of the Study:

Depending on statement of the study objectives were addressed before.

The following research questions which seek to demonstrate the role and effectiveness of Jordan government and economic development in dealing with problems facing economic growth such as unemployment and poverty issues.

The main questions of the study are:

- 1- What are the Jordanian economic problems? Where are the main challenges to economic development?
- 2- What is the role of Jordanian government strategy to develop the economic sector? How Jordan government is dealing to reduce-rate of the unemployment and poverty problems?
- 3- Does Jordan government need new public policy in economic issue to fit Jordanian citizen's needs?

1-4 The Study Hypothesis:

This study is based on a basic hypothesis implying a "correlation between the insightful public government policy and realization of economic development demands". From this hypothesis, a number of sub-hypothesis are generated:

- There is a correlation between a successful executive power and existence of economic development sectors.

- There is a positive correlation between reducing population growth rate and decreasing unemployment and poverty rate in Jordan.
- There is a correlation between equality of education, increase the role of the private sector and decrease rate of unemployment and poverty.

1-5 Variables of the Study:

Independent variable: Jordan public policy.

Dependent variable: Economic development, unemployment and poverty problems.

1-6 Limitations:

The time span under study begins by year 1999 when King Abdullah took over his constitutional powers. Consequently, many strategies and policies related to economic reform demands and requirements have changed. The year 2009 represents end of the period under study which complies with time research designs.

1-7 Methodology:

The study will use the analysis and statistical approaches. The analytic approach seeks to reduce a system to its elementary elements in order to study in detail and understand the

types of interaction that exists between them. So, this approach the study will discuss how the Jordanian government deals with the main factor of economic policies that the executive authority uses to reduce the rate in unemployment and poverty issues. Also, the research will use the statistical approach to show in tables how the policy affects the economic sectors and the distribution of employment. In General, the statistical approach is used for implementation and interpretation of the application of Jordanian economic and statistical analytic for public policy evaluation.

1-8 Previous Studies:

In his study "Rethinking Economic Reform in Jordan: confronting socio economic Realities"⁽¹⁾, Supyan Alissa concluded that the experience of developing in developed countries does not provide a definite answer regarding the extent to which political reform is needed for engaging in deep economic reform. The reform experience of Jordan indicates that encouraging deep economic reform requires parallel political reform. There are two main features leading to this result, the first is that the distribution of political and institutional

power in Jordan permits resistance by certain political elites to deep reform programs. The current political arrangements help elites manipulating the system to maintain their privileges and keep their followers control over certain institutions. The second is that the population in Jordan does not have equal chances to benefit from economic opportunities emerging as a result of reform programs.

As we have seen, benefits from economic opportunities, especially large ones, are often secured through a process of rent-seeking, networking, and political support rather than regular entrepreneur ship criteria. In addition, employment in the public sector is not solely based on merit-based recruitment and promotion but is often influenced by tribal and familial affiliations.

In on other study, entitled "Trade, competitions and employment in Jordan"⁽²⁾, the authors, Clandia Nassif and Peter Walkenhorst pointed out that Jordan's has realized the necessity to pursue opportunities through integration into international production networks and cross-border trade. The country has recently undertaken ambitious reforms of its trade regime, and these initiatives

comprise the accession to the World Trade Organization in 2000, the signing of several preferential trade agreements, notably with the European Union and the United States in 2001, and the pursuit of unilateral border policy reforms. The authors said that; a set of indicators of economic competitiveness would be examined to highlight Jordan's position Vis-à-vis a group of comparator countries.

An other main study published in the Middle East Journal, under title of "Militarizing welfare! Neo-Liberalism and Jordanian policy"⁽³⁾ Mrs. Anne Baylouny, said that Jordan's seemingly successful economic and political reforms have been used to advertise the American vision of societal transformation in the Middle East. The imposition of neo-liberal economic policies removed a key source of welfare for the populace, leaving the regime without a secure base of support. On the other side, Mrs. Baylouny added, Economic reform measures impoverished much of the population, but the Jordanian, rural population, dependent on the stare, was hardly hit. Structural adjustment Policies exposed this previously beneficiary

population to international price fluctuations while removing their privileged position in public employment. And to create support and funnel welfare to the populace, the Jordanian government turned to reliance on the military, bolstered by its main supporter, the U.S. Militarized liberalization serves as an alternative model for Middle East regimes, one with which they have long been familiar, and which can furnish the foundation for semi-authoritarianism into the near future. Finally, the author concluded, that the changing social economic base of Jordanian public policy, illuminated through the study of social provisioning, and must be recognized when tackling the perennial question of a democratic deficit in the Middle East.

Finally, in spite of magnitude of the previous studies and are relative to this study issue, this study, as I stated before its an attempt to demonstrate good governance criteria relevant to public policy making will be executive authority on economic sector, and how to deal with good strategy and have policies to solve main economic problems that affect and have impact on Jordanian life.

I) Overview of Jordan Economic Condition and Government Policy:

a) **Introduction:**

Jordan is a small Arab Country with insufficient supplies of water, oil, and other natural resources, poverty, unemployment, and inflation are fundamental problems that face Jordanian people.

Until late of 1990s, the government of Jordan remained a staunch advocate of free enterprise unlike many of its Arab states neighbors, and for both pragmatic and ideological reasons, Jordan had never nationalized businesses, seized private assets without compensation or implemented socialism. But although the economic system was as liberal and market oriented as those of many fully developed nations, the government continued to play a large economic role both in development planning and as a financier⁽⁴⁾.

Since assuming the throne in 1999, King Abdullah II has undertaken some broad economic reforms in a long-term effort to improve living standards.

In 2002 Jordan continued to follow (IMF) guidelines, practicing careful monetary policy, making substantial headway with privatization,

and opening the trade regime. Jordan exports have significantly increased under the free trade accord with the U.S. and Jordan Qualifying Industrial Zone (QIZ), which allows Jordan to export goods duty free to the U.S.A. Jordan reduced its debt to (GDP) ratio significantly. These measures have helped improve productivity and have made Jordan import most of its oil from Iraq.

Since 2003, however, Jordan has been more dependent on oil from other Gulf nations, and the governments have raised retail petroleum product prices and the sales tax base. The main challenges facing Jordan are reducing the budget deficit, reducing dependence on foreign grants, attracting investments, and creating jobs, to make economic more suitable with Jordanian needs in the time the population rate is high (2.9%)⁽⁵⁾.

Jordan's total GDP for 2009 was (13.2) billion U.S. dollar. The estimated GDP growth rate was (6.2%) in 2008.

According to figures in 2006 and 2007 the economy of services continued to dominate (real state, finance, transport and communications, and government services) and it accounts for more than (70%) of GDP. Industry contributed to (26%) of GDP (including

manufacturing (16.2%) of GDP; construction (4.6%), mining (3.1%), agriculture provided just (2.4%) of GDP⁽⁶⁾.

The government budget in 2007, Jordanian government revenues was estimated (4.8 billions) JD including grants and expenditures at (4.2) JD billions. The budget deficit was equivalent to about (2%) of GDP. The inflation in Jordans increasing every year. Consumer price inflation in Jordan was reportedly (1.6%) in 2003, (3.3%) in 2004, (3.5%) in 2005, (4%) in 2006⁽⁷⁾. High oil prices and reductions in government fuel subsidies contribute significantly to inflationary pressures.

Jordan is one of (31) countries receiving basic resources from the United States Agency for International Development (USAID) to help manage the (AIDS) epidemic Jordan received (4.2) billions U.S dollar between 2001-2009⁽⁸⁾.

Jordan has one of the youngest populations among lower-middle income countries; (38%) of the population are under the age of (14) years old. The country has experienced over the last century a succession of migrations that have added to its population, including sendentarized nomads from the Arabian Peninsula,

Palestinians who fled the Arab-Israel conflict, and more recently a large number of Iraqi people.

In spite of this fact, Jordan was able to maintain or achieve remarkable outcomes in terms of human development, placing it at the top of comparable countries. Jordan spends more than (25%) of (GDP) on human development on education, health, social safety nets) and its outcomes are generally better than comparators world wide at similar levels of (GDP). Jordan's achievements in human development are impressive. Life expectancy at birth has increased to (72) years and adult literacy rose sharply to (90%)⁽⁹⁾.

The role of government in reforming economy has been very active since King Abdullah II came to manage Jordan State in 1999. Jordan ranks as one of the best reformers compared to other middle ranks as one of the best reforms have been especially active in liberalizing private investment regime, opening the trade regime, establishing modern regulation and institutions for the private sector development, and privatization. Further, improvement in the business environment in Jordan, both on the public and private sector sides, is important to unlock the growth

potential. The process of structural reforms has been accompanied by a painful fiscal consolidation that has steadily reduced government debt from above (200%) of (GDP) in the early 1990s to around (94%) at year end 2007⁽¹⁰⁾.

The cumulative effect of the reform began to have a significant impact on growth in 2000, with average growth rate moving from below (3.5%) per year in the 2000-2007 period, despite the Iraq war-induced recession of 2003, real (GDP) growth reached (7.9%) in 2007⁽¹¹⁾.

In end of year 2004, the government of Jordan agreed to pursue eight key priorities, and sought additional funding for them, these are 1) human resources development. 2) unemployment and poverty. 3) investment 4) tourism 5) public sector reform 6) justice 7) health 8) Media and culture. The government policies are very much aligned toward implementing the country's development vision, and addressing the challenges facing the country in terms of physical, institutional and economic constraints⁽¹²⁾.

b) Jordan Public policy and Economic Development:

The challenge of economic development to a state government is to improve the quality of life for citizens of the country, which generally calls for good incomes. But it involves much more, it encompasses, as ends in themselves, better education, higher standards of health and nutrition, a cleaner environment, more equality of opportunity, greater individual freedom, and a richer cultural life.

In Jordan, since his accession to throne king Abdullah II has determined on transforming Jordan into available model in the region designed to be a catalyst for building the new Middle East⁽¹³⁾. As, a result sustainable development economic growth, and social welfare are at the top of the national agenda and are being realized in an environment that safeguards solid political and democratic reforms and social cohesion in order to provide Jordanian with the necessary tools to contribute to the development of their country.

King Abdullah II assigned economic issues the most urgent priority. His efforts are geared to implement economic reform programs and boost the private sector's role in economic liberalization in order to achieve

sustainable social and economic development, provide employment opportunities and a better standard of living for Jordanian people⁽¹⁴⁾. These efforts include eradicating unemployment and poverty, reducing the debt burden, decreasing the budget defect, adopting a policy of economic liberalization, enhancing economic ties with Arab countries, and integrating with the new global economy. Also, the King worked to bring the private sector and the public sector closer together, to build trust between them and to make the private sector a real partner in the development of the country.

Jordan Government's and Economic Reform:

In October 2001, King Abdullah II instructed the government to chart and integrated social – economic plan to accelerate the place of social and economic reforms and raise the quality and standard of living of Jordanians, as a result of Royal Directive, the government devised the social Economic Transformation Program (SETP) in November 2001. The overall development objectives of the program are⁽¹⁵⁾:

1. To achieve sustainable social and economic development without

jeopardizing macroeconomics stability.

2. To develop human resources, ensure proper health care, create qualitative development in rural areas and provide efficient government services.
3. Maintain monetary and fiscal stability and (build on past achievements in this regard).
4. To enhance the role of the private sector by increasing its participation in the privatization process and boosting private investment in major development projects.
5. Adopt new mechanisms in the decision – making process that quick, accurate, transparent and effective.

The main components of the Social Economic Transformation Program Consists of the three following integrative components⁽¹⁶⁾:

- a) Public capital investment: in human resource development (education, vocational, technical, training, cultural activities, as well as youth welfare activities), and investment in basic government services (health care, social care and poverty alleviation, water resources, rural development, and the implementation of fiscal, administrative and judicial reforms).

- b) Private investment: this entails privatization, major development projects in energy and water sectors, the Aqaba special Economic Zone, Abdali area, and other areas.
- c) Creation of an organizational, legislative and monitoring environment: it is necessary for the achievement of sustainable social and economic development, including the reform of the legislative, institutional, monitoring and organizational climate and the development of promising economic sectors.

The main pillars of (SETP) are:

- a) The Social Economic Transformation Program is a national initiative and a main component of the economic reform process. It is a comprehensive package of plans, programs, policies and legislation.
- b) The program builds on past achievements and seeks to maintain economic stability.
- c) The government has decided not to start the implementation of any project in the (SETP) until its financing has been secured.
- d) Despite its important role in eliminating imbalances and implementing bold reforms, (SETP) does not negate the government's social and economic role in alleviating poverty and reducing unemployment.

Its includes many projects and activities geared to enhance the citizens social and economic productivity including the provision of direct monetary aid to the poor who are unable to work⁽¹⁷⁾.

In the following part of the study, I will discuss two main problems that are facing Jordanian people since long time ago; they are unemployment and poverty issues. It will show the reality of each of them and how both have impact on Jordanian life from one side, and the role of Jordan government to solve these problems between 1999 till 2009.

II) The Unemployment Problem and Jordan Government Policy-Force:

a) Overview of labor – force in Jordan:

The Jordanian labor force was estimated to total approximately (1.65) million workers in 2009, according to Jordanian government figures⁽¹⁸⁾. The department of statistic in Jordan estimate for 2008 indicated a labor force of nearly (1.6) million. An estimated (74.1%) of the total labor force worked in the public sector, and about (21%) in industry, and (4%) in agriculture⁽¹⁹⁾. The official unemployment rate was

estimated (14.4%) in end of 2009, but unofficial estimates were as high more than (25%). The Jordanian employed outside the country constitute a significant segment of the labor force; Jordanian government figures estimate a total of approximately (300,000) such workers abroad, mostly in the Gulf states⁽²⁰⁾.

The labor market in Jordan displays particular characteristics that have significant implications for understanding unemployment; and these are:

1. The low economic participation rate is a result of the population's age structure, the large number of students, and low female participation in the labor market and the early retirement age in public sector.
2. There is an unbalance in the sectoral and gender distribution of economic activities in recent decades, trade has become increasingly important, while agriculture, construction and public sector have declined. The public sector remains one of the largest (39%) of worker⁽²¹⁾, it is still seen as an attractive option, more people are applying for government jobs, though the public sector can't match this growing demand.

In only one area of activity, education, a significant proportion of women are employed (41%), which contrasts with the dominance of male employees across other sectors⁽²²⁾.

3. The regional distribution of labor is unbalanced, since the capital (Amman) has more than a third of country's active population both employed and unemployed.
4. Small firms with 1-19 workers account for (65%) of total private unemployment outside agriculture. Furthermore, the informal economy or hidden employment (outside legal and regularly frame works) represents a substantial and active part of the private sector work force⁽²³⁾.
5. The labor market is distorted by the number of Jordanian labor expatriates, many of them in highly skilled and professional occupations, and non-Jordanian workers in low-skilled manual jobs in agriculture and personal services.
6. And clearly, Jordanian society infested with the "culture of the defect". A phrase from inferiority towards certain professions, especially handcarts⁽²⁴⁾.

In this section of the study, the research paper is discussing and

analyzing the reality of unemployment in Jordan, by statistical method showing; figures in tables of unemployment rates between (1999-2009) and the percentage of Jordanian unemployment for age, sex, reasons for not seeking work, and the Jordanian's employed by main current industry and the distribution of employment by gender. The other part of this section will discuss, the role of Jordanian government to solve the problem and try to decrease the unemployment rate problem as one of measures to evaluate the governance in economic development and comprehensive development that has impact on people life and the stability of the nation.

b) The Reality of the Unemployment in Jordan:

The unemployment problem is considered one of the most important challenges facing the Middle East and North Africa, where the rate of unemployment is the highest in the world⁽²⁵⁾. The problem of the unemployment came from various phenomenons such as; the population growth rate which makes the creation of many millions new jobs opportunities in the next two decades a more pressing urgency. The second reason that aggravated the unemployment

problem in the region is related to public sector's limited capacity to employ the people, especially the fresh graduates. The third reason is the limited size of the private sector and its inability to create a sufficient number of work opportunities for the region's workforce. This is because the direct and indirect restrictions on investments, the absence of a favorable economic and political environment and the state's control over the economy that represents a fundamental problem in the face of the efforts made to expand this sector. The other reason is related to the quality and nature of education in the region, because the education in several countries in the region lacks the focus on technical and occupational aspects, which are currently a high demand in the work market.

From the facts above, we found that unemployment issue is one of the main socio-economic problems, which negatively affects both economic activity and social life. Jordan has been suffering from the unemployment since the mid – 1980s. Therefore, special efforts have been made by the government to tackle this problem, especially during and after the Gulf Crisis in the last two decades.

The Unemployment Rate by Sex and Age:

The results of the unemployment survey implement by the department of statistics in Jordan (DOS) during a year of 2007, revealed that the unemployment rate (10.3% for males and (25.4%) for females) and the annual rate is (14.3)⁽²⁶⁾. The results showed that there was no significant difference in the unemployment rate as compared with the other years since 1999. (See table [1-1])

Table [1-1] The unemployment rates, trend by sex and percents of annual rate (1999-2009)

Year	Males	Females	Annual Rate
2009	10.5	20.3	13
2008	10.2	25.2	14.1
2007	10.3	25.4	14.3
2006	11.9	25.0	13.1
2005	12.8	25.1	13.8
2004	11.8	23.3	13.9
2003	13.4	20.8	14.3
2002	14.0	21.9	14.9
2001	13.7	20.6	14.7
2000	12.3	21.0	13.7
1999	9.8	21.6	13.4

Source: Department of statistics, Amman, Jordan, 2009.

Table [1-2] indicates that the unemployed in the age groups (20-24) years, accounted for male (37.5%) and (54.7%) for female, and

(25-39) years accounted (31.6%) and (39.4%) of total unemployed respectively in years of 2007, in front of (8.7%) and (2.3%) respectively for between (40-54) years. This can be explained by the fact that the majority of college and university graduates were of these age groups between (20-39) years and (37.5%, 54.7%) respectively in year of 2007.

Table [1-21] The unemployment in Jordan distribution by Age in 2009

Age term	Male	Female
15 – 19 years	20.5	3.8
20 – 24 years	37.5	54.7
25 – 39 years	31.6	39.4
40 – 54 years.	8.7	2.3
55 +	1.3	0.1

Source: Department of statistics, Amman, Jordan, 2009.

The Distribution of employed by main current industries:

Table [1-3] shows the distribution of Jordanians employed by main current industries. It shows that (41%) of woman were concentrated in just one economic activity (education sector) whereas men were present across various industries. The main reason given by Jordanians for seeking different or additional work is wages, followed by working conditions⁽²⁷⁾. The less rate of employed

shows in exterritorial organizations and bodies for both male and female by gender trend it's (0.3%, 0.7%) respectively and private household employed person with percentage (0.2%) for male and (1.3%) for female, and from the table we found the less

employed in female gender trend in mining and hotel and restaurants for reasons quarrying those are Jobs for female from one side, and its less sectors effect in size of Jordanian economy.

Table [1-3] The Jordanian's Employed by main current industry. The distribution of employments by gender trend.

Sectors	Male	Female	Total
Education	7.0	40.7	11.7
Public administration, defense, etc.	18.4	5.2	16.6
Health and social work	3.2	13.8	4.7
Manufacturing industries	12.6	10.7	12.4
Financial services	1.4	4.1	1.8
Electricity, water supply, gas	1.9	0.4	1.7
Transport and communications	11.1	2.8	10.0
Real estate, business activities	3.2	5.5	3.5
Agriculture, hunting, forestry	3.8	2.1	3.6
Wholesale, retail trade, repair, etc.	19.8	5.7	17.8
Construction	7.2	1.1	6.4
Mining and quarrying	1.4	0.3	1.3
Extraterritorial organizations and bodies	0.3	0.7	0.3
Private Household with employed persons	0.2	1.3	0.2
Hotel and restaurants	0.7	0.7	2.5
Other community social and personal services	5.7	4.9	5.6
Total	100%	100%	100%

Source: Al Manor (Department of statistics), Amman, Jordan, 2009.

Reasons for Jordanian's not seeking work from list reason and figures for people not seeking work given by inactive population for work in gender trend, from table [1-4] we found the high percentage of that

unemployment they believe no work available and its more in male gender than female (57.5%, 46.7%) on succession, and (53.1%) in both gender; and the less percentage in reason that people do not know how

to seek work (1.4%, 2.3%) succession, and female.
and in total of (1.8%) for both male

Table [1-3] The Jordanian's employed by main current industry. The distribution of employments by gender.

Sectors	Male	Female	Total
Believe in work available	57.5	46.7	53.1
Tired of seeking work	9.6	15.4	12.0
Do not know how to seek work	1.4	2.3	1.8
Cannot find suitable work	14.8	12.2	13.7
Not qualified	6.1	6.4	6.2
Other reasons	10.6	17.0	13.2
Total	100%	100%	100%

Source: Department of statistics, Amman, Jordan, 2009.

c) Jordan Government's Strategy and unemployment problem:

The Comprehensive Development Framework (CDF) was proposed by the World Bank in early 1999, as a means by which countries can manage knowledge and resource to design and implement effective strategies for economic development and unemployment and poverty reduction. It brings together many current trends in development thinking and is centered on a long term vision, prepared by the country through a participatory national consultation process, that balance good macroeconomic and financial management social structural and human policies.

Jordan government's policy to reduce the rate of unemployment by open more opportunities of jobs for Jordanian people started since early time especially in beginning of 1980s, when the Gulf States started making cut of money support and fund to Jordan⁽²⁸⁾.

Also, Jordan policy in the last decade changed from result of economic reform policy and programs, after Jordan government walks to sight the world trade organization, and deals with all requirements of this treaty.

In general, the study in this section will focus on the following policies that Jordan government's work with them to reduce the rate of unemployment.

1- Privatization:

In 1996, Jordan began the process of privatizing its – owned businesses, transport, energy, postal and telecommunications, water and brand casting sectors, were targeted, in that order of priority. The goal of the law was not only to improve consumer welfare but to open these industries to private competition, and to furnish opportunity of Jobs for thousands of Jordanians and reduce rate of poverty in the country⁽²⁹⁾ Since 1996, the Jordanian government passed 13 more privatization – related laws, and the Executive Privatization Commission (EPC); the agency charged with developing the country's privatization strategy and designing its accompanying regulations, has executed (62) whole or partial sales of state – owned businesses, including the sales of Royal Jordanian Airlines and the National Postal Company. The (EPC) believes these sales have created more than (12,000) Jobs⁽³⁰⁾.

2- Education Policy:

By 2001, Jordan had reached a youth literacy rate of 99%, compared to an average of 88% in the Middle East and North region. Despite that, the gap between Jordan's highest and lowest performing students is

wider than in most neighboring countries, implying unequal learning opportunities⁽³¹⁾. Therefore, ensuring that the Jordan education system enables and empowers its students to become competitive participants in the local regional and global labor market became Jordan's top priority⁽³²⁾. The goal of building a knowledge – based economy is achieved by linking education output to labor market demand. The Jordanian government has taken many initiatives towards developing knowledge – based economy via development of its (ICT) sector using Public – Private Partnerships (PPP). In this way the partnerships between to sectors (Public – Private) allowed various stakeholders to come together and to leverage their respective competencies. For instance, multinationals, provided management skills while Jordanian firms possessed knowledge of local business climate⁽³³⁾.

In an effort to transform its education system, Jordan's Ministry of Education instituted the Education Reform for the knowledge Economy Program in 2003. Jordan received over \$120 million in World Bank support to launch this project⁽³⁴⁾. The reform program is a five year program whose main goal is to assure that early, basic and secondary education system

fully prepares its graduates to be highly educated, motivated, adaptable and broadly skilled. The project is regarded as a vital one in the government's education reform strategy, considering it service a country and a region.

3- The Jordanian Funds Government Policy:

The government of Jordan uses various kinds of funds to reduce rates both of unemployment and poverty problems, and the government employ the following funds to reform education in all levels to suitable with economic jobs demand in internal and external:

- a) King Abdullah Fund for Development: is an institution under the supervision of King Abdullah II provides various initiatives for training, and free computer services in rural and under-developed areas. One of these initiatives involves the provision of "knowledge stations", of there are currently over than (400) until end of 2007⁽³⁵⁾.
- b) The Jordanian Hashemite Fund for Human Development: is a privately funded institution their projects focus on providing basic sciences and knowledge to the people, demand to develop various sector, such as; industry and services sectors.

Where more than (50%) of the population is below the age of (18) year old. And the other goal is to stimulate economic growth and provide future unemployment opportunities⁽³⁶⁾.

The other way, Jordan policy government in education sector is to stimulate economic growth and provide future employment opportunities. Jordanian school is executive authority power and school administrators are promoting a student-centered learning experience; science teachers are using technology to bring virtual experiences to the classroom.

Finally, Jordan government strategy in education sector tends to decrease rate of unemployment, to invest this sector by good knowledge and skills training to better the lives of residents and improve the skills and knowledge those residents to bring their jobs; and the benefits in quality of education and training have will impact on businesses and jobs demand.

4- Special Economic Zone (SEZ):

Jordan's government has don much to attract ever increasing levels of foreign investment in recent years, with the country's economy also expanding steadily, poverty and acute levels of unemployment still blight many parts of the Kingdown. To help tackle the problem, King Abdullah II

has launched three special economic zone (SEZ) projects in the deprived areas that will receive the same level of interest that the Aqaba Special Economic Zone has generated, so, that will bring over than (100) thousand of jobs in various field in less than (10) years⁽³⁷⁾.

5- Women and Government Economic Policy:

Jordanian government believes that human capital plays an essential role in any expanding private sector and economy. Currently in Jordan, and as the previous tables for unemployment rate be gender, women occupy a marginalized role pervades through the labor force and push the public policy has a major option to consider. So, Jordan government believes it must create economic growth and employment opportunities for men and women. The growing economy and thus stimulating skilled labor demand will provide women with a greater array of employment options. In other side, Jordan government is trying slowly to change cultural norms that are facing Jordanian women to raise rate of labor force that will be come by two main ways⁽³⁸⁾.

- a) Education.
- b) Growing economy in private sectors.

III) Poverty in Jordan and Government Policy:

a) Reality of Poverty in Jordan Strategy:

Poverty is one of the biggest development challenges faced by various countries around the world, regardless of their level of development or its economic and social phenomenon is to exist between the population segments of society in different countries in the world, but with the disparity in size between the state of the phenomenon and also other ways to control and reduce the spread of the use of programs and mechanisms and policies differ depending on progress of these countries⁽³⁹⁾.

In case of Jordan the problems of poverty and equitable distribution of income from main economic and social problems faced by the state, especially in rural areas. Although Jordan has achieved impressive human development results and is on track to achieve most of its Millennium Development Goals (MDGs), however, poverty still stands at (14.2%) and based on the World Bank's 2004 Jordan poverty assessment, the government has identified twenty pockets of poverty indifferent areas of the country⁽⁴⁰⁾. Furthermore, with a young

and rapidly growing population, scarce natural resources, reduced aid and the inability of the economy to generate enough jobs to accommodate large numbers of job seekers, there is a risk that sizeable segment of the near-poor (currently estimated at 600,000 people) of Jordanian will fall below the poverty line, and the unemployment rate will increase in year by year⁽⁴¹⁾.

IV) Poverty Factors in Jordan:

1- The geographical distribution factor:

About (20%) of Jordanian live in rural areas where poverty is more prevalent than in urban area. Approximately (19%) of the rural population is classified as poor⁽⁴²⁾, because of the arid nature of land, many rural poor people can't grow enough crops to feed themselves and their families. People who find other ways to supplement their incomes generally earn very little and regular drought exacerbates the situation.

Many of Jordan's rural poor people live in extremely difficult conditions: a) they have limited opportunities to diversify their farming enter prizes because of rainfall, poor soil quality and the topography of land that they cultivate. b) They lack

collateral and can't obtain loans needed for investment in farm activities that could lead to higher incomes. c) They don't own land and they are unwilling to make long-term investments on the land they cultivate as tenant farmers. d) They have limited access to alternative sources of income. e) The most vulnerable groups include large rural household with eight families members-headed by illiterate or poorly educated people⁽⁴³⁾.

Poverty in Jordan is not concentrated in a particular region or regions in the country. It is found in urban centers, refugee camps and rural areas. And the most significant causes of poverty in rural Jordan are high unemployment and low wage rates in rural areas.

2- Gender and the size of family:

The department of statistics of Jordan evidence in 2005 shows that poverty rate was higher in families headed by males (11%) compared to (41%) of female – headed families (married, divorce, and widows)⁽⁴⁴⁾.

The family size is one of the most variables that has a direct impact on poverty as the percentage increase in the number of poverty with a family in Mafraq and Tafila and Irbid cities, where the families have more size with five and more children.

3- Education – level factor:

The poverty rate in Jordan, the results indicate that at less educational level of head of family poverty and its reaching (19%), and divided into (5%) in secondary school level, (12%) primary, (2%) university level⁽⁴⁵⁾.

a) The Causes of Poverty in Jordan:

The causes of poverty in Jordan can be divided into three factors:

- 1- Demographic: The nature of population growth and size are growing phenomenon of poverty in the rate of population growth exceeded the rate of economic growth and this was by Jordan since the mid-eighties until now.
- 2- Jordan has a narrow base economy in terms of limited natural resources, water shortages and reduced exports shocks and decline in the impressive economic growth by internal factors such as; economic policies correction, fiscal and monetary policies (reduction of the value of the Dinar to more than at the end of eighties) increasing the goods price, privatization policy.
- 3- The external factors, such as, regional conflicts (Arab-Israeli conflict Gulf wars in 1991 and 2003), reduction in the volume of Arab, and international aid.

b) Jordan strategy to combat poverty:

In year of 2001, the government of Jordan made a strategy to combat poverty. This strategy aims at dealing with the phenomenon of poverty at the national level and consistent with the time and efforts on what is in place by the government and the voluntary sector with the participation of the private sector's strategy as an integral part of efforts for the development of provincial and national skills training It's based on several strategic areas aimed at achieving a basic level of living of Jordanian citizens, the development and manpower training and balance between population growth and economic and human resources available; and the strategy plans and programs came to be implemented on short and medium terms⁽⁴⁶⁾.

a) In short terms:

In this term, the targeted strategic programs are: 1) a supplementary income. This program aims to (TJ seir) or make a link between poor family line and absolute poverty. 2) Restricting of the national aid fund.

b) In medium terms:

There are several matters of importance linked to the struggle against

poverty must be work (government of Jordan) to improve the performance:

a) control population growth: which means the population growth should be reduced to (1.6%), and reduce the birth rate to (2.3%) by 2015 from rate of (3.4) was in year 2001.b) micro-finance program: means the government should create an effective partnership with the private sector to do an investment project in poverty rural area in the Kingdom of Jordan⁽⁴⁷⁾

c) In education: the government does conversion support for funding the budgets of public universities to provide grants and loans for students who lack through the expansion and development. d) Bring employment of Jordanian labor by raising the cost of using the immigrant worker wages and fees. e) Improve the quality of government services in poor areas and small towns, with focus on health services and education, and coverage of age group from the age of sixty years more than those without health insurance umbrella of health insurance, and coverage of pregnant women with no health insurance, and the kids under six years old.

The Conclusion (Results and Recommendations):

The study discussed the conditions of Jordan economy and the government policy dealings to fix this sector by using the economic development indicators reform that the requirements need to face the problems such as; unemployment and poverty through the study term between (1999-2009). In general here are the main results the study reaches:

- 1- Although Jordan is a small country with limited resources, but it has one of the highest rates of human development at Arab States level; relative to UNDP reports since year of 2001.
- 2- Jordan government under King Abdulla II regime still work to bring the private sector and the public sector closer together, to build trust between them and to make the private sector a real partner in the economic development of the country.
- 3- The role of public policy in reforming economy has been very active since Jordan signed various economic agreements such as; (IMF,ITO), and free-Arab with U.S.A⁽⁴⁸⁾.

4- Jordan government is still facing many problems to developing the economic such as; the inflation that is increasing every year, poverty, unemployment ... etc; the country limited amount of natural resources, and the high population growth rate caused mainly by compulsory migration from neighbors, and unstable economic and political situation that characterizes the region which has affected economy.

Recommendation:

After review of Jordan's economy condition from one side, and the role of government to develop the economic on the other side, the researcher presented the following recommendations that help reform economic strategy more with good impact of Jordanian life especially in labor force and poverty issues:

- 1- Adopting a suitable population policy to determine suitable fertility, mortality, migration levels and proper policies to achieve these goals.
- 2- Adopting economic policies to encourage both local and foreign investment in Jordan. Which is the most realistic way to create jobs and solve the poverty and unemployment problems.

- 3- Encouraging and helping the Jordanian labor forces to be more compatible with other labor forces in the region in order to increase the number of Jordanians working outside Jordan.
- 4- Jordan's higher educational system should be reformed so that its graduates have skills consistent with the demands of its labor market.
- 5- Finally, in order to find radical solutions to both poverty and unemployment problems in Jordan and create work opportunities for the growing workforce population, creative solutions, standardization and coordinated efforts among all concerned bodies, whether governmental privately-owned institutions, labor union are needed.

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