"FOREIGN AID TO JORDAN (1924-25/1972-1973) ITS MAGNITUDE,

COMPOSITION AND EFFECT"

BY

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ABSTRACT

Ever since its creation, Jordan has depended on foreign aid for her survival. Throughout its history (from the 1920's till the present day), the geopolitical position of the country has ensured it a continual flow of foreign aid by the Western World whom the Middle East has been both of political and economic interest. The aid received during the period 1924-1972 was not for economic development. In fact, it was given for political motives.

Although J.D. 681.5 million spread over two decades may seem small, the amount constitutes a large proportion of Jordan's budget revenues, imports and G.D.P. This study is intended to analyse the magnitude, composition and effects of foreign aid which Jordan received over the period 1924-1972.

Chapter I provides a background to this study by describing the developments in the principal sectors of the Jordanian economy. Chapter II on the other hand specifies the magnitude, kind and distribution of foreign aid received by Jordan. As far as the kind of foreign aid is concerned, the country has received most of the aid in the form of grants. The grants received by Jordan were mainly in the form of budgetary aid. Most of the Government expenditure, to a large extent financed by aid was devoted to defence and the maintenance of administrative machinery, and relatively little was spent on economic development. Chapter III is an extension of Chapter II. It traces the sources of foreign aid and the motives, economic and political, behind it.

The total volume of debt, the debt service payments, the burden of debt on the economy and the sectoral distribution of foreign loans are the issues discussed in Chapter IV. Besides these there is also

a discussion of the financial terms on which loans were given. It was found that debt service payments have posed no problem to Jordan. An analysis of the distribution of loans showed that the distribution was heavily biased in the favour of the services-producing and against the goods-producing sectors. This pattern of distribution, however, did not improve the debt service capacity of the economy and was not in accordance with the priorities of the Jordanian economy.. Further, in "financial terms" most of the borrowing by Jordan has been worthwhile. Most loans received with the exception of commercial loans involved a significant degree of concession. Chapter V discusses the non-financial terms of loans and their possible effects. The analysis shows that loans given to Jordan were tied to projects and to projects and procurements in the donors' home markets (double-tied loans). The principal effect of project-tied loans was on the allocation of resources. On the other hand, double-tied loans, coupled with the incompetence of the economic apparatus in Jordan, has enabled donors to substitute Jordan's investment preferences for their own. Furthermore, double-tied loans raised the cost of projects undertaken and consequently reduced the real value of the tied aid.

Chapter VI discusses the performances of income, savings, investment and consumption and the possible effect of foreign aid on these macro-economic variables. Finally, Chapter VII attempts to bring together the analyses and conclusions of previous chapters on the composition and effect of foreign aid to Jordan.

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CHAPTER I

DEVELOPMENTS IN THE PRINCIPAL SECTORS OF THE JORDANIAN ECONOMY,
1924-1925/1972-1973.

PART ONE: THE POLITICAL BACKGROUND AND A SUMMARY OF DEVELOPMENTS
PRIOR TO THE 1950's.

A--THE POLITICAL BACKGROUND:

Before the First World War, TransJordan was a part of the Turkish

Empire. From 1894 until the First World War, it formed a part of the

Ottoman province of Syria. The break-up of the Ottoman Empire resulted

in the British assuming the political control of the region. During

the course of the First World War, the British government made con-

flicting promises to the Jews and the Arab inhabitants of the area.

On the one hand, Arabs were promised the political control of Palestine.

On the other hand, Jews were granted the right, in the form of Balfour

Declaration, to establish their home in Palestine.[1]

As a separate political entity, TransJordan dates back to 1920 when

on the collapse of Feisal's short-lived Syrian Kingdom, the High

Commissioner of Palestine made a declaration to an assembly of Skeiks

(notables) at El-Salt that Great Britain favours a system of local self-

government under British tutelage. Amir Abdullah ibn Hussain, elder

brother of King Feisal, arrived in TransJordan accompanied by a tiny force

from Hijaz looking forward to raising tribes and heading for Syria against

the French authorities who deposed King Feisal on July 15, 1920: "In 1921,

at a meeting in Jerusalem, Winston Churchill, then Secretary of State for

Colonies, Col. Lawrence, Amir Abdullah, and Sir Herbert Samuel, High

Commissioner of Palestine, the Amir agreed to abandon the contemplated

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1 Congress of the United States, Committee on Foreign Affairs, background
   information on Algeria, Egypt, Iran, Iraq, Libya, Morocco, Palestine,
   Saudi-Arabia, Syria and Lebanon, TransJordan, Tunisia, Turkey, Yemen,
   (Washington: no. pub., September 2, 1947),p.73.

Syrian Campaign and to take over administration of TransJordan under
the Palestine mandate which had been entrusted to Great Britain by the
San Remo Conference on April 25, 1920." [1]

It is worth noting, at this stage, that the creation of Jordan was
a by-product of international politics. The new entity was based on
political considerations and it could be argued that it was not self
sustaining. Politically as well as economically it lacked the basic
conditions of independent survival. It had meagre national resources
and historically it always formed a part of the economics of Syria
and Palestine.

To ensure the survival of the new state, Britain offered financial
support as well as administrative backing. The financial support took
the form of an annual subsidy to the government budget and the
maintenance of the army. So, foreign aid to Jordan is not a new
phenomenon. Ever since its creation, Jordan has depended on foreign
aid for its survival. Throughout its history (from the 1920's till the
present day), the geo-political position of the country ensured it a
continual flow of foreign aid by the Western World whom the Middle East
has been both of political and economic interest. Later on in Chapter III
we will examine the motives for aid to Jordan. It will be argued then
that the motives were mainly political.

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1 A. Konikoff, TransJordan - An Economic Survey, (Jerusalem:
   Economic Research Institute of the Jewish Agency for Palestine,
   1946), p.11.

B—A SUMMARY OF THE BASIC FEATURES OF THE JORDANIAN ECONOMY PRIOR TO THE 1950's:

Our object here is to describe the main features of the Jordanian economy with a view to providing the necessary background to the analysis of the magnitude, composition and economic effects of foreign aid to Jordan. For the purpose, the period 1924-1972 is divided into two parts: 1924-1950 and 1950-1972. This division is based on the fact that 1950 witnessed the creation of the Hashemite Kingdom of Jordan - an entity composed of the Eastern province (Transjordan) and the segment of Palestine left over after the 1948 Arab-Israeli War.

The economy of Transjordan at the time of the foundation of the country was almost entirely agricultural; most of the national income was drawn from and most of the population employed in this sector. Barley and wheat were the main winter crops. Grapes, olives and tobacco were the other principal agricultural crops. The agricultural sector was more or less self-subsistent. Production techniques were primitive and agricultural production varied from year to year with changes in the weather. The government intervention in the sector was minimal and the agricultural extension services practically non-existent. The Agricultural Bank was the only specialised credit institution which extended credit to this sector.

For most part, whatever industry existed was restricted to the processing of agricultural produce, e.g: the production of olive oil, flour milling, manufacture of drinks and food etc. Apart from these, cement, pottery, tanning and two tobacco manufacturing enterprises were examples of other industries. Further, a fair part of manufacturing took the form of handicraft production. Of the limited mineral resources available in the country, i.e., phosphate, clay, sand and marble, a few were exploited.

The pattern of foreign trade was that of an underdeveloped country and it was characterised by a persistent balance of trade deficit. Exports consisted of agricultural commodities while imports of finished and semi-finished consumer goods. The volume of exports, and given their composition, depended heavily on weather conditions. As for the geographical distribution of trade, Japan and the neighbouring Arab countries were the main sources of imports, and most of the exports went to the neighbouring Arab countries (Palestine, Syria, Iraq and Saudi-Arabia).

Indirect taxes and foreign aid in the form of budget subsidies were the main source of government revenues. The tax base was limited, it consisted of few taxes and their incidence was restricted to the main urban areas. Of the indirect taxes, customs duties were the largest domestic source of revenues. As for government expenditures, a large proportion of them went to the maintenance of the army and the police.

Though Jordan had unique and outstanding archaeological sites and holy places, the government paid no special attention to the development of tourism. The development was completely left to private initiative. As compared to the neighbouring Palestine, tourism remained under-developed in Transjordan due to the lack of accommodation, communication and other infra-structural facilities.

PART TWO: DEVELOPMENTS IN THE PRINCIPAL SECTORS OVER THE 1950's.

After the Palestine War of 1948, on April 24 1950, Transjordan and the Eastern part of Palestine were united in a single state - a constitutional monarchy called later "the Hashemite Kingdom of Jordan".[1]

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1 U.S. Department of State, Office of Intelligence Research, Data Book, Near East and Independent Africa, (Washington, D.C.: 1952), O.I.R., No. 5531, (Revised), p.67.

As a result of the War the area of Jordan increased from 34,750 sq. k.m. to 37,150 sq. k.m., of which the total cultivable area was estimated to be only 1,765,000 acres. [1]   In other words, the unification of the two banks of the River Jordan resulted in an increase in the arable land. (+   %). [2]   On the other hand, the population of Jordan tripled as a result of the incorporation of Eastern Palestine in Jordan. The population swelled even more as a result of the influx of 350,000 Palestinian refugees from Israel.

The 1948 War had serious economic consequences for the country. Firstly, it led to the influx of a large number of refugees and secondly, it cut the country off from its traditional markets and the principal outlet to the sea (Haifa Port).

Since its creation, Jordan's political existence and its economic viability have been in doubt. In a survey of the Transjordanian economy in 1946, A. Konikoff argued for close and complementary relations between the Jordanian and Palestinian economies on the grounds that the two were complementary and that they are not self-sustaining on their own. [3] After the 1948 War, a team from the International Bank for Reconstruction and Development (I.B.R.D.) visited Jordan and in its report emphasised the fragile condition of the Jordanian economy and the necessity of foreign aid as the condition of survival of the economy. [4]

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1 Paul Grounds Phillips, The Hash,mite Kingdom of Jordan: Prolegomena to a Technical Assistance Program, Ph.D. Dissertation, (Chicago: Illinois, March, 1954), Research Paper no. 34, p.102.
2 The International Bank for Reconstruction and Development, The Economic Development of Jordan, (Baltimore: John Hopkins Press, 1961), p.41.
3 A. Konikoff, op.cit., p.94.
4 The International Bank for Reconstruction and Development, op.cit., p.4.

Starting with the national incomes, now we go on to review the developments in the principal sectors of the economy.

A—THE NATIONAL INCOME:

Prior to the period under review (1924-1951), the national income was not calculated. The first estimates of the national income, made in 1952, were based on the value added in different sectors. It is these estimates of the value added which enabled us to describe the structure of the economy. [1]

As can be seen from the following table, the national income fluctuated from year to year. The main reason for these fluctuations was that a substantial proportion of the national income originated from agriculture. [2] Over the period G.D.P. grew at an average yearly rate of about 9% at current prices. This increase in gross income was spread over most sectors prominent among which were construction (+ 22.0%), transport (+ 15.0%), services (+15.0%), mining and manufacturing (+ 12.0%), ownership of dwellings (+ 10.4%), public administration and defence (+ 10.5%) and finally the trade and banking sector (10.1%).

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1 A.Y. Badre and associates estimated Jordan's income of 1952-1954 according to the product approach, whereas the I.B.R.D. Mission followed the sectoral value added approach. See A.Y. Badre and associates, The National Income of Jordan, 1952-1954, (Beirut: Economic Research Institute, A.U.B., n.d.).
2 1955 was a bad agricultural year whereas 1956 was good.

TABLE I

PERCENTAGES OF GROWTH IN THE VALUE ADDED OF SECTORS

1954-1959

Period	Gross Domestic Product at Factor Cost	Agriculture & Forestry	Mining, Manufac- turing & Electricity	Const- ruction	Trans- port	Banking & Trade	Owner- ship of Dwellings	Public Adminis- tration & Defence	Services
1954	-	-	-	-	-	-	-	-	-
1955	-10.0	-56.3	24.0	25.0	25.0	-	-	7.0	10.0
1956	43.0	206.5	21.2	13.3	24.0	13.0	26.0	19.0	-18.2
1957	1.0	-33.0	8.0	12.0	22.1	14.3	7.0	16.0	37.0
1958	12.0	1.0	12.0	26.3	8.4	20.0	6.5	17.3	5.4
1959	6.1	-19.0	4.0	54.2	8.0	13.0	27.3	3.2	54.0
Average of 1954- 1959	9.0	16.5	12.0	22.0	15.0	10.1	11.1	10.4	15.0

Source: Based on Table 1, Appendix I.

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The influx of refugees, the rapid increase in population and the loss of traditional outlets made it necessary for the government and the private sector to undertake infra-structural projects. Data in Table 1.A reflects the structural changes in the economy whereby sectors such as construction, transport, trade and banking emerged as large contributors to the national income.

If we compare the average contribution of sectors to G.D.P. in 1958-1959 with that of 1954-1955, it emerges that the importance of agriculture - the largest sector of the economy, declined relative to other sectors of the economy. Total available resources in 1959 as a percentage of those in 1954 rose by about 200.4%. The G.D.P. contribution to this total could be regarded as a rough indicator of the capacity of the Jordanian economy to produce more output.[1] To put the structural change of the economy's income in a more concise form one could say that the sectoral distribution of income changed in such a way as to make the contribution of the services sectors rise from 58.9% in 1954 to 70% in 1959, while the contribution of the sectors producing tangibles declined.[2] (See Table 1.B.)

1 Total available resources as defined in the Jordanian national accounts are equal to gross domestic product plus imports of goods and services; see Table 2, Appendix I.
2 In Chapter V an examination will be undertaken of the factors and the mechanisms by which foreign aid changed the structural development of the Jordanian economy.

TABLE 1.A.

CONTRIBUTIONS OF SECTORS TO GROSS DOMESTIC PRODUCT

1954-1959

	IN PERCENTAGES							
Period	Agriculture & Forestry	Manufacturing & Mining & Electricity	Construction	Transport	Trade & Banking	Ownership of Dwellings	Public Administration & Defence	Services
1954	29.8	8.8	2.5	9.2	19.5	4.8	19.0	6.3
1955	14.4	12.1	3.5	12.8	21.6	5.3	22.6	7.7
1956	31.0	10.3	3.0	11.1	17.1	4.7	18.7	4.4
1957	20.7	11.0	3.1	13.4	19.4	5.0	21.5	6.0
1958	18.7	11.0	3.5	13.0	20.8	4.8	22.6	5.6
1959	14.3	11.0	5.0	13.2	22.1	5.7	22.0	8.2
Average Contribution 1954-59.	21.5	11.0	3.4	12.1	20.1	5.1	21.0	6.4
Average Value Added in 1958-59 as % of Average Value Added in 1954-55.	114.7	164.9	226.0	189.0	164.5	163.0	168.6	157.1
Ranks of Sectors According to Average Value Added in 1958-1959 as % of Average Value Added in 1954-1955.	8	4	1	2	5	6	3	7

Source: Based on Table 1, Appendix I.

TABLE 1.B.

RATIOS OF MATERIAL AND SERVICES PRODUCING SECTORS TO G.D.P.

Period	Ratio of Material Producing Sectors to G.D.P.	Ratio of Services Producing Sectors to G.D.P.
1954	41.1	58.9
1955	30.0	70.0
1956	44.0	56.0
1957	35.0	65.0
1958	33.1	66.9
1959	30.0	70.0
Average 1954-59	35.5	64.5

Source: Table 1, Appendix I.

The growth performance of the economy in the post-1948 period far exceeded the expectations of observers and economic analyists.[1] However, it should be noted that the rates of growth in income refer to income at current and not constant prices, so changes in income represent both changes in quantities and changes in prices. Unfortunately, the data on price changes are not available. Nevertheless, the available price index of wholesale prices in Amman during the first half of the 1950's indicates that price changes were negligible.

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1 (a) I.B.R.D., op.cit., p.4, p.10 and pp.66-68;
   (b) J. Baster, "The Economic Problems of Jordan", International Affairs, Vol. 31, January 1955, pp.26-35;
   (c) R.J. Ward, "Self Help Criteria in the Development of Jordan," Economic Internazionale, Vol. XVIII, 1965.

TABLE 1.C

WHOLESALE PRICE INDEX IN AMMAN (1950 = 100)

Period	Cereals & Wheat Flour	Other Foodstuffs	Construction Materials	Fuel	General
1954	75.2	92.8	94.3	95.5	80.6
1955	91.3	90.5	99.9	96.0	91.9
1956	83.5	89.7	105.7	98.0	86.7
1957	80.3	97.4	106.1	92.2	85.4
1958	94.1	83.2	89.7	84.2	91.3
1959	98.4	74.7	92.3	88.3	93.3

Source: Jordan Department of Statistics, Annual Statistical Yearbook, (Amman: Department of Statistics Press, 1960).

Increases in prices of cereals and wheat flour (see Table 1.C.) in the later part of the 1950's were due to crop failures (see Graph no. 1). Apart from the price index, there were other factors which further suggest that prices during the period were negligible, namely: (a) the labour force in Jordan was not unionised and the elasticity of the supply of labour, over a wide band was, it could be argued, infinite. (b) Low tariffs and the liberal trade policy followed by the government coupled with smuggling implied a high price elasticity of supply of goods. (c) Though demand for housing, as a result of the influx of refugees, increased, legal restrictions on increases in rent made them insensitive to demand. (d) On average, the harvests over the period were good.

B — THE AGRICULTURAL SECTOR

The economy in general as in previous periods relied heavily on this sector. It provided livelihood to three-quarters of the non-refugee population. As before, wheat and barley remained the main crops and they were almost entirely produced on non-irrigated lands. That in turn meant that yields of the main crops were crucially dependent on

GRAPH 1

11a

WHOLESALE PRICE INDEX IN AMMAN 1953=100

GENERAL INDEX ✗--✗--✗--✗
CEREALS AND WHEAT FLOUR o--o--o--o
OTHER FOOD STUFFS
CONSTRUCTION MATERIALS ----------
FUEL o--o--o--o

120   100   80   60   40

1956   57   58   59   1960   61   62   63   64
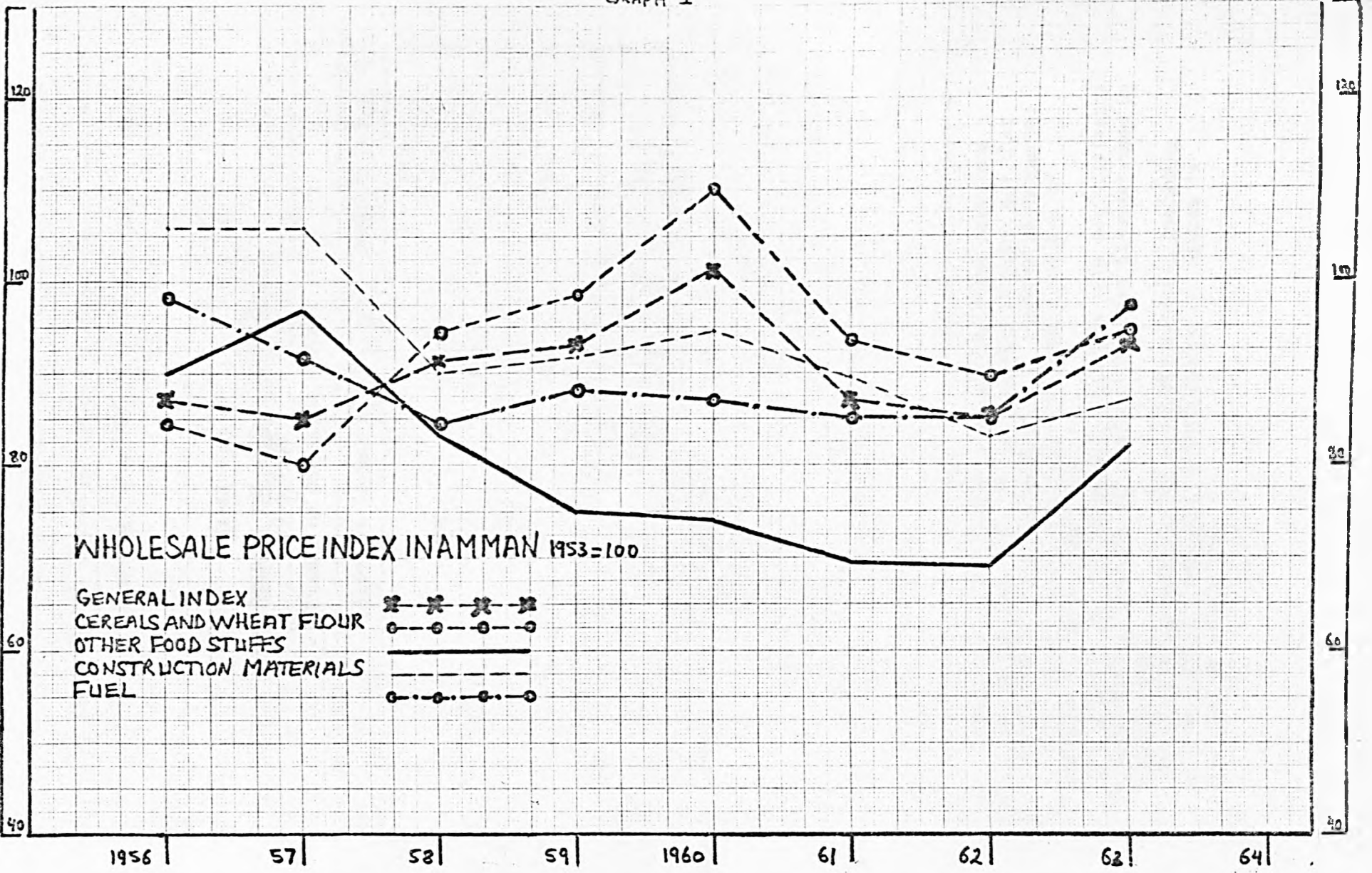
the rainfall.[1]   This sector, as shown by Table 1.D, grew at an average

yearly rate of about 16.5%.   Though the relative importance of agriculture

declined over time, it contributed about 21.5% of G.D.P. over the period

1954-1959.

TABLE 1.D.

THE VALUE ADDED IN THE AGRICULTURAL SECTOR
1954-1959

IN MILLIONS OF JORDANIAN DINARS				
Period	Value	Absolute Change	% Change	Share in G.D.P. %
1954	14.2			29.8
1955	6.2	-8.0	-56.3	14.4
1956	19.0	12.8	206.5	31.0
1957	12.8	-6.2	-33.0	20.7
1958	12.9	0.1	1.0	18.7
1959	10.5	-2.4	-19.0	14.3
Average 1954-59	13.0	-0.6	16.5	21.5

Source: Based on Table 1, Appendix I.

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1   Table 3, Appendix I gives the principal agricultural crops and
    fluctuations in their output.   It is necessary to point out that
    agricultural data in Jordan is deficient in a number of respects:
    (a)   It is difficult to acquire and if available one has to
          scrutinize it with great care.
    (b)   Data is collected by incompetent officials from semi-illiterate
          farmers where questions and answers are often misunderstood by
          both parties.
    (c)   Data is often accumulated by different sources, including
          foreign sources.   However, reconciliation of figures is
          difficult to accomplish.

A number of projects were undertaken with a view to extending the irrigated land area, the important among which were the East Ghour Canal and soil and water conservation schemes.[1]

Over the period, the methods of production in agriculture did change but this change was not spread evenly. By and large, the methods remained primitive and labour intensive. Labour intensity of the methods of production and the wasteful use of labour in the form of low productivity of labour was encouraged by the abundance of labour. It could be argued that the abundance of labour was one of the principal barriers to the introduction of more efficient methods of production. Apart from these the other barriers to the improvement of agricultural techniques were: (a) the geographical features of the country, i.e., mountainous and rugged; (b) lack of technical know-how; (c) high costs of energy and, (d) scarcity of government extension services. It is worth noting that productivity in this sector was low. The average yield of wheat per hectar was 850 k.g. or one bushel per acre, in 1953. Later, it went down to 400 k.g., in 1954. The average yield of barley was 11.5 bushels per acre but dropped to 5.7 during the same period.[2] The main reason for the decrease in productivity per acre was an increase in the extensive margin of cultivation which brought into use the less productive land.

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1 According to 1954 Census of Agriculture, the total cultivated area in Jordan was 1,930,000 acres; land use was classified as follows in thousands of acres, in 1952:

	No.	%
Cultivated Area	1931	100
Fallow	589	30.5
Irrigated	120	6.21
Fruit Trees	188	9.74
Rainfed Crops	1035	53.6

2 Raphael Patai, The Kingdom of Jordan, (Princeton; Newjersey: Princeton University Press, 1958), pp.96-135.

C - THE INDUSTRIAL SECTOR:

The industrial sector grew during this period but its growth was restricted by the following factors: (a) poor raw material and mineral endowment (aside from phosphate, cement and potash) of the country; (b) shortage of skilled labour; (c) scarcity of capital inspite of an increase in it due to the capital brought by Palestinian refugees; (d) the high cost of electricity and other sources of energy and transport.[1] On the other hand, there were a number of factors which permitted the growth of the industry, namely: the abundant supply of cheap labour, inflow of skilled Palestinian labour and businessmen and the inflow of capital brought in by Palestinian businessmen.[2]

Despite the large volume of public investment, the industrial sector dominantly remained in private hands. Over the period, the value added in industry, on average, increased by 12% and it ranked fifth among other sectors in terms of the rates of growth. As to the share in G.D.P., its average contribution was 10.5% over the period 1954-1959. The 1959 share of industry in G.D.P. was 125% higher than that of 1954.

So far as the composition of industry is concerned, cement industry was the largest. The principal reason for the fast growth of the industry was the housing and construction boom which followed the 1948 War and the influx of Palestinian refugees.

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1 The cost of one ton of fuel delivered in Amman was U.S. $73 compared with U.S. $20 at Beirut or Haifa in Palestine, ibid., p.117; see also Table 4, Appendix I for figures on percapita income over the period 1954-1972.
2 The United Nations' Review of Conditions in the Middle East put a figure of £p.10 million on the inflow of private capital from Palestine. United Nations, Department of Economic Affairs, Review of Economic Conditions in the Middle East, 1951-1952, Supplement to World Economic Report, (New York: U.N., March, 1953), p.113.

Apart from the cement, other industries which grew over the period were: cigarettes, aloholic drinks and phosphate. Other industries, e.g.: village-made soap, handicraft industries producing tourist souvenirs, glass and pottery, remained small in scale and principally oriented towards the local market. The following table describes the output of principal industries over 1954-1959.

TABLE 1.E.

PRODUCTION OF PRINCIPAL INDUSTRIES

1954-1959

Products	Units	1954	1955	1956	1957	1958	1959
Phosphate	000 tons	75.0	164.0	208.4	261.9	293.9	337.6
Cement	000 tons	86.0	95.0	79.3	107.2	114.2	110.3
Soap	000 tons	-	1.2	1.3	1.5	1.7	1.9
Cigarettes	000 tons	-	-	0.6	0.8	0.7	0.9
Alcohol	000 liters	-	-	317	345	404	359
Beer	000 liters	-	-	-	-	74	381

Source: Jordan Department of Statistics, Statistical Yearbook, (Amman: Department of Statistics Press, various issues).

D - DEVELOPMENTS IN THE FISCAL SECTOR

To start with, it is necessary to describe the composition of government expenditure and revenue.

(a) The Expenditure Side of the Budget:

Over the 1950's, government expenditure rose steadily. It rose from J.D. 9.14 million in 1950 to J.D. 30.8 million in 1959 - an increase of over 300 per cent. Recurring expenditures in particular, took up a large proportion of total expenditures. On average, over the period 1950-1959, they constituted 83.3% of government expenditure. Security and defence

expenditures were high if measured in relation to both government expenditures and revenues. (They constituted about 53.5% and 52.2% respectively).[1]   The following table (Table 1.F., p.17) shows the average share of defence expenditures in the total government expenditures.

As compared to the pre-Second World War period, the government channelled more of its expenditure to economic projects. During the period under review, the development expenditure rose from a level of J.D. 1.72 million in 1952 (12.8% of total expenditures) to a level of J.D. 4.80 million in 1959 (15.2% of the total). By and large, as the following table shows, the government budget remained in surplus, this was due to the continual inflow of foreign aid.[2]

TABLE 1.G.

GOVERNMENT REVENUES AND EXPENDITURES

AND THE BUDGETARY BALANCE

1950-1959

IN MILLIONS OF JORDANIAN DINARS										
	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Total Government Revenues	9.29	12.66	13.46	15.94	17.67	18.86	21.20	25.52	30.60	31.67
Total Government Expenditures	9.14	13.79	13.43	15.46	16.56	17.63	21.32	23.86	29.34	30.82
Balance	0.15	-1.13	0.03	0.48	1.11	1.23	-0.12	1.66	1.26	0.94

Source: Based on Table 7 in Appendix I.

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1 See Appendix I, Table 5.
2 In the forthcoming chapters, thorough examinations of foreign aid to Jordan will be undertaken.

TABLE 1.F.

RATIOS OF PRINCIPAL GOVERNMENT EXPENDITURES TO TOTAL EXPENDITURES

AND INDEX OF DEFENCE EXPENDITURES

1950-1959

												Average % 1950-1959
	(INDEX: 1950 = 100)											
		1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	Average % 1950-1959
Ratio of Components to Total Government Expenditures	(Defence Expenditures	47.0	42.5	67.0	58.3	57.5	55.0	50.0	57.0	46.0	54.3	53.5
	(Recurring Expenditures	-	-	87.2	82.0	80.5	84.3	85.7	82.0	80.2	84.8	83.3
	(Development Expenditures	-	-	12.8	18.0	19.5	15.7	14.3	18.0	19.8	15.2	16.7
Defence Expenditures as % of Total Government Revenues		46.2	46.3	67.0	57.0	54.0	51.3	50.1	53.1	44.0	53.0	52.2
Defence Expenditures 1950 = 100		100	137.0	209.3	210.0	222.0	226.0	248.0	316.0	313.0	390.0	

Source: Based on Table 6 and Table 5 in Appendix I.

(b) <u>The Revenue Side of the Budget</u>:

On the revenue side, the outstanding feature was the persistent reliance on indirect taxes as the main source of domestic revenues. Foreign aid remained one of the main sources of the government revenues. The following table shows that indirect taxes provided 78.4% of total tax revenues over 1952-1953 (averaged 83.2% over 1952-1959), whereas direct taxes provided only 21.6% of the total (averaged 17.0% over 1952-1959). Actually, the share of indirect taxes increased over the period and the share of direct taxes decreased. (The share of indirect taxes reached 87.1% in 1959 whereas the share of direct taxes shrank to 12.9% at the end of the same year.)[1]

<p align="center">TABLE 1.H.</p>

<p align="center">TAX REVENUES - COMPONENTS AND RATIOS</p>

<p align="center">1952-1959</p>

VALUES ARE IN MILLIONS OF JORDANIAN DINARS									
Items	1952	1953	1954	1955	1956	1957	1958	1959	Average of 1952-1959
1-Tax Revenues	3.42	3.71	4.78	5.64	5.69	6.98	7.73	9.64	6.0
2-Direct Taxes	0.74	0.68	0.84	0.86	1.09	1.16	1.04	1.24	1.0
3-Indirect Taxes	2.68	3.03	3.94	4.78	4.60	5.82	6.69	8.40	5.0
4-Ratio of 2 to 1	21.6	18.3	17.6	15.2	19.2	16.6	13.4	12.9	17.0
5-Ratio of 3 to 1	78.4	81.7	82.4	84.8	80.8	83.4	86.6	87.1	83.2

Source: Based on Table 6 in Appendix I.

In other words, the tax system remained regressive and inequitable, in the sense that the main burden of taxes was on wage earners in rural and urban areas and the income from property by and large escaped taxation.

---

1 In the forthcoming chapters and particularly Chapter VI, we shall examine the effect of foreign aid on the prevailing Jordanian tax system.

The following table, based on income assessments for the fiscal year
1958-1959, shows that 85.7% of tax payers had taxable income of less
than J.D. 400, whereas 0.7% had had income over J.D. 2800. Unfortunately,
the data on the distribution of income is not available to enable us to
draw precise conclusions about the inequity of the tax system.

TABLE 1.1

INCOME ASSESSMENTS FOR THE PERIOD 1958-1959

Income Group	No.	%
Less than J.D. 400	25,558	85.7
J.D. 400 - 800	2,631	8.7
800 - 1200	751	2.4
1200 - 1600	392	1.2
1600 - 2000	225	0.8
2000 - 2400	130	0.5
2400 - 2800	85	0.3
Over 2800	141	0.7

Source: The Jordanian Income Tax Department, unpublished
data (in Arabic).

The government revenue in 1959 was 304% higher than that of 1950.
This tremendous increase in the first place, can be ascribed to the
high marginal propensity to import, and tariffs on imported goods.
Data presented in Table 1.J. demonstrate the fact that the average rate of
growth in domestic revenues over 1950-1959 was higher than that of total
revenues (domestic revenues and foreign aid). This suggests a relative
decrease in the dependence on foreign aid.

TABLE 1.J.

RATES OF GROWTH IN DOMESTIC AND TOTAL REVENUES

1950-1959

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	Average % Growth 1950-1959
Annual Rate of Growth in Domestic Revenues	31.8	24.4	-2.0	7.3	30.5	6.5	8.8	121.2	-43.3	22.7	20.8
Annual Rate of Growth in Total Revenues	36.0	36.3	6.3	18.4	10.9	6.7	12.4	20.4	20.0	3.8	17.1

Source: Based on Table 6, in Appendix I.

Turning to other major characteristics of the Jordanian fiscal system, the following table shows some important features: (a) the share of domestic revenues in the gross national income (G.N.P.) remained low.[1] (b) The share of tax revenues in the gross national product was also low.[2] The agricultural sector was lightly taxed and on top of it tax exemptions were granted in drought years. (d) In order to encourage the formation of co-operative, exemptions from income tax were offered. Further, exports and industry were encouraged in the sense that machinery and industrial inputs were admitted duty free in the country.[3]

1 See also Appendix I, Table 8.
2 See also Appendix I, Table 8.
3 By issuing the Encouragement and Guidance of Industry Law No. 27 of 1955, and the Encouragement of Foreign Capital Law No. 28 of 1955, the government, however, for the first time, used fiscal measures to attain economic objectives.

TABLE 1.K.

RATIOS OF INDIRECT TAXES TO DOMESTIC REVENUES AND THE SHARE OF

TAX REVENUES IN GROSS NATIONAL PRODUCT

1952-1959

Ratio of Indirect Tax Revenue to Total Domestic Revenue	1952	1953	1954	1955	1956	1957	1958	1959	Average Ratios 1952-59
	50.1	53.0	53.0	60.0	53.0	30.3	61.5	63.0	53.0
Domestic Revenue as % of G.N.P.			14.3	16.0	12.7	27.4	14.0	13.5	16.3
Tax Revenue as % of G.N.P.			9.1	11.3	8.3	10.0	10.0	9.7	6.0

Source: Based on Table 8 and Table 9 in Appendix I.

E - THE FOREIGN TRADE SECTOR:

The foreign trade balance over the period was permanently in deficit, as shown by the following table:

TABLE 1.L.

IMPORTS OF MERCHANDISE AND OTHER INDICATORS

1950-1959

VALUES ARE IN MILLIONS OF JORDANIAN DINARS											
	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	Average 1950-1959
Imports of Goods (M)	13.48	16.18	17.15	18.21	18.59	25.26	24.61	29.76	33.92	39.26	23.6
Annual Rate of Change in Imports	2.7	20.02	6.0	6.2	2.1	35.9	-2.6	20.9	14.0	15.7	12.1
Imports Index 1950 = 100	100	120	127	135	138	187	183	221	252	291	
Balance of Merchandise	-11.53	-14.18	-15.04	-15.55	-15.54	-21.72	-19.50	-24.28	-30.49	-35.91	-20.4
% Change in Balance of Merchandise	19	23	6	3	-	40	10	25	26	18	17.0
Imports as % of G.N.P.	n.a	n.a	n.a	n.a	35.5	50.7	36.0	42.5	44.0	40.0	41.4
Ratio of Food Imports to Total Imports	n.a	n.a	34	35	28	25	29	33	32	30	31.0
Ratio of Wheat and Flour Imports to Total Imports of Food	n.a	n.a	40	38	24	41	21	17	31	32	31.7
Ratio of Imports to Exports	691.3	809.0	812.8	684.6	609.5	713.6	481.6	543.1	989.0	1172.0	750.6
Imports as % of Total Available Resources *	n.a	n.a	n.a	n.a	27.8	36.2	28.2	32.5	32.7	31.7	31.5

Source: Based on the following tables in Appendix I: 4, 10, 11 and Table 12.

* Total available resources = gross domestic product + total imports of goods and services.

An examination of the composition of imports shows even though the economy was predominantly agricultural, food and food products constituted by far the largest item in the economy's import bill. They averaged 31.0% of imports over 1952-1959. On the other hand, intermediate and manufactured goods accounted, on average, for 68.5% of the import bill over the last four years of the 1950's. The growth of the economy had two main consequences, namely: an increase in the size of the balance of payments deficit and an increase in the share of intermediate goods in imports.

Exports were mainly agricultural commodities, and export earnings were, therefore, affected by changes in the weather conditions. The following data show that exports increased at an average yearly rate of 3.4. Taking the 1950 as a base year (1950 = 100), exports in 1959 were 172. The ratio of exports to imports fluctuated from year to year. On average, over the period 1950-1959, exports covered 14.2% of total imports. (See Table 1.M., p.24).

Comparing the rates of growth of imports and that of exports, it is obvious that the former grew a lot faster than the latter. The growing deficit on the visible account was financed partly by an increase in the incomes earned by Jordanians working abroad and, to a great measure, by foreign aid. (See Table 1.N., p25).

TABLE 1.M.

EXPORTS OF MERCHANDISE AND OTHER INDICATORS

1950-1959

	VALUES ARE IN MILLIONS OF JORDANIAN DINARS										
	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	Average 1950-1959
Exports of Goods	1.95	2.00	2.11	2.66	3.05	3.54	5.11	5.48	3.43	3.35	3.3
Annual Rate of Change in Total Exports	-42.8	2.6	5.5	26.1	14.7	16.1	44.4	7.2	-37.4	-2.3	3.4
Exports Index 1950 = 100	100	103	108	136	156	181	262	281	176	172	
Exports as % of G.N.P.	n.a	n.a	n.a	n.a	6.0	7.1	7.5	8.0	4.4	3.4	6.1
Exports of Goods and Services as % of Total Resources	n.a	n.a	n.a	n.a	8.6	8.1	10.1	10.7	8.8	8.6	9.2
Ratio of Phosphate Exports to Exports of Goods	n.a	n.a	1.4	1.9	1.6	17.0	13.5	17.0	28.6	30.4	14.0
Ratio of Fruits and Vegetable Exports to Total Exported Goods	5.6	13.0	25.1	29.7	32.1	30.5	38.3	41.4	44.9	42.4	30.3
Ratio of Exported Goods to to Imported Goods	14.3	12.4	12.3	14.6	16.4	14.0	20.8	18.4	10.1	8.5	14.2

Source: Based on the following tables in Appendix I: 2, 4, 10, 11, 13 and Table 31.

TABLE 1.N.

IMPORTS AND EXPORTS OF MERCHANDISE AND THE CURRENT ACCOUNT BALANCE

VALUES ARE IN MILLIONS OF JORDANIAN DINARS										
Time	Exports of Goods	Imports of Goods	Balance of			Services Balance to Balance of Goods	% Change in Balance of Goods	% Change in Services Balance	% Change in Deficit on Balance of Goods & Services	Deficit on Visible Trade as % of G.N.P
			Goods	Services	Goods & Services					
1950	1.95	13.48	-11.53	0.83	-10.70	7	19	-	-	-
1951	2.00	16.18	-14.18	0.83	-13.35	6	23	-	25	-
1952	2.11	17.15	-15.04	1.23	-13.81	8	6	48	3	-
1953	2.66	18.21	-15.55	1.56	-13.99	10	3	27	1	-
1954	3.05	18.59	-15.54	2.66	-12.88	17	-	71	-8	30.0
1955	3.54	25.26	-21.72	3.17	-18.55	15	40	19	44	43.6
1956	5.11	24.61	-19.50	3.05	-16.45	16	10	-4	-	28.5
1957	5.48	29.76	-24.28	1.06	-23.22	4	25	-65	41	34.6
1958	3.43	33.92	-30.49	5.68	-24.81	19	26	436	7	39.5
1959	3.35	39.26	-35.91	2.66	-33.25	7	18	153	34	36.2
Average 1950-59	3.3	23.6	-20.4	2.3	-18.1	10.9	17.0	48.0	13.6	35.4

Source: Based on Table 10 and Table 11 in Appendix I.

F - THE TOURISM SECTOR

Over the fifties, the government paid more attention than before to the development of this sector. With its holy and historical places, Jordan can be appropriately called "an open museum". The political conditions since the 1948 War made it, however, difficult to exploit the full potential for the development of the tourist industry. Apart from a few years, 1956-1958, the travel account of the balance of payments was in surplus. (See Table 1.0.) Revenues from tourism rose from J.D. 0.9 million in 1950, to J.D. 2.85 million in 1959, at an average yearly rate of 19.0%.

The importance of this sector in the Jordanian economy, appears more clearly if we look at its rate of growth and its bearing on key economic variables: exports of goods and the deficit on visible trade. The following figures bring out the contribution of revenues from tourism to the above-mentioned economic variables, over 1950-1959:

53.6% of total exports; and
8.6% of deficit on visible trade.

However, despite this remarkable growth, the growth of the tourist industry did not match those in the neighbouring countries. Table 1.0. (p.27) points this out.

TABLE 1.0.

TRAVEL ACCOUNT, TOURISM RECEIPTS AND OTHER RELATIONSHIPS

1950-1959

VALUES ARE IN MILLIONS OF JORDANIAN DINARS											
	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	Average 1950-1959
Tourism Receipts	0.88	1.08	1.29	1.68	2.21	2.45	1.49	1.22	1.22	2.85	2.0
Travel Account Balance	0.05	0.10	0.12	0.36	0.88	1.32	0.59	-0.46	-0.39	0.92	0.35
Ratio of Tourism Receipts to { Exports of Goods	45	54	61	63	72	69	29	22	36	85	53.6
Deficit on Visible Trade	8	8	9	11	14	11	8	5	4	8	8.6
Rate of Change in Tourism Receipts	-	22.7	19.4	30.3	31.5	10.9	-39.2	-18.1	-	133.6	19.1

Source: Based on Table 14 in Appendix I.

PART THREE: DEVELOPMENTS IN THE PRINCIPAL SECTORS OF THE ECONOMY
OVER THE PERIOD 1960-1972.

Earlier in our analysis we examined the structural changes that took

place in the Jordanian economy during the periods 1924-1949 and 1950-1959,

which are crucial to an appraisal of the economy's performance in the

second phase of our study viz., 1960-1972. What we have done is to

examine the basic features of the economy and changes in them during the

1950's. The question which arises at this juncture is how did the basic

sectors of the economy perform during the period 1960-1972? Therefore,

in the following part of this chapter we will be concerned with the main

sectors of the economy, i.e., agriculture, industry, the fiscal develop-

ments and finally, the economy's international trade balances.

A - GROSS NATIONAL INCOME

Over the period under review, the gross national income of Jordan

increased at an average rate of 9.2% per annum.[1]   Though income increased

steadily over this period, its rate of growth fluctuated from year to year

mainly due to fluctuations in agricultural output. Taking into account a

3% average rate of growth in population, income percapita increased at the

rate of 6.2% per year.[2]   Table 1.P. shows that the service sector

remained the dominant sector of the economy as compared with the goods

producing sector, (see also Graph no. 2).

---

1 After the 1967 War, the contributions of economic sectors in the West
   Bank of Jordan (now occupied by Israel) were estimated by the Jordan
   Department of Statistics. The addition of these estimates to the
   estimated national income figure of the East Bank will add up to a
   total figure that includes a certain degree of error.
2 G.N.P. percapita increased from a level of J.D. 62.5 in 1960 to
   J.D. 102 in 1972. Taking percapita income of 1954 as a base, G.N.P.
   percapita was 166 and 271 in 1960 and 1972, respectively. (See Appendix
   I, Table 4.)

TABLE 1.P.

CONTRIBUTIONS OF SECTORS TO GROSS DOMESTIC INCOME

1960-1972

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	Average 1960-69	1970	1971	1972	Average 1970-72
PERCENTAGES AND AVERAGE PERCENTAGES															
Rate of Growth in GNP	7.0	20.3	3.0	5.2	17.0	12.4	3.0	11.0	-4.2	18.5	9.3	-5.0	6.3	7.0	2.77
Rate of Growth in GDP	5.0	24.0	-2.0	8.3	15.2	11.4	-0.8	18.3	-5.0	18.0	9.2	-4.4	7.0	7.1	3.23
Share of Sectors in G.D.P.:															
Agriculture	16.3	22.8	19.2	18.8	25.2	22.6	18.5	21.9	16.3	18.3	20.0	15.1	18.7	18.0	17.3
Mining & Manufacturing	7.7	8.0	7.4	9.0	9.2	10.7	11.5	9.9	11.9	11.6	9.7	10.4	10.1	11.1	10.5
Construction	5.0	4.1	5.7	5.2	4.0	5.2	6.2	4.9	5.8	5.5	5.2	4.1	3.7	5.3	4.5
Transport	12.4	11.4	11.5	10.8	8.9	8.4	9.6	8.4	8.6	8.1	9.8	8.4	8.0	7.8	8.1
Trade	21.9	21.9	21.8	22.5	20.7	20.8	19.3	22.1	17.3	19.3	20.8	20.0	19.3	18.7	19.3
Electricity & Water Supply	0.8	0.6	0.7	0.8	0.8	1.1	1.5	1.0	1.4	1.1	1.0	1.5	1.3	1.3	1.4
Banking and Finance	1.0	1.1	1.3	1.1	1.1	1.4	1.9	1.9	1.8	2.1	1.5	2.2	1.7	2.1	2.0
Ownership of Dwellings	8.0	7.2	7.9	8.0	7.3	7.1	7.5	6.7	7.3	6.5	7.4	7.2	7.1	6.8	7.0
Public Administration & Defence	17.7	15.1	15.7	15.0	14.5	14.2	14.7	14.7	19.7	18.3	16.0	20.0	19.3	18.2	19.2
Services	9.2	7.8	8.8	8.8	8.3	8.5	9.3	8.5	9.9	9.2	8.8	11.1	10.8	10.7	10.9
Ratios to G.D.P of: Material Producing Sectors	29.9	35.4	33.0	33.8	39.2	39.7	37.7	37.7	35.4	36.5	35.8	31.1	33.8	35.7	33.5
Service Producing Sectors	70.1	64.6	67.2	66.2	60.8	60.3	62.3	62.3	64.6	63.5	64.2	68.9	66.2	64.3	66.5
Total Percentages	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Source: Based on Table 15 and Table 16 in Appendix I.

% Contribution of Sectors To GDP 1960-1972

GRAPH A

29a
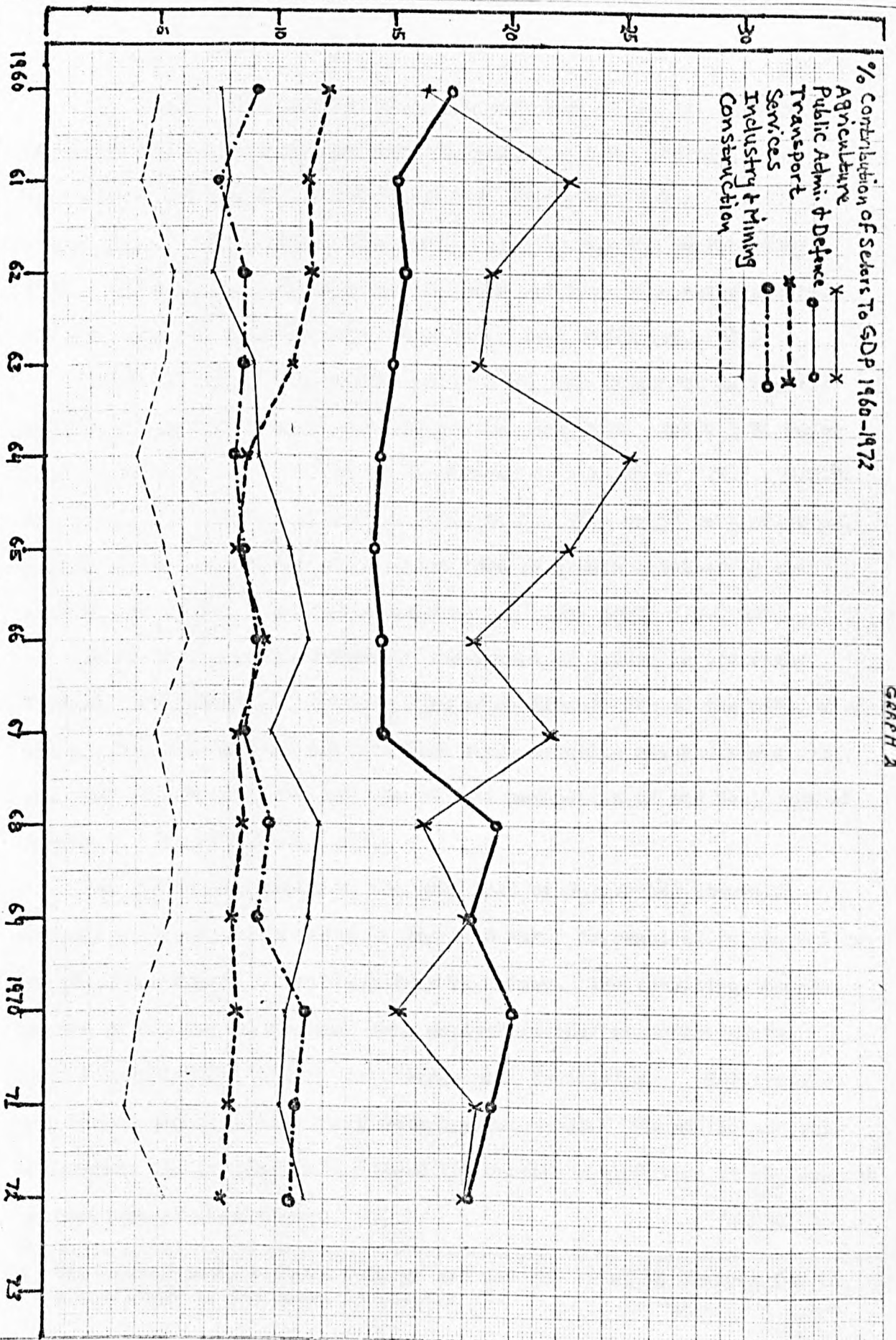
The second striking feature is the very high level of consumption.[1]
Aggregate consumption doubled over the period and, on average, constituted 76.1%, 102.2% and 102.9% of total resources, G.N.P. and G.D.P. respectively. These ratios were even higher during the period 1970-1972. The high level of consumption could not have been sustained but for the continuous inflow of foreign aid. (See Table 1.Q., p31)

Gross investment registered a very high rate of growth during the period. It averaged 11.5% over the period 1960-1972. Table 1.R. below demonstrates the fact that gross investment as a ratio of G.N.P., G.D.P. and total available resources was fairly high. This could be considered, partly, as an explanation of the high rate of growth attained by the economy over this period. (See Graph no. 3) (See Table 1.R., p32).

In order to put the economic development of Jordan in its right context, one should not overlook a major political turn in the history of the kingdom that has had far reaching socio-economic repercussions viz., the 1967 Arab-Israeli War and the Israeli occupation of the West Bank of Jordan. (See Table 1.S., p33).

The Israeli occupation of the West Bank of Jordan had economic effects very similar to those of the 1948 War. It resulted in the influx of 300,000 refugees to the East Bank of Jordan. The resulting increase in the population of the East Bank exerted further pressures on the region's relatively meagre infra-structural facilities. Furthermore, the influx made the problem of unemployment worse. To ameliorate this situation, the government increased its current expenditure at the expense of development expenditure.

---

1 The relationship between foreign aid and the level of consumption in the economy is discussed in Chapter VI.

TABLE 1.Q.

CONSUMPTION PERCAPITA AND THE RELATIVE IMPORTANCE OF

CONSUMPTION EXPENDITURES

1960-1972

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	Average 1960-69	1970	1971	1972	Average 1970-72
Annual Rate of Change in Consumption	2.5	13.3	0.4	14.0	4.0	12.3	7.0	9.6	3.4	9.2	7.6	-2.0	8.3	6.5	4.3
Consumption Percapita*	66.96	74.67	73.49	80.54	80.52	86.7	89.05	99.0	99.4	102.9	85.3	96.8	102.5	104.9	101.4
Percentage Change in Consumption Percapita	-	11.5	-1.6	9.6	-0.02	7.6	2.8	11.2	0.4	3.6	5.0	-6.0	5.9	2.4	1.0
Consumption as % of (G.N.P.	109.2	102.9	100.4	108.8	97.0	96.8	100.6	99.5	107.4	99.1	102.2	102.0	103.9	103.8	103.2
(G.D.P.	129.1	118.0	120.9	127.2	114.9	115.8	124.8	115.7	125.9	116.7	120.9	119.7	121.3	120.7	120.6
(Total Available Resources **	79.5	78.5	77.0	78.8	75.8	75.6	75.7	79.3	76.3	70.5	76.1	75.8	77.7	77.0	76.8

Source: Based on the following tables in Appendix I: 2, 4 and 15.

* Values are in Jordanian Dinars;

** Total available resources = gross domestic product + imports of goods and services.

GRAPH 3
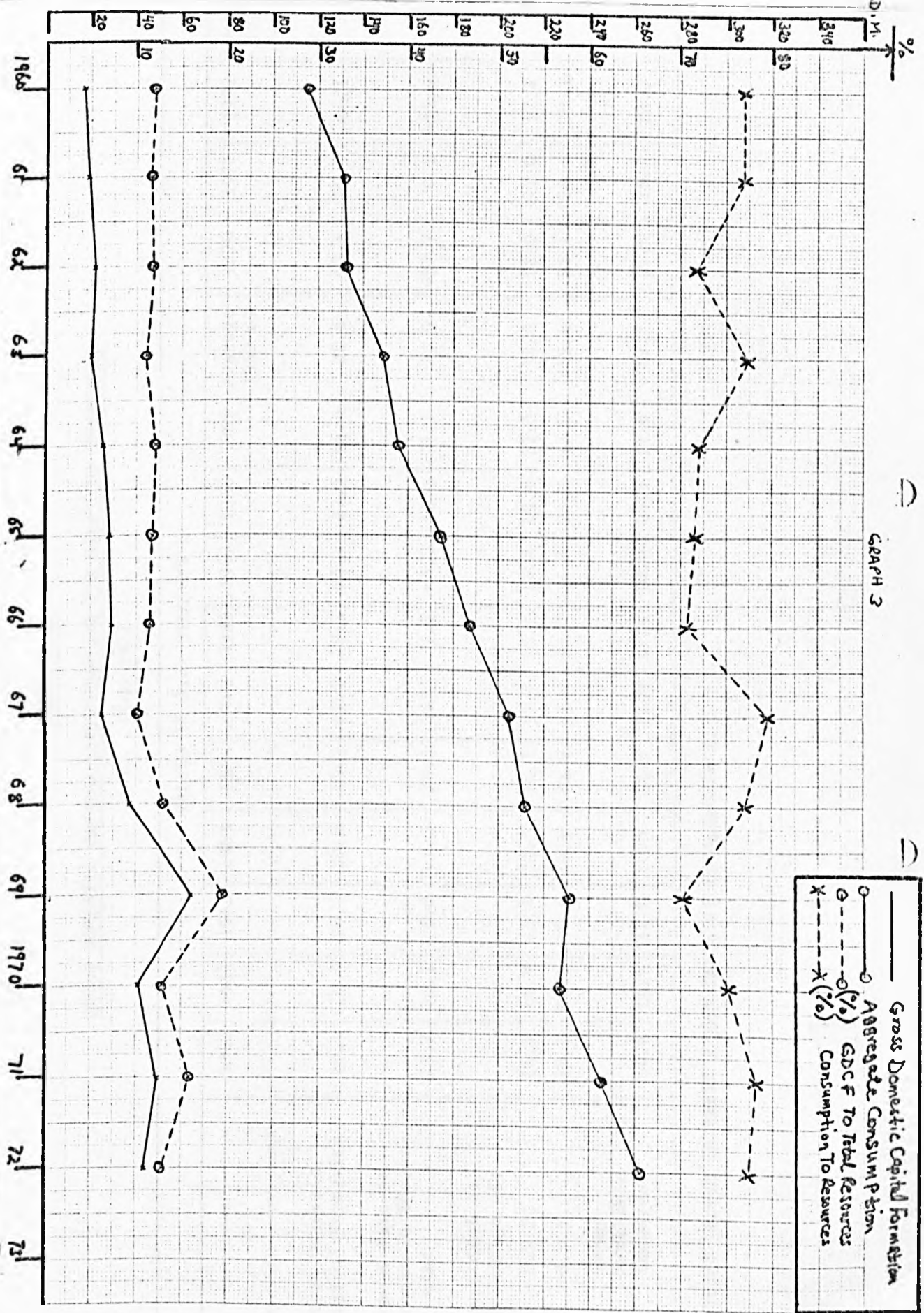
Legend:
——— Gross Domestic Capital Formation
——o—— Aggregate Consumption
——o—— (%) GDCF To Total Resources
——x—— (%) Consumption To Resources

S.D.M.

Years (horizontal axis): 1960, 61, 62, 63, 64, 65, 66, 67, 68, 69, 1970, 71, 72, 73

TABLE 1.R.

GROSS DOMESTIC CAPITAL FORMATION AND ITS RELATIVE IMPORTANCE

1960-1972

VALUES IN J.D. MILLIONS															
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	Average 1960-69	1970	1971	1972	Average 1970-72
Gross Domestic Capital Formation	17.1	19.0	20.2	20.0	25.3	27.8	28.1	25.6	37.5	64.4	28.5	40.1	49.8	44.1	44.7
Annual Rate of Growth in Investment	35.7	11.1	6.3	-1.0	26.5	10.0	1.1	-8.9	46.5	71.7	20.0	-37.7	0.2	-11.4	-16.3
Investment as Percentage of:															
G.N.P.	16.1	14.9	15.4	14.5	15.7	15.4	15.1	12.4	19.0	27.5	16.6	18.0	21.0	17.4	18.8
G.D.P.	19.1	17.1	18.6	16.9	18.6	18.4	18.7	14.4	22.2	32.7	19.6	21.1	24.5	20.3	22.0
Total Available Resources	11.8	11.4	11.8	10.5	12.3	12.0	11.4	10.0	13.5	19.6	12.7	13.4	15.7	13.0	14.1

Source: Based on Table 2 and Table 15 in Appendix I.

TABLE 1.S.

THE COMPOSITION OF GROSS DOMESTIC INCOME AND THE RELATIVE
SHARE OF THE WEST BANK

	East Bank	West Bank	Entire Jordan	West Bank Figures as % of Total
Area (k.m^2)	91,100	5,900	97,000	6.0
of which Cultivated	3,500	2,500	6,000	41.6
Irrigated	230	70	300	23.3
Population: May 1967	1,130,000	990,000	2,120,000	46.6
of which refugees	289,000	434,000	723,000	60.0
Composition of GDP (%) in 1966 (J.D. Million):				
Agriculture	12.9	7.6	20.5	37.0
Industry & Mining	7.9	2.1	10.0	21.0
Construction	3.4	1.7	5.1	33.3
Transport	5.5	4.9	10.4	47.1
Trade	12.0	9.1	21.1	43.1
Ownership of Dwellings	4.4	3.1	7.5	41.3
Public Administration & Defence	12.7	2.6	15.3	16.9
Services	4.8	5.3	10.1	52.4
All Sectors	63.6	36.4	100.0	36.4

Source: Jordan Department of Statistics, unpublished report, 1967,
(in Arabic).

Apart from the influx of refugees, the War had other economic

consequences: (a) The Israeli bombardment in the Valley of Jordan put a

stop to work on ongoing irrigation projects and it destroyed a large

section of the East Ghour Canal – the principal source of irrigation in

the country. (b) The closure of the Suez Canal made Jordanian exports and,

particularly phosphate, to the West of Suez more expensive. The re-routing

of exports to Beirut from Aqaba increased transport costs. Similarly,

imports from the countries West of Suez became more expensive as a result of increase in transport cost. (c) The West Bank of Jordan was economically complementary to the East Bank of Jordan. It constituted the main market for the industries on the East Bank. The loss of the West Bank, as a result, meant a shrinkage in the market for domestically produced manufactures. (d) The government budget was strained as a result of allocating more funds to West Bank civil servants and citizens in order to tide them over the adverse situation under occupation. In the meantime, this increase in government expenditures was accompanied by loss of government taxes levied on the West Bank. (e) The loss of West Bank was a blow to the tourist industry because most of the archaeological and holy sites are on the West Bank and not on the East Bank of Jordan. (f) The 1967 war led to a shift in the government expenditures from development projects to the projects concerned with the rehabilitation of refugees. For example, the Potash project, El-Safai-Agaba road, electrification of rural areas and damming of the Yarmouth River, were either shelved or delayed. Further, development expenditure was reduced as a result of the increased allocation of resources to defence. (g) The political uncertainty and tensions, created as a result of the war, discouraged investment both by local and foreign investors. (h) As Jordan has been a net exporter of manpower to the neighbouring Arab countries, the remittances of Jordanians working abroad, mostly drawn from the West Bank, dropped which meant the loss of a vital source of foreign exchange to the country.

In contrast to these, there were a number of positive factors: (a) The Arab Summit Conference committed itself to providing economic aid to Jordan to enable the Jordanian economy to recover from the economic effects of the war. Moreover, some Arab countries, Iraq, Saudi-Arabia, undertook to station troops in Jordan; these troops boosted the demand for local products. (b) The unstable political situation created as a result of the war, affected the level of consumption and in particular

the consumption of luxury goods. The effect took the form of lower

demand for imported luxury goods. In turn, the cut in the consumption of

importables contributed to a decrease in the trade deficit (visible

account).

B - <u>DEVELOPMENTS IN THE AGRICULTURAL SECTOR:</u>

We have already pointed out that the increase in agricultural

production was hampered by its heavy reliance on the rainfall. In fact,

the weather, especially the rainfall, has been the main determinant of

yield per acre in Jordan.[1] Fluctuations in agricultural production and

consequent changes in agricultural incomes have an important effect on

the economy where 35.3% of the population directly depends on agriculture.[2]

To this, in order to take into account the secondary effects, one must add

the urban population indirectly dependent on agriculture through the sale

and purchase of commodities from and to agriculture. The balance of

payments also suffered due to fluctuations in agricultural production.

(On average, food imports accounted for 26.7% of aggregate imports, over

1960-1972.)[3]   (See Table 1.T., p36)

Table 1.T. shows a decrease in the share of agriculture in the G.D.P.

To recall, the share was 21.5% in 1954-59, later it decreased to 19.8% in

1960-69 and then to 17.3% in 1970-72. However, this decline in the

relative importance of agriculture did not mean a decrease in its absolute

importance. On the contrary, bearing in mind the rises in international

prices of food products and raw materials, and in view of its importance

as the largest source of employment, this sector remains vital to the

development of Jordan.

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1 During the period 1960-1969, five out of ten seasons were bad.
2 For data on the share of agriculture in the total manpower in Jordan,
  see Appendix I, Table 18.
3 For data on the classification of imported commodities, see Table 12
  and Table 17 in Appendix I.

TABLE 1.T.

GROWTH IN THE AGRICULTURAL VALUE ADDED AND RELATIVE
IMPORTANCE OF COMPONENTS OF AGRICULTURAL PRODUCTS

1960-1972

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	Average 1960-69	1970	1971	1972	Average 1970-72
Rate of Change in Agricultural Value Added	-3.1	73.1	-17.4	5.6	54.6	-0.1	-19.0	40.1	29.0	32.0	19.48	-21.11	32.0	3.1	4.67
Share of Agricultural Value Added in G.D.P.	16.3	22.8	19.2	18.8	25.2	22.6	18.5	21.9	16.3	18.3	19.8	15.1	18.7	18.0	17.27
Ratio of Food Imports to Total Imports	26.0	26.0	21.4	25.3	28.0	27.0	27.0	26.0	28.0	26.7	27.1	28.7	28.1	29.0	28.6
Relative Importance to Total Agricultural Value Added) Field Crops	11.5	21.6	20.8	13.6	33.9	35.2	18.5	42.3	33.2	39.1	27.0	18.8	42.4	41.4	34.2
) Vegetables	70.2	52.7	59.3	50.0	34.2	34.0	51.0	44.0	45.3	36.8	47.8	54.2	41.9	36.2	44.1
) Fruits	18.3	25.7	19.9	36.4	31.9	30.8	30.5	13.7	21.5	24.1	25.3	27.0	20.8	22.5	23.4
Relative Importance to Field Crop Output) Wheat	66.8	62.3	64.5	67.1	65.7	63.5	67.7	66.3	73.1	68.3	66.5	77.0	73.1	75.0	75.0
) Barley	20.4	27.8	20.6	20.4	21.7	21.7	15.3	18.3	15.4	18.3	20.0	7.2	11.4	12.1	10.2
) Other Field Crops	12.8	9.9	14.9	12.5	12.6	14.8	17.0	15.3	11.3	13.4	13.5	15.8	15.5	12.9	14.7
Relative Importance of the Tomato to Total Vegetable Output	39.0	40.1	34.2	51.4	50.3	44.6	43.5	64.1	71.7	68.4	50.7	66.2	60.4	62.0	62.9

Source: Based on the following tables in Appendix I: 12, 15, 17 and 19.

The government in its policies and the allocation of investment has, during this period and the previous periods, tended to overlook the importance of this sector.[1]

The main features of the agricultural sector, over this period, was its inability to meet domestic demand for food. (Over one third of food requirements was imported.) Agriculture, as in the previous periods, remained highly specialised. From Table 1.T. we can infer the following about the composition of agricultural output: (a) Vegetables replaced field crops as the largest item. Over half of vegetable output consisted of tomatoes. (b) Field crops ranked second in importance and among them wheat was the most important. (It accounted for 65.5% of total field crops.) Though they ranked second in importance, they occupied more than two thirds of the cultivable land in the East Bank in both 1967 and 1968.[2] It is important to note, however, that land in Jordan is still undercultivated, it is possible, therefore, to increase the extensive margin of cultivation. The following table shows that only 5.8% of cultivable area was irrigated and of that one half was either left fallow or unused due to lack of water.

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1 This analysis will be dealt with in detail when the distribution of foreign aid as well as its impact on the pattern of investment is discussed in the forthcoming chapters.
2 See the results of the 1966, 1967 and 1968 agricultural sample surveys depicted on Table 20 in Appendix I. (Classification of land according to the type of products.)

TABLE 1.U.

AREA AND CLASSIFICATION OF CULTIVATED LAND IN JORDAN

\	Dunums (1000 m^2)	%
Area of the Kingdom	94.7 million Dunums	100
of which:		
The East Bank	89.1 million Dunums	94.1
The West Bank	5.0 million Dunums	5.9
Cultivable Land	13.0 million Dunums	13.7
of which:		
Forest Land	2.0 million Dunums	11.5)
Uncultivated Land	2.5 million Dunums	2.7
Total Cultivable Land		100
of which:		
Rainfed Land		43.2
Irrigated or could be Irrigated		5.8
Fallow Land		30.1
Unused Land due to Lack of Water		20.9

Source: Jordan Department of Statistics, Agricultural Sample,
(Amman: Department of Statistics Press, 1966).

The development of agriculture was held back due to the inadequate provision of credit and the high rates of interest charged on loans to agriculture. Commercial banks did not, for the most part, extend agricultural credit, by and large they restricted themselves to commercial credit. The Agricultural Credit Corporation was the only institution that provided agricultural credit. The following table shows that out of total credit extended by commercial banks over 1964-1972, only 1.9% was extended to agriculture whereas commerce got an average of 44.4% of the total.[1]
(See Graph no. 4)

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1 For details on the distribution of commercial banks' credit, see Appendix I, Table 21; Table 22 in Appendix I gives the cost of credit in Jordan.

S.D.M.

GRAPH 4
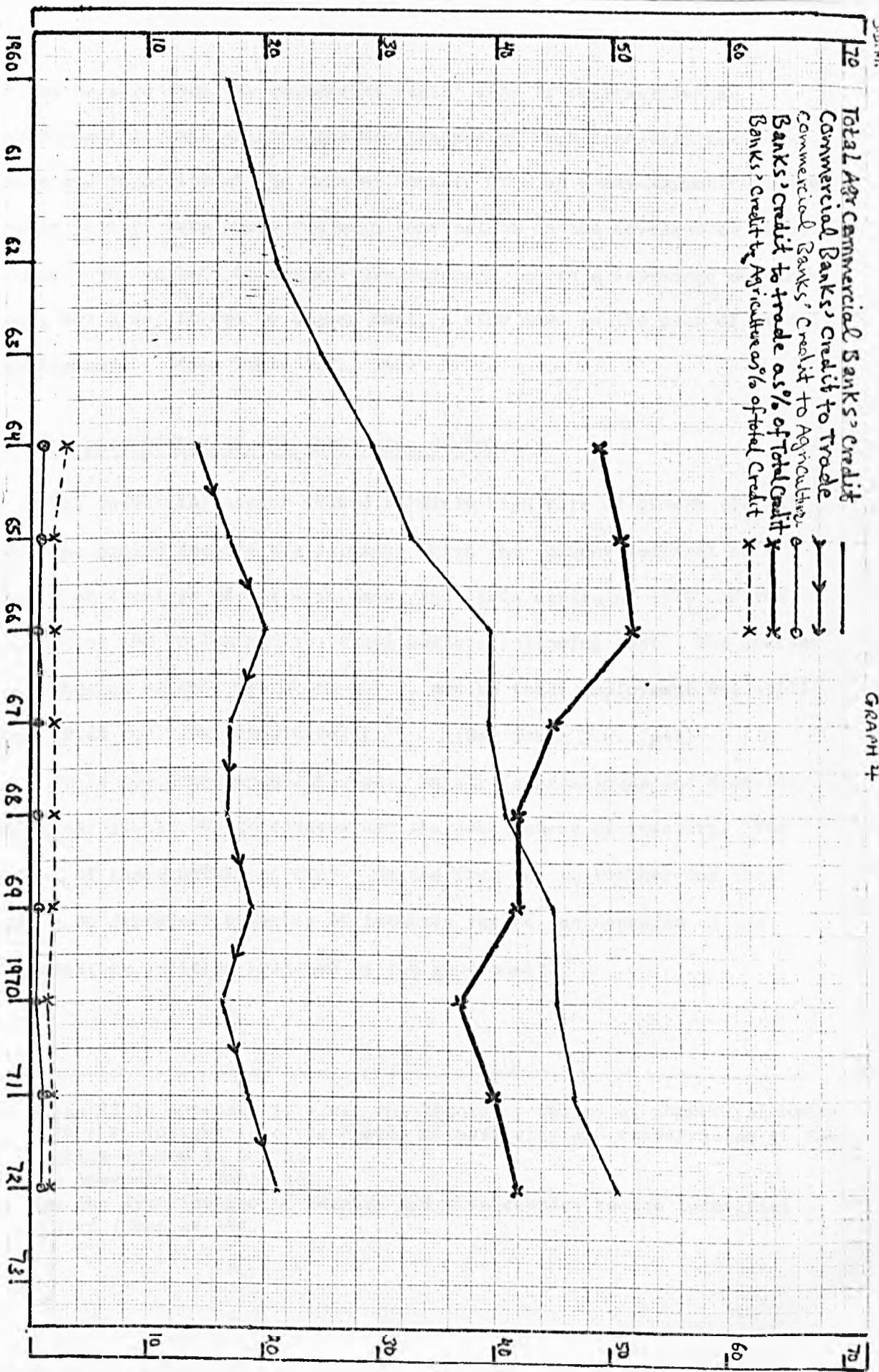
Total Agr. Commercial Banks' Credit

Commercial Banks' Credit to Trade ———→

Commercial Banks' Credit to Agriculture. o———o

Banks' Credit to trade as % of Total Credit ✕——✕

Banks' Credit to Agriculture as % of Total Credit ✕――――✕

It can be said that the commercial banks' lack of interest in the development of this sector, the maintenance of high liquidity ratio by banks and inability of the Central Bank to draw up a development-oriented credit policy, were among the main constraints on the development of this sector. The neglect of agriculture not only led to a lop-sided development, but also, it can be argued that, a slow down in the pace of overall development.[1]   (See Table 1.V., p40)

C - THE DEVELOPMENT IN THE INDUSTRIAL SECTOR:

The industrial sector showed a fairly high rate of growth (14.7%) over the period despite the setbacks which the economy suffered as a result of the loss of the West Bank, the civil strife of 1970 and the closure of the Syrian and the Iraqi borders following that. The average contribution of this sector to G.D.P. and to total employment was still low, (9.6% and 9.9% respectively).[2]   (See Table 1.W., p41)

It is the non-economic factors, mainly international and domestic political events, which constrained the development of industry. The effect of these political events varied from one to another and their effect on different branches of industry varied and depended on the compensatory policies followed by the government.[3]

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1 Table 23 in Appendix I, i.e., the liquidity ratios of commercial banks, offers an insight into the degree of passivity and conservatism of the banking system in Jordan.
2 See Appendix I, Table 18.
3 See the distribution of foreign aid with respect to the industrial sector (Chapter IV).

TABLE 1.V.

AGRICULTURAL CREDIT

1960-1972

	VALUES IN J.D. MILLIONS														
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	Average 1960-69	1970	1971	1972	Average 1970-72
Total Commercial Banks' Credit	16.8	18.7	21.3	25.8	29.27	33.3	38.99	38.89	40.99	45.39	30.9	45.55	46.93	50.59	47.7
Commercial Banks' Credit to Agriculture	-	-	-	-	0.86	0.68	0.61	0.77	0.65	0.72	0.72	0.58	0.80	0.80	0.73
Commercial Banks' Credit to the Trade Sector	-	-	-	-	14.41	17.08	20.34	17.35	17.08	19.06	17.55	16.89	18.96	21.46	19.10
Ratio of the Following to Total Banks' Credit (Banks' Credit to Agriculture	-	-	-	-	3.0	2.0	2.0	2.0	2.0	2.0	2.0	1.2	1.7	1.5	1.5
Ratio of the Following to Total Banks' Credit (Banks' Credit to Trade	-	-	-	-	49.0	51.0	52.0	45.0	42.0	42.0	46.8	37.0	40.0	42.0	40.0
Ratio of Banks' Credit to Agriculture as % of Banks' Credit to Trade	-	-	-	-	6.0	4.0	3.0	4.4	4.0	3.8	4.2	3.4	4.2	3.7	3.8
Credit Extended by the Agricultural Credit Corporation (ACC)	0.452	0.467	0.693	0.804	0.527	1.173	1.537	5.976	6.400	5.951	2.4	5.922	5.912	6.408	6.1

Source: (a) Central Bank of Jordan, The Third Annual Report, (Amman: National Press, 1967); and Monthly Statistical Bulletin, Vol. 7, no. 12, December 1969; and Vol. 9, no. 8, August 1973.

(b) Appendix I, Table 21.

TABLE 1.W.

GROWTH IN THE INDUSTRIAL VALUE ADDED AND RELEVANT INDICATORS

1960-1972

	VALUES IN J.D. MILLIONS														
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	Average 1960-69	1970	1971	1972	Average 1970-72
Rate of Change in the Industrial Value Added	11.0	28.2	-8.7	31.8	18.0	29.5	6.5	1.3	14.6	15.3	14.73	-14.5	4.0	16.7	2.08
The Industrial Value Added 1959 = 100	110.6	141.7	129.4	170.5	201.1	260.4	277.2	280.8	321.8	371.1		317.3	330.0	385.2	
Industrial Output as % of G.D.P.	7.7	8.0	7.4	9.0	9.2	10.7	11.5	9.9	11.9	11.6	9.7	10.4	10.1	11.1	10.53
Ratio of Banks' Credit to Industry to Total Credit	-	-	-	-	11.3	13.0	12.1	11.0	10.0	9.0	10.9	9.0	8.3	8.5	8.5
Ratio of Banks' Credit to Trade to Total Credit	-	-	-	-	49.0	51.0	52.0	45.0	42.0	42.0	46.8	37.0	40.0	42.0	40.0

Source: Based on the following tables in Appendix I: 16, 24, 25 and 26.

As before, the industrial establishments remained in private hands.[1] This feature distinguishes Jordan from some of the Arab countries, e.g.: Syria, Iraq and Egypt, where industrialisation meant the extension of public control of industry.

Investment in industry was low during this period. The main reason for relatively low investment in industry was the attraction of commerce as the profitable venue of investment.[2] Investment could be higher had certain profitable industrial projects been undertaken. Jordan possesses some natural resources sufficient to make the following industries profitable: the ceramics, glass ware, potash and phosphate fertilizers, coloured stones, souvenirs and handicraft, and leather products.

Though output of the industrial sector consisted of a large number of products, it is only a few products, e.g.: phosphate (Jordan's main mineral resource), cement, oil refining and electricity, which accounted for most of the value added in the sector. Apart from these, other industrial establishments mainly confined themselves to producing import substitutes.[3] These industries relied heavily on imported inputs which contributed to the worsening position of the balance of payments. Moreover, these industries utilised, apart from labour, a few domestically produced inputs; and, as a result, they had little effect on further industrialisation by way of linkages.

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1 In addition, the majority of industrial establishments were small and they employed less than 10 persons, see Jordan Department of Statistics, National Accounts and Input-Output Analysis, 1959-1967, (Amman: Department of Statistics Press, n.d.), pp.67-84.

2 See Table 21 in Appendix I for a detailed account of the share of trade in the total credit extended by commercial banks.

3 For an account of the production and the index number of principal industries in Jordan, see Appendix I, Table 26.

The import substituting industrialisation has well-known weakness, i.e.: inefficient utilization of resources. The quality of domestically produced goods was inferior to that of foreign goods and their prices were high compared to international prices.[1] Though the imported finished goods were subject to high tariffs, unfinished and intermediate goods were let in duty free. This, as is well known, implies a discrimination against capital and intermediate goods industries.[2]

D - DEVELOPMENTS IN THE FISCAL SECTOR:

Overall, during the period 1960-72 the government budget was in deficit, and the size of deficit increased over time. The deficit in 1963 was 2.98 J.D., and in 1972 11.8 million J.D. The table below shows the pattern of government expenditure and revenue over the period. It can be seen from the table that in the first half of the 1960s the budget was occasionally in surplus but from 1965 onwards it was constantly in deficit. (See Table 1.X., p44.)

Government expenditures rose at higher rates than government revenues. The former at an average annual rate of 12.7% while the latter 10.9% over the period 1960-1972. There was a sharp jump in the government expenditure after the 1967 war and later on in 1972 following the civil war in 1970.

So far as the composition of the government expenditure is concerned, the following table shows that most of it was devoted to current expenditure. The main reason for this was high expenditure on defence - a part of current expenditure. The expenditure on defence rose sharply after the 1967 war and the 1970 civil war. Moreover, the government

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1 By offering long-term concessions (40 years in some cases) and by using prohibitive tariffs, the government, in fact, contributed to the above results.

2 For an account of the tax concessions as well as the other measures which favoured such an industrial development, see The Encouragement of Investment Law, no.53 of 1972, which superseded Law no. 1 of 1967 and previous similar laws. The Ministry of National Economy, The Encouragement of Investment Law, no. 53 of 1972, (Amman: no pub., n.d.).

TABLE 1.X

GOVERNMENT EXPENDITURE, REVENUE AND
COMPONENTS OF EXPENDITURE -
1960-1972

IN MILLIONS OF J. DINARS															
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	Average 1960-69	1970	1971	1972	Average 1970-72
Total Government Expenditures	32.84	33.09	37.62	39.34	43.63	46.99	38.61	68.15	80.52	88.41	50.92	80.71	81.54	99.63	87.29
Total Government Revenues	31.90	35.58	38.85	36.36	46.21	44.59	35.36	70.42	71.91	76.38	48.56	68.38	78.57	87.96	78.30
Budget Balance ($\pm$)	0.94	0.49	1.23	-2.98	2.58	-2.40	-3.25	2.27	-8.61	-12.03	-2.18	-12.33	-2.97	-11.67	-9.0
Rate of Change in Government Expenditure	7.0	1.0	14.0	5.0	11.0	8.0	-18.0	77.0	18.2	10.0	13.32	9.0	1.0	22.2	4.73
Rate of Change in Government Revenues	0.4	5.3	15.7	-6.4	27.1	-3.5	-20.7	99.2	2.1	6.2	12.5	-10.5	15.0	12.0	5.5
Components of Government Expenditures:															
a) Recurring Expenditures	26.86	28.15	30.02	33.19	34.46	35.81	28.31	44.59	57.19	65.23	38.38	59.03	60.71	70.47	63.4
b) Development Expenditures	5.98	4.94	7.60	6.15	9.17	11.18	10.30	23.56	23.33	23.18	12.54	21.68	20.83	29.16	23.89
c) Defence Expenditures	18.06	18.43	18.72	19.11	21.61	22.21	17.12	28.56	39.46	46.17	24.95	38.21	39.12	45.07	40.8

Source: Based on the following tables in Appendix I: 5, 7 and 8.

GRAPH 5
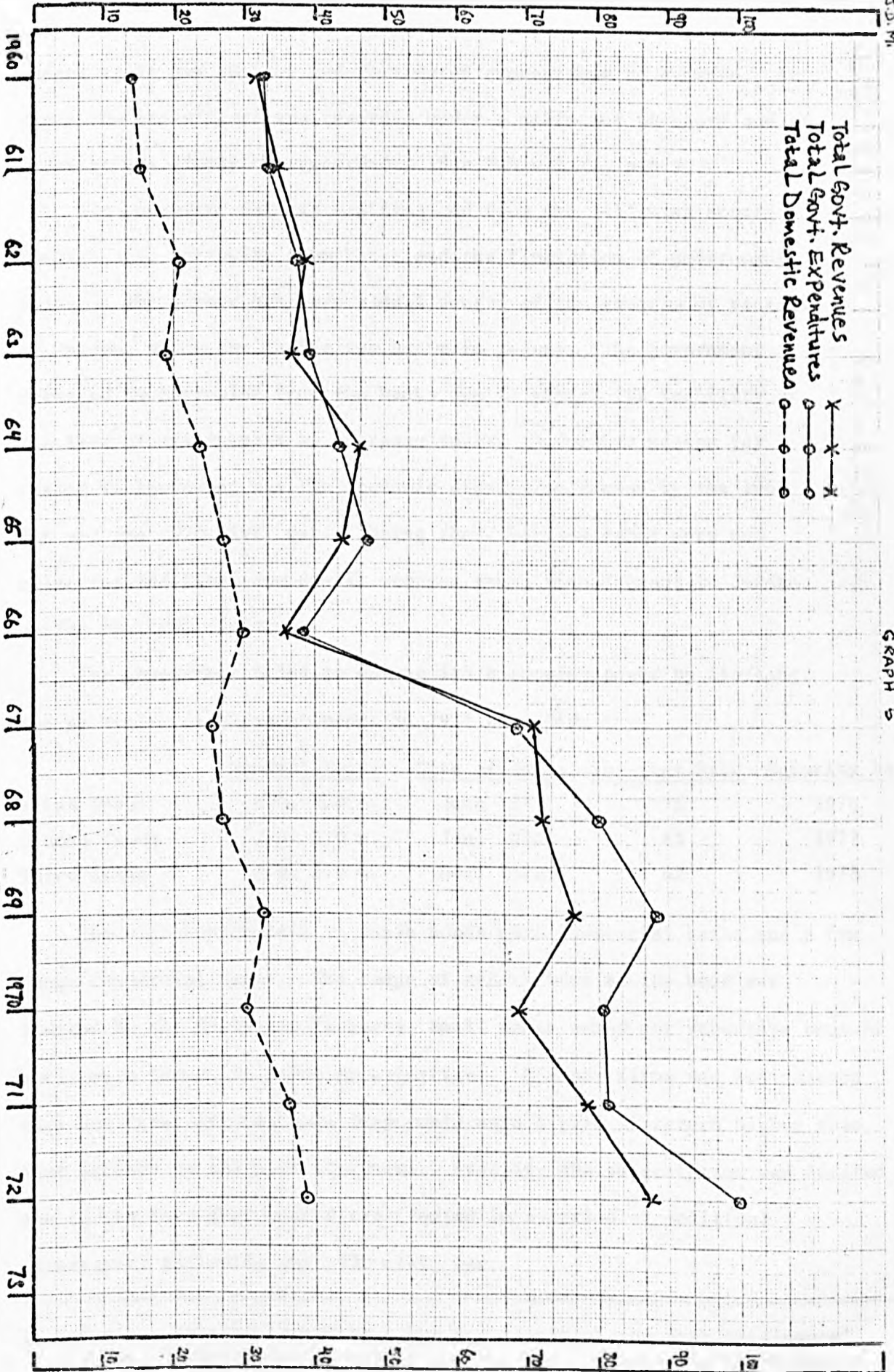
budget as it was set out underestimated expenditure on defence. At times the expenditure was recorded under a different category and at times it was simply not recorded. (See Table 1.Y., p46.)

The budgetary deficit was financed from the following sources: foreign aid, borrowing from banks and the floatation of government bonds.[1] The former has been a usual source of the government receipts in Jordan, while the latter two are more recent. The government resorted to borrowing from the banks due to either its inability or the lack of willingness to increase taxes. A further reason for resort to borrowing was the economic disruption caused by the 1967 war and the 1970 civil war. During these periods taxes were not collected and Libya and Kuwait stopped their annual grant to Jordan during the 1970 civil war.

The government tried to extend its borrowing power by floating the so called development bonds in 1971 and 1972.

	Nominal Value	Date of Issue	Interest Rate	Maturity Date
First Issue	J.D. 3.0 m.	June 1971	7%	1976
Second Issue	J.D. 3.0 m.	Jan. 1972	6%	1977
Third Issue	J.D. 2.0 m.	Nov. 1972	6%	1978

The main subscribers to these bonds were commercial banks and a few large commercial firms. The range of subscribers to the bond was limited by the following factors: Small saver could not subscribe because bonds were issued in large denominations. Private firms and businessmen were not interested because they could earn a rate of return higher than that offered by the bond elsewhere. Finally, the subscription was limited due to the fact they were first floated in a period of political uncertainty following the 1970 civil war.

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1 Under the Kartoum Agreement - the end result of the Arab Presidents' and Kings' Conference of 1967 - Kuwait, Saudi-Arabia and Libya agreed to provide J.D. 37.7 m. per annum to Jordan.

TABLE 1.Y.

INDICES OF GOVERNMENT EXPENDITURE AND SHARES
OF EXPENDITURE COMPONENTS IN TOTAL EXPENDITURE
1960-1972

	IN MILLIONS OF J. DINARS														
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	Average 1960-69	1970	1971	1972	Average 1970-72
Percentage of the following to Government Expenditures:															
a) Recurring Expenditures	81.8	85.1	79.8	84.4	79.0	76.2	73.3	65.4	71.0	73.8	77.0	73.1	74.5	70.7	72.8
b) Development Expenditures	18.2	14.9	20.2	15.6	21.0	23.8	26.7	34.6	29.0	26.2	23.0	26.9	25.5	29.3	27.2
c) Defence Expenditures	55.0	56.0	50.0	49.0	50.0	47.3	44.3	42.0	49.0	52.2	49.5	47.3	48.0	45.0	46.8
Percentage Change in:															
a) Recurring Expenditures	3.32	4.80	6.64	10.56	3.83	3.92	-20.94	57.51	28.26	14.06	11.19	-9.50	2.85	16.08	3.14
b) Development Expenditures	24.6	-17.4	53.8	-19.1	49.1	22.0	-7.9	128.7	-0.9	-0.6	23.2	-6.5	-3.9	40.0	10.0
c) Defence Expenditures	8.0	2.0	1.6	2.1	13.1	2.8	-23.0	66.0	38.2	17.0	12.8	-17.2	2.4	15.2	0.11
Recurring Expenditures 1959 = 100	103	108	115	128	132	138	109	171	220	251		227	233	271	
Development Expenditures 1959 = 100	125	103	158	128	191	233	215	491	486	483		452	434	608	
Defence Expenditures 1959 = 100	421	430	436	446	504	518	399	666	920	1076		891	912	1051	
Defence Expenditure as % of Total Government Revenues	57.0	55.0	48.2	53.0	47.0	50.0	48.4	41.0	55.0	60.4	51.5	56.0	50.0	51.2	52.4

Source: Based on the following tables in Appendix I: 5, 6, 7 and 8.

The government revenues increased at an average yearly rate of 10.9% over the period 1960-1972, but the actual yearly rate of increase fluctuated widely. With regard to domestic revenues, the following table shows that they increased as a ratio of total government expenditures. (See Table 1.Z., p48.)

In general, it can be argued that the potential for taxation in Jordan was underutilized. The ratio of tax revenues to G.D.P. averaged only 11.7% over 1960-1972. Domestic revenues were only 49.3% of total government receipts over the period. Moreover, domestic revenue only covered, on average, 53% of government expenditure. A slight increase in the ratio of taxes to G.D.P. would have implied a substantial increase in government revenue. For example, an increase in the ratio from 11.7% to 16.7% would have meant a doubling of development expenditure. In fact, the government did not try to increase the share of taxes in G.D.P., instead it relied, as in previous periods, on foreign aid to finance the excess of expenditure over revenue.

Table 1.Z., Table 1.AA., and Graph 6, show the continued dependence on indirect taxes as the source of domestic revenue. They represented, on average, 87.9% of tax revenues over 1960-1972. Customs duties, however, were the principal form of indirect taxes. They constituted, on average, 48.0% of domestic revenues over 1964-1972, while income taxes were only 7.4% over the same period. There was a measure of tax reform in 1969 when the government introduced a mildly progressive income tax schedule, i.e., 5% on first 500 Dinars and 50% on the income in excess of 8000 J.D. (Law No. 29 of 1969). Over the period, the yield from the taxes levied were low due to the wide-spread tax evasion, and inefficiency of the system of collection of taxes. In fact, it can be argued that the easy availability of foreign aid made it possible for the

TABLE 1.Z.

TOTAL GOVERNMENT REVENUES AND THE RELATIVE

IMPORTANCE OF COMPONENTS

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	Average 1960-69	1970	1971	1972	Average 1970-72
IN MILLIONS OF J. DINARS															
Total Government Revenues	31.9	33.58	38.85	36.36	46.21	44.59	35.36	70.42	71.92	76.38	48.56	68.38	78.57	87.96	78.30
Percentage Change in:															
Government Revenues	0.4	5.3	15.7	-6.4	27.1	-3.5	-20.7	99.2	2.1	6.2	12.5	-10.5	15.0	12.0	5.5
Domestic Revenues	4.0	6.1	44.0	-8.2	23.0	12.2	12.2	-15.0	3.0	24.0	10.53	-7.0	19.3	7.0	6.2
Tax Revenues	10.58	11.48	12.73	14.23	15.89	20.52	17.93	18.27	19.09	22.99	16.37	21.46	23.59	28.31	24.45
Direct Taxes	1.30	1.52	1.79	2.01	2.02	2.51	2.59	2.16	1.80	2.28	2.0	2.49	2.93	3.43	3.0
Indirect Taxes	9.28	9.96	10.94	12.22	13.87	18.01	15.9	16.12	17.27	20.72	14.43	18.97	20.76	24.39	21.33
Ratio of the Following to GNP:															
Domestic Revenues	13.1	11.5	16.1	14.1	15.0	15.0	13.0	12.4	13.3	14.0	13.75	14.0	15.3	15.3	14.87
Tax Revenues	10.0	9.0	9.7	10.3	10.0	11.4	10.0	8.9	9.7	10.0	10.0	9.6	10.0	11.2	10.3
Ratio of the Following to GDP:															
Domestic Revenues	15.5	13.2	19.4	16.5	17.6	17.7	20.0	14.4	15.6	16.4	16.7	16.0	17.8	17.7	17.2
Tax Revenues	11.8	10.4	11.7	12.1	11.7	13.6	12.0	10.3	11.3	11.6	11.7	11.3	11.6	13.0	12.0
Ratio of Domestic Revenues to Total Revenues	43.4	43.7	54.3	53.3	51.6	60.0	84.8	36.2	36.5	42.6	50.5	44.3	45.9	43.8	44.7
Ratio of Domestic Revenues to Total Expenditures	42.1	44.4	56.1	49.3	54.6	57.0	77.7	37.4	32.6	36.8	48.8	37.5	44.3	38.6	40.1

Source: Based on the following tables in Appendix I: 6, 8, 9 and 5.

GRAPH 6

Total Domestic Revenues ×———×
Total Tax Revenues
Total Indirect Taxes ⊙—⊙—⊙
Total Direct Taxes × × ×
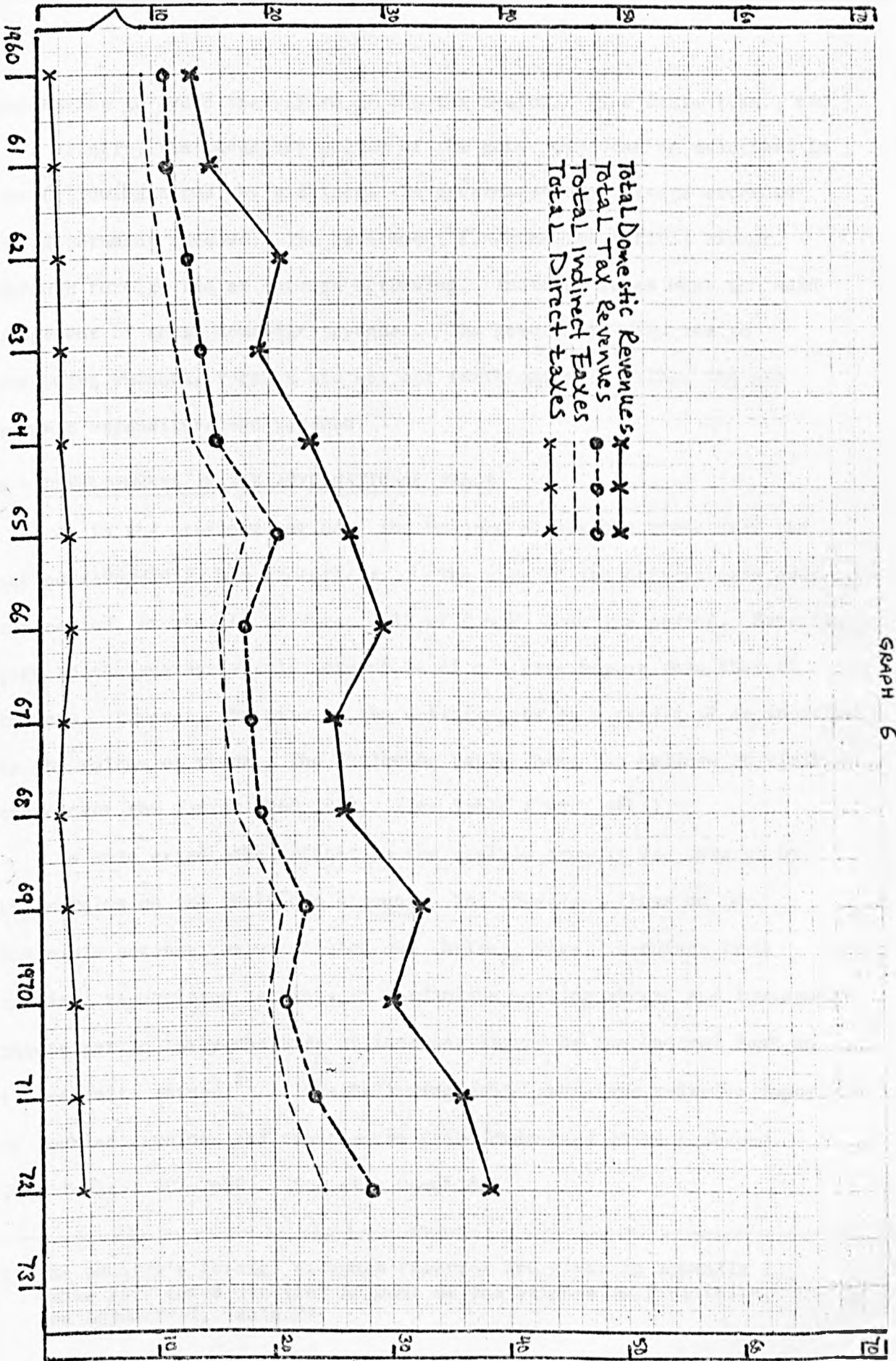
government to avoid the reform of the tax system.   (See Table 1.AA., p50.)

Briefly, the budgetary policy of the government can be described in the following terms: by and large the government expenditure exceeded the government revenue. The government financed its deficit either through foreign aid or through borrowing. Indirect taxes were the main component of total domestic revenues. The government resorted to borrowing whenever foreign aid was not forthcoming to bridge the gap between expenditure and revenue.

E - DEVELOPMENTS IN THE INTERNATIONAL TRADE

As in the previous periods, the balance of visible trade over the period (1960-1972) was in deficit.   The size of the deficit grew over the period, it was, on average, 7.1% of G.N.P. over the period. Exports grew at the average yearly rate of 14.6% - a rate higher than that of imports. However, the size of the deficit grew as a result of an increase in the volume of trade. The following table shows the balance on visible trade over the period 1960-1972.   (See Table 1.AB., p51.)

To some extent the deficit on the visible account was covered by the surplus on the invisible account. The important items on the invisible account, as we pointed out earlier, were: earnings from tourism, repatriated earnings of Jordanians working abroad and investment income particularly the rate of interest earned by the Central Bank on its deposits abroad.[1]   The following table shows the relative importance of tourism earnings and remittances from Jordanians working abroad. (See Table 1.AC., p52.   See also Graph 8.)

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[1] The country's foreign exchange reserves are given in Appendix I, Table 28; for a detailed account of the balance on invisibles, see Appendix I, Table 27.

TABLE 1.AA

DOMESTIC REVENUES AND COMPONENTS OF TAX REVENUES
1960-1972

	IN MILLIONS OF JORDANIAN DINARS														
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	Average 1960-69	1970	1971	1972	Average 1970-72
Domestic Revenues	13.83	14.68	21.11	19.38	23.83	26.74	29.99	25.50	26.27	32.52	23.39	30.26	36.10	38.50	34.95
Tax Revenues	10.58	11.48	12.73	14.23	15.89	20.52	17.93	18.27	19.09	22.99	16.37	21.46	23.59	28.31	24.45
Percentage of the Following to Domestic Revenues:															
a) Customs Duties	–	–	–	–	36.0	47.0	49.2	52.0	55.0	51.5	48.5	47.0	40.0	45.0	44.0
b) Direct Taxes	9.4	10.4	8.5	10.4	8.5	9.4	9.0	8.5	7.0	7.0	8.81	8.2	8.1	9.0	8.4
c) Income Taxes	–	–	–	–	5.5	7.0	7.2	8.1	7.0	7.0	7.0	8.2	8.0	8.2	8.13
Percentage of the Following to Tax Revenues:															
a) Indirect Taxes	87.7	86.8	85.9	85.9	87.3	87.8	89.1	88.2	90.5	90.1	87.93	88.4	87.6	87.9	87.96
b) Direct Taxes	12.3	13.2	14.1	14.1	12.7	12.2	10.9	11.8	9.5	9.9	12.07	11.6	12.4	12.1	12.03
Percentage of Income Tax to GNP	–	–	–	–	0.81	1.0	1.2	1.02	1.0	1.0	1.03	1.12	1.2	1.24	1.19

Source: Based on the following tables in Appendix I: 6, 8, 9 and 15.

TABLE 1.AB

VISIBLE TRADE AND INTERNATIONAL TRADE IMBALANCES

1960-1972

Period	Exports of Goods	Imports of Goods	Balance of			Services Balance to Balance of Goods %	% Change in Trade Deficit	% Change in Services Balance	% Change in Deficit on Goods and Services	Balance on Visible Trade as % of GNP
IN MILLIONS OF JORDANIAN DINARS										
			Goods	Services	Goods and Services					
1960	3.95	41.43	-37.48	8.66	-28.8	23	4	226	-13	35.5
1961	5.27	40.93	-35.66	10.13	-25.5	28	-5	17	-11	28.0
1962	5.92	43.51	-37.59	10.73	-26.9	29	5	6	5	28.7
1963	6.56	53.63	-47.07	10.89	-36.1	23	-25	1	35	34.2
1964	8.73	49.40	-40.60	16.20	-24.4	40	-14	49	-33	25.3
1965	9.91	55.80	-45.90	19.00	-26.9	41	13	17	10	25.4
1966	10.40	67.30	-56.90	21.40	-35.5	38	24	13	32	30.6
1967	11.33	54.20	-42.90	15.10	-27.8	35	-25	-29	-22	20.8
1968	14.26	57.30	-43.00	-1.40	-44.4	-3	-0.2	-109.0	60.0	21.8
1969	14.75	67.54	-52.79	-10.28	-63.07	-19.5	22.8	-634.0	42.0	22.6
Average 1960-69	9.10	33.10	-44.0	10.04	-34.0	23.5	5	-44.32	10.6	27.29
1970	12.17	65.53	-53.36	6.78	-46.58	12.7	1.2	166.0	-26.1	24.0
1971	11.44	76.19	-64.75	6.58	-58.17	10.2	21.3	-3.0	24.9	27.4
1972	17.01	94.88	-77.87	8.88	-68.99	11.4	20.3	35.0	18.6	30.9
Average 1970-72	13.53	78.87	-65.3	7.41	-58.0	11.43	14.27	6.6	5.8	27.4

Source: Based on the following tables in Appendix I: 10 and 11.

GRAPH 7

BALANCE OF MERCHANDISE
BALANCE OF GOODS AND SERVICES
BALANCE OF SERVICES
BALANCE OF BASIC TRANSACTIONS
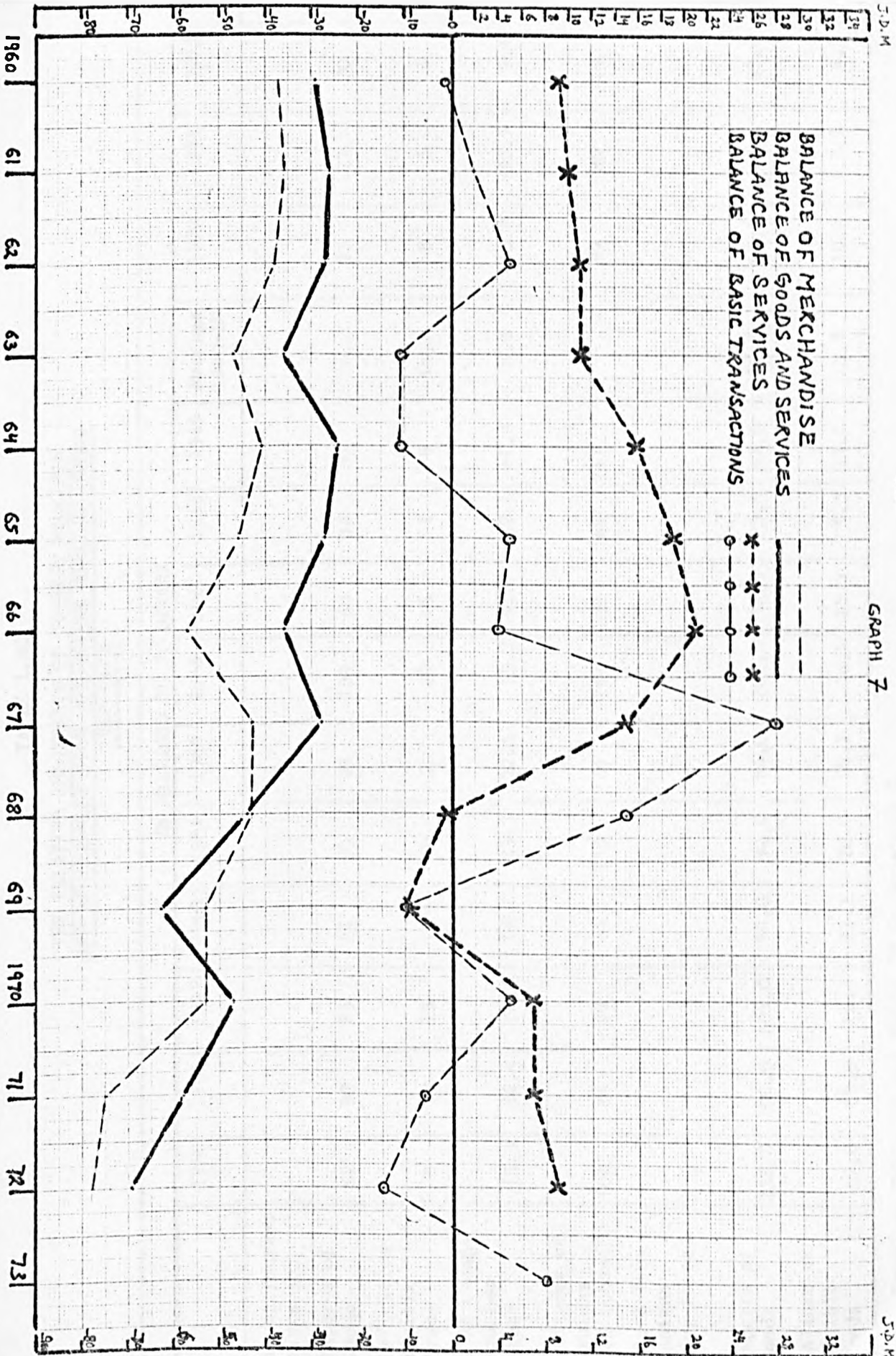
TABLE 1.AC

THE RELATIVE IMPORTANCE OF TOURISM RECEIPTS
AND REMITTANCES FROM JORDANIANS WORKING ABROAD
1960-1972

IN MILLIONS OF J. DINARS															
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	Average 1960-69	1970	1971	1972	Average 1970-72
Ratio of Tourism Receipts to:															
a) Exports of Goods	82	82	85	91	91	99	109	60	32	31	76.2	35	27	20	27.3
b) Deficit on Visible Trade	9	12	13	13	20	21	20	16	11	9	14.4	8	5	4	5.7
Rate of Change in Tourism Receipts	13.3	34.4	16.4	18.8	33.3	22.5	15.3	-40.0	-32.4	-1.5	8.0	-6.8	-26.5	9.4	-8.0
Remittances of Jordanians Abroad 1960=100	100	84	99	99	128	149	169	105	66	111		89	80	119	
Receipts from Jordanians Working Abroad to:															
a) Exports of Goods	158.0	100.0	105.0	94.0	92.0	94.0	102.0	58.0	29.0	47.0	88.0	45.5	43.4	43.6	44.2
b) Balance on Visible Trade	17.0	15.0	16.5	13.1	20.0	20.2	18.6	15.3	9.5	13.1	15.8	10.4	7.7	9.5	9.2

Source: Based on Table 14 and Table 29 in Appendix I.
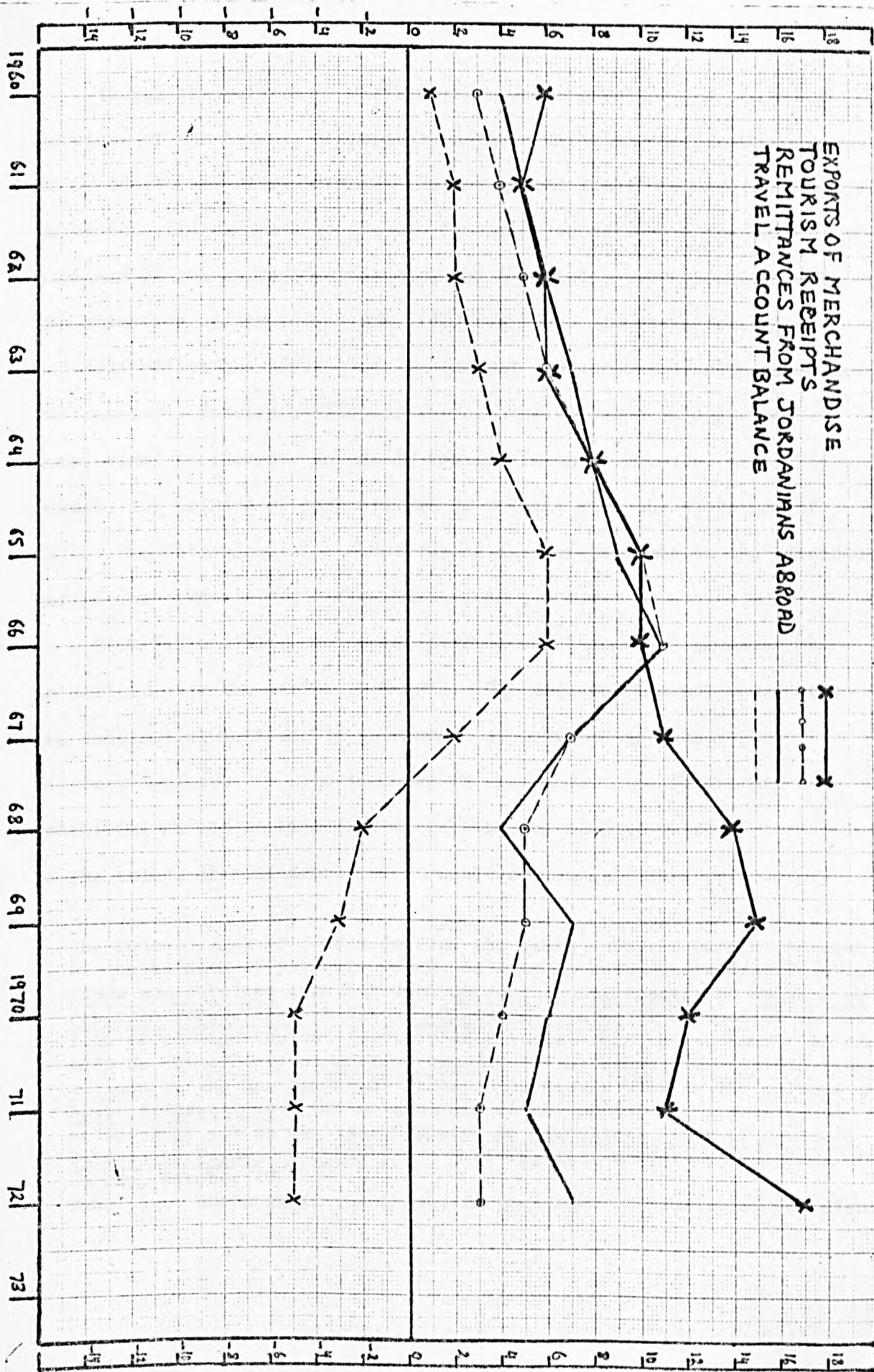
52

J.D. MILLIONS

GRAPH 8

EXPORTS OF MERCHANDISE
TOURISM RECEIPTS
REMITTANCES FROM JORDANIANS ABROAD
TRAVEL ACCOUNT BALANCE

Though the balance on visible trade and the balance of goods and services of the balance of payments were in deficit, the picture changes if we add to the above balances the unrequited transfers and the balance on capital transactions in the non-financial sector.[1] The balance of payments on the extended definition was in surplus over 1960-1969 with the exception of the years 1960, 1963 and 1969. In fact, foreign aid not only offset the deficit on the current account but it also added to the country's foreign exchange reserve. The increase in reserves, in turn, meant an increase in the investment income. However, from 1969 onward, the balance of payments was in deficit with the exception of 1972. The following table shows the balance of payments on the extended definition (1960-1972). (See Table 1.AD., p54.)

From Table 1.AD., one could see that the balance of payments was in deficit over the period 1969-1971. The main reasons for that were: the substantial increase in government expenditure and imports of military hardware.[2] The increase in government expenditure had an additional effect on imports. It revived the economy which in turn led to the return of confidence, as a result commercial banks were more

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1 The Central Bank of Jordan defines the balance on the current account of the balance of payments as the balance on economic transactions in goods and services together with unrequited transfers; the balance on capital transactions in the non-financial sector is defined as the net flow of foreign capital (particularly loans) into the economy. If one adds up the balance on current account to the balance on capital transactions in the non-financial sector, the result will be the balance on basic transactions. For an analysis of the balance of payments and methodology see Na'man Issa Fakoury, An Analytical Study of Jordan's Balance of Payments, 1950-1968. M.A. Thesis, (Amman: Central Bank of Jordan, October 1974).

2 Table 1.X. above shows the change in government expenditures on defence.

TABLE 1.AD

THE BALANCE OF PAYMENTS POSITION - BALANCE

OF BASIC TRANSACTIONS

1960-1972

	IN MILLIONS OF J. DINARS																
	Average 1950 - 1954	Average 1955 - 1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	Average 1960 - 1969	1970	1971	1972	Average 1970 - 1972
Balance on:																	
Goods and Services 1	-12.9	-23.3	-28.8	-25.5	-26.9	-36.2	-24.5	-26.8	-35.6	-27.8	-44.4	-63.1	-33.9	-46.6	-58.2	-69.0	-57.9
Un-requited Transfers 2	11.30	19.31	26.88	26.28	25.21	24.14	28.50	29.5	34.1	53.9	54.5	47.34	35.04	40.65	36.6	68.3	48.52
Capital Transactions in Non Monetary Sector 3	1.43	2.0	0.9	1.25	6.93	1.36	6.23	2.6	5.21	2.0	4.96	5.34	3.68	0.26	6.74	8.32	5.11
Balance of Basic Transactions 4 = 2+3+1	-0.22	-1.95	-1.02	2.03	5.24	-10.7	10.23	5.3	3.71	28.1	15.1	-10.4	4.76	-5.7	-14.8	7.62	-4.29

Source: (a) International Monetary Fund, Balance of Payments Yearbook, (Washington, D.C.: I.M.F., n.d.), vols. 12, 16 and 18. This source covers the period till 1963.

(b) Central Bank of Jordan, Monthly Statistical Bulletin, Vol. 5, No. 12, Dec. 1969; and Vol. 6, No. 12, Dec. 1970; and Vol. 9, No. 10, Oct. 1973.

willing to extend credit to finance imports. Table 21 in Appendix I shows that the trade sector got, on average, 30.8% of total commercial banks' credit over 1964-1972. [1] Finally, aid from Arab Countries dropped when Libya and Kuwait stopped their contributions to Jordan.

With regard to the surplus of 1972 (J.D. 7.6.m.), the main reasons for that were: the end of the civil war and assumption of the complete political control by the government. The end of the political uncertainty led to an increase in production and an increase in the repatriated earnings and requited transfers. Apart from these, the other main contributing factor was the dramatic rise in the volume of exports.

As in the previous periods, Jordan followed a liberal trade policy. Over the period 1960-1970 imports grew at an average yearly rate of 6.44%, the rate of increase over the period 1970-1972 was double that figure. As a proportion of the national income (G.N.P.) imports were 32.8% of the total. An analysis of the structure of imports helps us to analyse the role of imports in the functioning of the economy. From the following table it can be seen that over half of the imports consisted of consumer goods. In fact, items of food accounted for more than a quarter of the total imports during the period 1960-1972. (See Table 1.AE., p56.)

In comparison to the previous periods, the export performance of the economy was better. The average annual rate of growth of exports was higher than that of both imports and the national income (G.N.P.). It averaged 14.6% over 1960-1972. However, it is necessary to point out that the rates of growth in isolation could be misleading. Exports were small in comparison to other macro-economic magnitudes, e.g. the ratio of exports to imports was only 16.8% while the ratio of exports to G.N.P. was 5.5%. Exports, as in the previous periods, mainly consisted of a few agricultural products and minerals. Fresh vegetables and fruits constituted an average of 48.5% of total exports over 1960-1972.

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1 For an account of the performance of both aggregate demand and aggregate supply in the Jordanian economy, see Appendix I, Table 30.

TABLE 1.AE

GROWTH IN IMPORTS AND THEIR FUNCTIONAL CLASSIFICATION

1960-1972

IN MILLIONS OF J. DINARS															
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	Average 1960-69	1970	1971	1972	Average 1970-72
Annual Rate of Change in Imports	5.53	-1.20	6.30	23.30	-8.0	13.0	21.0	-19.5	6.0	18.0	6.44	-3.0	16.3	25.0	12.77
Import Index; 1959 = 100	106	104	111	137	126	142	171	138	146	172		167	194	242	
Balance of Goods 1950 = 100	352	309	326	408	353	398	493	372	373	458		463	562	675	
The Following as % of Total Imported Goods:															
Food Imports *	26.0	26.0	21.4	25.3	28.0	27.0	27.0	26.0	28.0	26.7	26.1	28.7	28.1	29.0	28.6
Consumption Goods	69.0	67.4	63.5	61.3	50.0	49.0	46.0	43.0	48.0	50.0	44.72	50.1	43.6	48.6	47.4
Capital Goods	8.4	10.8	11.5	5.8	25.0	22.0	22.0	27.0	24.0	22.4	17.9	20.3	23.0	19.5	21.0
Raw Materials	26.1	24.2	29.2	27.8	19.0	21.0	22.0	25.0	21.0	21.5	23.7	23.0	17.8	19.7	20.2
Imports as % of the Following:															
GNP	39.2	32.2	33.2	39.0	31.0	31.0	36.2	26.3	29.0	29.0	32.6	29.5	32.2	38.0	33.23
Exports	1049	777	735	818	566	563	647	478	402	458	649	539	666	558	588

Source: Based on the following tables in Appendix I: 10, 11, 15, 17 and 30.

* Data on food imports for the period 1960-63 are from U.N. Year Book of International Trade Statistics, (New York: U.N., 1962); 1963 and 1965.

Among minerals, unprocessed rocks bearing phosphate were the most important. They accounted for on average 25.9% of total exports proceeds. Most of the exports went to the neighbouring Arab Countries. The following table shows the performance of exports and the relative importance of different export items. (See Table 1.AF., p58.)

F - <u>CONCLUSION</u>

(i) Jordan is a creation of international politics in the Middle East; and since its creation, international politics have had a profound effect on the functioning of the economy. In the first place the boundaries of the country were delineated on the basis of political considerations and not economic viability. Over the course of its history, the boundaries of the country have changed twice, first after the 1948 war and then after the 1967 war. In short, the history of Jordan is punctuated by international and civil wars, and each of them created problems for the economy in the form of the influx of refugees and economic and political disruptions.

(ii) Jordan is not well endowed in natural resources. Apart from the things normally found in most places, phosphate is the only mineral resource of importance found in Jordan. So, unlike some Arab countries, Jordan cannot get by on the rent from its mineral resources. By international standards the population density of the country is not high, but the cultivable area as a proportion of total land area is small, and a large portion of best agricultural land is to the west of the river of Jordan - a region which has been under Israeli occupation since 1967. Jordan is an arid country, the main barrier to an increase in the margin of extensive cultivation is the shortage of water. The extensive margin can be increased at the cost of heavy investment in irrigation works.

TABLE 1.AF.

GROWTH IN EXPORTS AND THE RELATIVE IMPORTANCE

OF THEIR COMPONENTS

1960-1972

IN MILLIONS OF J. DINARS															
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	Average 1960-69	1970	1971	1972	Average 1970-72
Annual Rate of Change in Exports	18.0	33.4	12.3	10.8	33.1	13.5	5.0	9.0	25.9	3.4	16.4	-17.5	-6.0	48.7	8.4
Export Index; Exports of 1959 = 100	118	157	177	196	261	296	310	338	426	440		363	341	508	
Exports of Goods as % of:															
GNP	4.0	4.1	5.0	5.0	5.4	5.5	6.0	6.0	7.2	6.3	5.45	5.5	5.0	7.0	5.83
Imports of Goods	9.5	12.9	13.6	12.2	17.7	17.8	15.5	21.0	24.9	21.8	15.7	18.7	15.0	18.0	17.2
Ratio of the Following to Exports of Goods:															
Phosphate Exports	33.2	29.4	25.0	22.3	27.0	25.0	30.1	31.0	30.0	24.2	27.72	18.4	20.0	21.0	19.8
Fruits and Vegetable Exports	36.8	30.4	35.3	36.5	51.0	50.6	62.5	61.4	61.2	58.7	48.4	61.1	46.9	38.1	48.7

Source: Based on the following tables in Appendix I: 2, 10, 11, 13, 17 and 26.

(iii) There was an upward trend in the growth of national income

which, on the average, attained a rate of 10% over the whole period.

The value added in all the economic sectors was seen to grow. However,

a significant structural development appeared in the fifties whereby

the economy's aggregate value added was derived from services sectors

than from goods producing sectors. The services sectors do not produce

saleable commodities which would finance future growth. So the

development occuring in the economy with this service sector base had

a shaky foundation.

(iv) As is usual in underdeveloped countries, most of the population

derives its livelihood from agriculture, and the sector is the largest

single contributor to the national income. Productivity in agriculture

is low and the techniques of production primitive. The prevalent method

of cultivation is dry farming – a method which makes yields heavily

dependent on the rainfall and weather. Most of the agricultural production

consists of a few products. Despite the fact that the majority of

population is employed in the sector, Jordan is a food deficit country.

Over the period 1960-1972 something like a quarter of imports consist

of food. In its economic policies the government did not, despite its

importance, pay special attention to the development of the sector.

(v) The industrial sector prior to 1950 was rudimentary. The

development of industry in Jordan is, therefore, a post 1950 phenomenon.

Over the period, 1950-1972, the share of the industry in the national

income increased. The pattern of industrialisation in Jordan has been

very similar to that in other underdeveloped countries in that most of

the industries were established to produce import substitutes. The

factors which constrained the development of industry were: (a) the

lack of managerial expertise and technical know-how; (b) the limited

size of the domestic market; (c) the liberal import policy of the government; and (d) absence of the domestic sources of energy and paucity of domestically produced raw materials. The development of industry was also constrained by the shortage of credit to the sector.

(vi) As for the fiscal system and the budgetary policy of the government. Most of the tax revenues were derived from indirect taxes and of them the duty on imports was the most important. On the other hand, direct taxes accounted for a small portion of the tax revenue. The incidence of direct taxes was limited due to wide-spread tax evasion, and the main burden of them fell on the individuals earning their income in the form of regular salaries. The government budget was for the most part in deficit, the deficit was financed either by foreign aid or by borrowing from the private sector. The government made little attempt to bridge the gap between expenditure and revenue by raising taxes. As for the composition of government expenditure: most of it was devoted to current expenditure, of which the expenditure on defence was the largest component. Before 1950 hardly any of the government expenditure was for development projects, but the share of the development expenditure increased over time.

(vii) The balance of visible trade of the balance of payments was permanently in deficit throughout the period of study. It was partly covered by surplus on the invisible account. Earning repatriated by Jordanians working abroad, earnings from tourism and investment income particularly the rate of interest earned by the Central Bank on its deposits abroad, were the major items on the invisible account.

Though the balance on visible trade and the balance of goods and services of the balance of payments were in deficit, the picture changes if we add to the above balances the unrequited transfers and the balance

on capital transactions in the non-financial sector. The balance of
payments on the extended definition was in surplus over 1960-1969 with
the exception of the years 1960, 1963 and 1969. In fact foreign aid
not only offset the deficit on current account but it also added to
the country's foreign exchange reserves.

Jordan maintained large foreign exchange relative to the volume of
its external trade; as a result, income on the portfolio investment
abroad by the Central Bank appeared as a significant item on the
invisible account. Jordan followed a liberal trade policy, as compared
to some of the Arab countries. Imports were lightly taxed, the reason
for this was the ease with which Jordan managed to obtain, due to its
geopolitical position, foreign aid.

CHAPTER II

PART ONE: FOREIGN AID TO JORDAN - DEFINITIONS AND DATA

In this chapter and the following one, we propose to describe the
magnitude, kind and sources of foreign aid received by Jordan over the
period 1924 - 1972.   Data on foreign aid to Jordan are not readily
available, so the figures given are drawn from a number of sources.
The main Jordanian sources of data were the Central Bank, the Ministry
of Finance, the Department of Statistics and the National Planning Council.
The other sources of data are the agencies of donor governments, eg:
the U.S. Mission, the United Nations Office and the British Embassy.
What we have done is to collate and combine the partial data to provide
an overall statistical picture of aid to Jordan.

The flow of aid is divided into two categories viz., unrequited
transfers (outright grants) and the repayable aid (loans). One of the
aims of this chapter is to analyse the respective shares of unrequited
transfers and loans in foreign aid to Jordan.   Later on, we will compare
the respective compositions of aid to Jordan and other Middle Eastern
and Asian countries.   The flow of aid is farther analysed in terms of
its sectoral distribution.   Here, there is a difficulty: Comprehensive
figures on the sectoral distribution of unrequited transfers are not
available.   Since most of unrequited transfers took the form of
budgetary support, the analysis of the composition of government
expenditures does, at least to some extent, indicate the sectoral
distribution of this type of aid.   However, the figures on the sectoral
districtuion of loans are analysed in chapter $\overline{IV}$.   The data on the
overall sectoral distribution of loans is compiled from the tables, we
constructed, on the sectoral distribution of loans by individual donor
countries.

Apart from the analysis of the distribution of aid, we shall also examine the misrecording of aid flows to Jordan with a view to assessing the discrepancy between the actual and the recorded flows.

A - DEFINITIONS:

By aid (or foreign assistance), we mean funds and the goods and services transferred to Jordan by external non-resident sources in gross terms (gross of debt service payments). Specifically, it includes: (a) budgetary support in the form of grants, technical assistance and foreign loans; (b) unrequited transfers by the United Nations, Relief and Works Agency (U.N.R.W.A.)[1]; and (c) private unrequited transfers. Unrequited transfers refer to the value of budget support, technical assistance, U.N.R.W.A. transfers and private unrequited transfers. Remittances from Jordanian emigrants (repatriation earnings), together with receipts of religious institutions, constitute almost the whole of private unrequited transfers. As for loans, the term "aggregate loans" refers to loans extended to the Central government and public agencies.

In compiling the data, we have used the following criteria: (a) the receipts in question must have resulted either in transfer of cash, or goods or services (technical assistance) or a combination of them during the period under study; (b) aid must have come from abroad and from non-residents. On one hand, we do not include remittances from Jordanian residents working abroad as a part of foreign aid. On the other, we include remittances from Jordanian emigrants. The first is considered part of invisible exports while the latter part of capital inflow.

---

1 The 1948 Arab-Israeli War displaced a large number of Palestinians. The United Nations instituted a programme of help for the refugees. Since 1950, relief for Palestinian refugees has been under the aegis of the United Nations Relief and Works Agency; see chapter III, part two, for a detailed discussion of aid from this agency.

(c) In computing the aid figures, we have neglected the political motives behind it. Moreover, we have also neglected the economic effects of aid. In other words, the question of whether or not foreign aid contributes to the country's economic development, is not regarded relevant when measuring the volume of foreign aid; (d) for a flow to qualify as aid it must involve a measure of concession. In compiling figures on aid, we have excluded flow of short-term funds-trade credit - on the ground that such flows form an integral part of international trade in commodities and as such they involve no concessions other than facilitating trade; and finally, (e) aid is measured on a gross basis i.e., debt service charges and repayment of loans are not deducted from aid received by Jordan. The measurement in gross terms is justified, since loans, till recently, accounted for a small proportion of the total aid flows. Repayments of the principal and of interest charges on such borrowings were relatively small during the period. Netting those figures from total aid receipts does not make any significant difference to our analysis.

B - FOREIGN AID DATA

The inflow of aid is recorded by a number of different agencies. Some of the aid to Jordan went unrecorded, this is particularly so in the case of unrequited transfers. During the early part of the 1924-1949 period, it was mainly the services offered to Jordan by the British government and international and religious agencies and the assistance from the government of Palestine which were left unrecorded. Some instances of these were pointed out in Konikoff's survey on Transjordan: "There is, for instance, the Transjordan section of the Hejaz Railway administered and maintained by Palestine which has, in addition,

participated in the improvement of roads in Transjordan, in the up keep

of certain medical services, etc.   The High Commissioner, too, is

paid solely by Palestine, although he holds a commission for both

Palestine and Transjordan, while the cost of the British Resident at

Amman and his staff, which was previously borne by Transjordan itself,

has since April 1934 been charged to Imperial Funds.   All these

expenses do not appear in Transjordan Budget figures and only one sixth

of the cost of the Transjordan Frontier Force was included therein,

although the force is mainly stationed and principally required for

service in Transjordan.   Last but not least, about half of all

services towards public health and public education are performed and

financed by foreign religious and charitable institutions."[1]

Figures of budgetary support from Britain and aid-in-grants

during the period 1944-1949 are not readily available and these are

difficult , and at times impossible to acquire from the British and

Jordanian records.   We have found instances of misrecording and

under-recording and unrequited transfers even during the later period,

i.e: 1950-1972.   Most of these were due to the fact that neither the

government budgetary accounts (compiled by the Ministry of Finance)

nor the balance of payments (compiled by the Central Bank) were constructed

in any great detail.   Furthermore, the aid figures in the budget

accounts and the balance of payments do not tally.   We will return to

these discrepancies later.

However, it is possible to identify the types of aid which went

unregistered: (a) aid-in-kind donated by external agencies, e.g: The United

Nations Relief and Works Agency for Palestine refugees (U.N.R.W.A.), the

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1 A.Konikoff, op. cit., p.94.

World Food Programme (W.F.P.), the United Nations Development Programme

(U.N.D.P.) and some religious institutions; (b) a part of military

aid-in-kind offered directly to the Jordanian army. (Such as

donations of military equipments and arms by the U.S.); and (c) grants

and aid-in-kind given directly to some of the semi-governmental

institutions, e.g., the Municipality of Amman, the Royal Society for

Scientific Research, Municipalities Loan Fund ..... etc.

As far as U.N.R.W.A. unrequited transfers to Jordan are concerned,

there were two main sources of misrecording: failure to accurately

evaluate the value of the part of the aid given in kind and the misrecording

of the U.N.R.W.A.'s cash transfers. U.N.R.W.A. makes some of the cash

transfers through commercial banks who do not distinguish between

U.N.R.W.A. transfers and other transfers which results in underestimation

of aid in cash by U.N.R.W.A. It frequently occurred that corrections

were made on the consolidated statements of commerical banks submitted

to the Department of Economic Research at the Central Bank. An

examination of U.N.R.W.A. transfers to Jordan in 1967 and in 1971 shows

an appreciable drop in both transfers in kind and those in cash. This

decrease, it should be noted, happened at a time where the then prevailing

circumstances point to the opposite. It was known that extra

assistance was received to meet the needs and alleviate the hardships

that resulted from the 1967 War and 1970 Civil War. This assistance

took the form of food, medicine and other goods and it was in addition

to the regular aid-in-kind from U.N.R.W.A. Yet, the data shows a

significant decrease in the U.N.R.W.A. aid-in-kind during the period in

question.

As for aid from other U.N. Agencies, we found that neither the

Central government (the government budget) nor the Central Bank accounts

(balance of payments) have comprehensive records of this. Actually, Jordan received from the United Nations agencies, other than U.N.R.W.A., significant amounts of aid in cash and in kind. Aid from the United Nations agencies, as we will point out in chapter III, did contribute, in an important way, to the development of particular sectors of the economy.

Transfers from Jordanian emigrants (repatriation earnings) which form, together with receipts of religious institutions almost the whole of private unrequited transfers to Jordan, were also misrecorded. Normally, these are channelled either through money exchangers (outside the banking system), or brought to the country in person. A proportion of this flow goes to Beirut market and a significant part of the earnings flow back to the country in the form of goods brought by Jordanians after their visits to Lebanon and other countries. The Central Bank and the Department of Statistics, on their part, make estimates of repatriations through those channels, but the estimates are by no means reliable.

Further, in compiling the balance of payment figures, the Central Bank co-operates with other governmental departments. They provide the bank with statistics they themselves collect. The value of aid-in-kind for example, is sometimes assessed by customs officials or by officials in the Department of Statistics. However, there is no standard procedure, officials rely on the rule of thumb when assessing the value of aid-in-kind. Besides, as happened in 1967 and in 1970, a high proportion of aid-in-kind went completely unrecorded. Finally, the estimation and recording of military aid-in-kind poses a formidable problem, since the composition of the aid is not disclosed publically.

As we mentioned earlier, the total aid figures which appeared in the balance of payments differed from these in the Central government

budget. What is more, these discrepancies could be observed in most

years of the period under study. They could be ascribed to the

following: (a) the fiscal year and the balance of payments year do not

coincide. Till 1966, the fiscal year started on May 1 and ended on

April 31, while the balance of payments' data were compiled on a yearly

basis starting on January 1[1]; and (b) the classifications used in the

two sets of data were different. For example, the budgetary accounts

register transfers at the end of a particular year as receipts of following

year whereas the balance of payments accounts register aid transfers at

the time of their receipts.

However, there are three main cases of discrepancy in the figures

for unrequited transfers in the balance of payments accounts and those

in the budget accounts. Unrequited transfers from the main donors viz.,

the United Kingdom, the United States and the Arab countries, are different

in the two accounts[2]. Aid in the form of unrequited transfers from the

United States and the Arab countries, as registered in the budgetary

accounts, was lower than that in the balance of payments accounts, J.D.

39.64 million and J.D. 36.08 million respectively. On the other hand,

unrequited transfers from Britain, as they appeared in the balance of

payments, were J.D. 31.3 million lower than that in the budget records.

Further, we compared total aid from Britain in both the balance of payments

and in the budget accounts and found that in the balance of payments accounts

the misrecording of British loans was less serious than that of unrequited

transfers. The misrecording of British aid at the balance of payments

could be mainly ascribed to misrecording of grants particular in the period

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1   Foreign aid figures were adjusted to make possible comparisons with
    key economic variables which are measured with reference to the
    calendar year.

2   See Appendix II, Table 8.

prior to the establishment of the Central Bank of Jordan (before 1964).

The following table shows unrequited transfers from three main donors as they appeared in the balance of payments accounts and in the budget accounts[1].

TABLE 2

UNREQUITED TRANSFERS TO CENTRAL GOVERNMENT FROM THREE

MANOR DONORS - A COMPARISON

1950-1972

	IN MILLIONS OF JORDANIAN DINARS		
SOURCES OF UNREQUITED TRANSFERS	BALANCE OF PAYMENTS (1)	CENTRAL BUDGET (2)	DIFFERENCES (3) = 1-2
U.K.	55.860	87.158	31.298
U.S.A.	214.360	174.717	39.643
Arab Countries	225.530	189.450	36.080

Source: Appendix II, Table 8

Moreover, not only were there discrepancies between the figures collected by different Jordanian public agencies, but also between the figures published by Jordanian authorities and those published by donor countries. The important case in point is the aid given by the United States Agency for International Development (A.I.D.). Table 2.A shows those differences. The total U.S. aid according to the U.S.A.I.D. was $175,5 m. higher than that recorded in the government accounts. Similarly, the budgetary aid from the U.S. was $373.9 m. according to the U.S.A.I.D. and only $328.3 m. according to the government accounts.

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1 Table 8 in Appendix II gives a detailed comparison of data on unrequited transfers from the three main aid donors viz., the U.K., the U.S.A. and Arab countries.

TABLE 2.A

U.S. AID TO JORDAN - A COMPARISON

U.S. AID FLOW TO JORDAN FROM INCEPTION OF AID PROGRAMME TO JUNE 30, 1970. (IN MILLIONS OF U.S.$)			U.S. BUDGET SUPPORT TO JORDAN FROM INCEPTION OF AID PROGRAMME TO JUNE 30, 1970. (IN MILLIONS OF U.S. $)		
U.S.A.I.D. Mission Report (Amman)	Jordanian Budget Sources	Difference	U.S.A.I.D. Mission Report (Amman)	Jordanian Budget Sources	Difference
569.30*	393.77	175.53	373.9	328.32	45.58

Sources: (a) Appendix I, Table 1; (b) U.S. A.I.D. Mission, U.S. Economic Aid Programs to Jordan, (Amman: U.S. Mission, 31-8-1970).

* 51.1 m. Dollars were deducted for they represented the U.S. administration expenditures in Jordan thus definitions of aid in both sources were made comparable. Furthermore, annual figures appearing in the Jordanian sources were adjusted to suit the U.S. aid Calendar.

If it is assumed that the U.S. A.I.D. had no reason to over-estimate the flow of aid to Jordan, then it follows that the Jordanian official figures under-estimate the actual flow of aid to Jordan.

PART TWO: MAGNITUDES OF FOREIGN AID AND THEIR MAIN COMPONENTS

During the 48 years under study (1924-25/1972-73), as shown by Table 2.B below, Jordan received J.D. 681.5 m. in foreign aid. 72.9% of this aid was received during the last 12 years of our study, i.e., 1960-1972. This table, as well as Table 2.B, shows that most of aid received in the form of unrequited transfers or grants. Specifically, the proportion of grants in the total was more than 3/4. The significance of this ratio is that aid did not impose great financial obligations on the economy. On the other hand, loans, though a small proportion of the total, increased in relative importance over the latter years of study. Graph 1 shows the absolute levels of unrequited transers and total aid, while Graph 2 shows the respective shares of loans and unrequited transfers in the total. (See Table 2.C. on page 72).

AGGREGATE FLOW OF FOREIGN AID
TO
JORDAN, 1924-25/1972-73

THE UNREQUITED COMPONENT

GRAPH 1
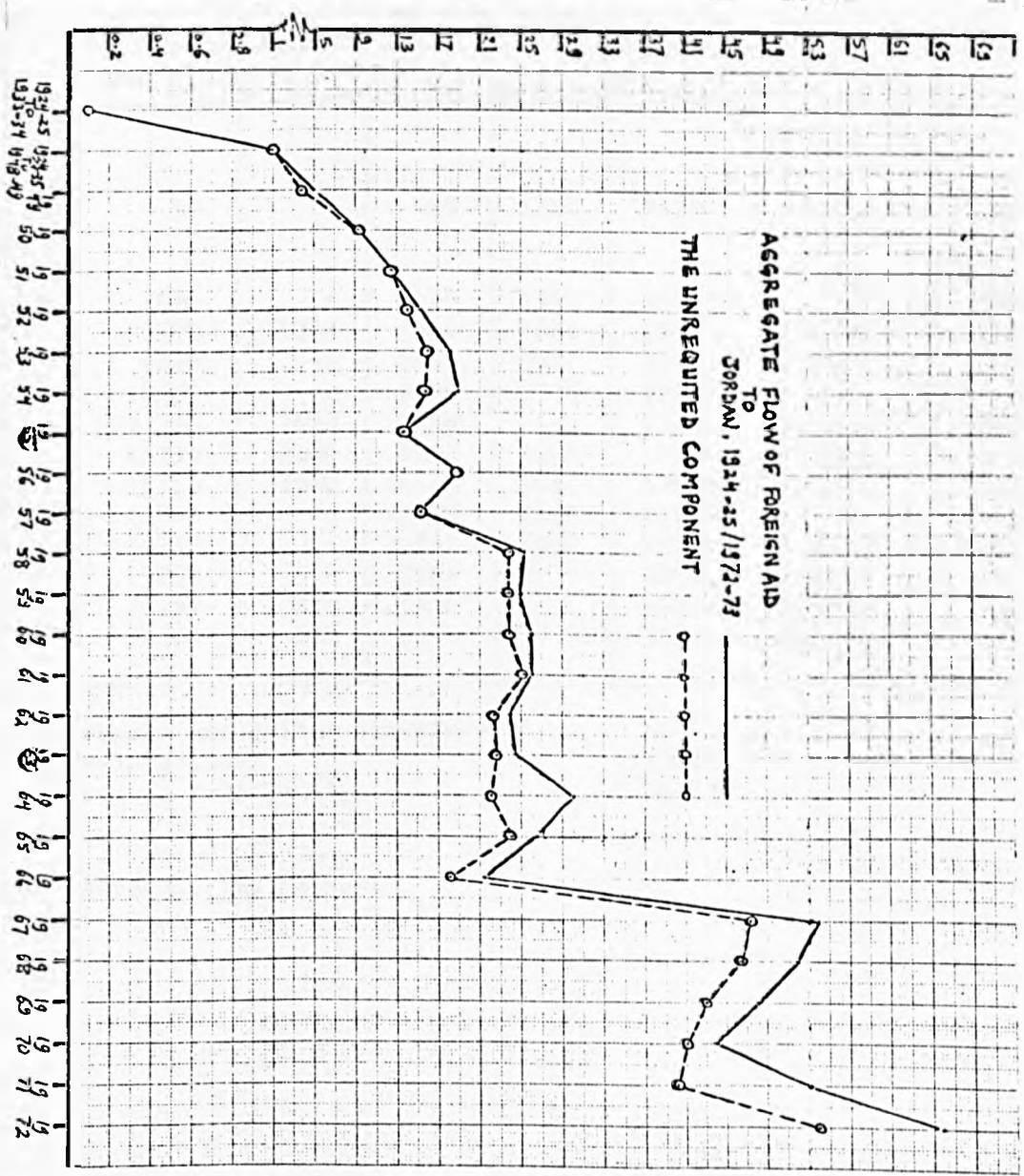
TABLE 2.B

AGGREGATE FLOW OF FOREIGN AID AND ITS BASIC

COMPONENTS 1924-25/1972-73

IN THOUSANDS OF JORDANIAN DINARS							
PERIOD	Aggregate Flow of Foreign Aid			PERIOD	Aggregate Flow of Foreign Aid		
	Unrequited Transfers	Loans	Total		Unrequited Transfers	Loans	Total
1924-25 to 1933-34	89	–	89	1960	24241	1815	26056
1934-35 to 1948-49	620	–	620	1961	25265	776	26041
1949	3500	1000	4500	1962	22669	1317	23986
1950	9448	–	9448	1963	22863	1933	24796
1951	12885	–	12885	1964	22729	7179	29908
1952	13986	1500	15486	1965	23989	2616	26605
1953	16213	2100	18313	1966	18211	3590	21801
1954	16115	2870	18985	1967	47509	6792	54301
1955	13948	–	13948	1968	46763	5414	52177
1956	19232	–	19232	1969	43297	4781	48078
1957	15766	–	15766	1970	41074	3155	44229
1958	24161	997	25158	1971	40067	13077	53144
1959	24206	500	24706	1972-3	53605	12105	65710
a – Aggregate unrequited Transfers				608022			
b – Aggregate Loans				73515			
c – Aggregate Foreign Aid				681536			

Source: Appendix II, Table 1.

GRAPH 2

COMPONENTS OF AGGREGATE AID FLOW TO JORDAN
1924-25 / 1972-73 [PERCENTAGES]

UNREQUITED TRANSFERS AS PERCENTAGES OF
AGGREGATE AID FLOW . 1924-25 / 1972-73

LOANS AS PERCENTAGE OF AGGREGATE
AID FLOW 1924-23 / 1972-73
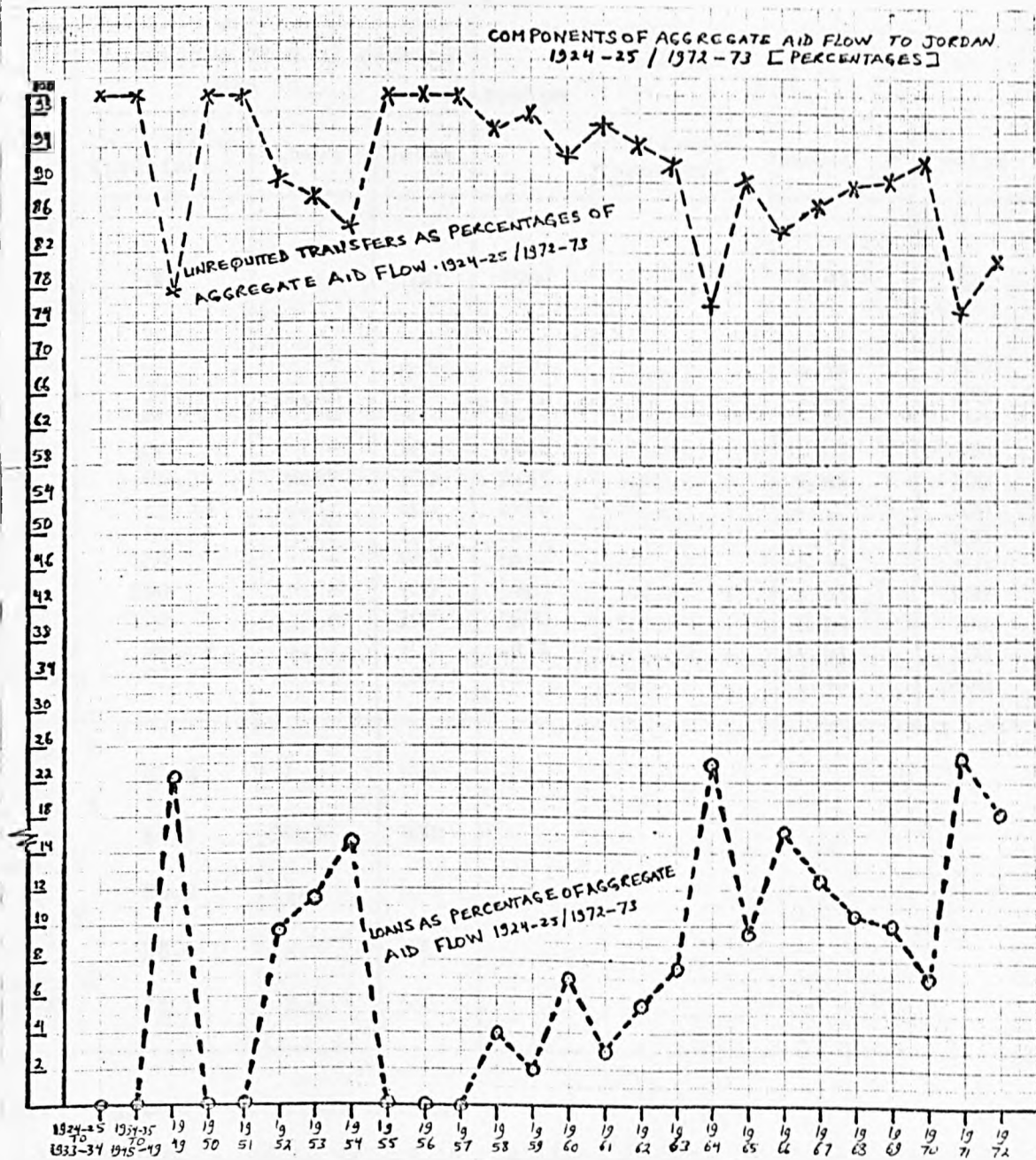
TABLE 2.C

RELATIVE IMPORTANCE OF COMPONENTS OF AGGREGATE FOREIGN AID

1924 - 1972

PERCENTAGES							
Period	Aggregate Flow of Foreign Aid			PERIOD	Aggregate Flow of Foreign Aid		
	Unrequited Transfers	Loans	Total		Unrequited Transfers	Loans	Total
1924-25 to 1933-34	100	-	100	1960	93.03	6.97	100
1934-35 to 1948-49	100	-	100	1961	97.02	2.98	100
1949	77.77	22.23	100	1962	94.51	5.49	100
1950	100	-	100	1963	92.20	7.80	100
1951	100	-	100	1964	75.99	24.01	100
1952	90.31	9.69	100	1965	90.16	9.84	100
1953	88.53	11.47	100	1966	84.53	16.47	100
1954	84.88	15.12	100	1967	87.49	12.51	100
1955	100	-	100	1968	89.62	10.38	100
1956	100	-	100	1969	90.05	9.95	100
1957	100	-	100	1970	92.86	7.14	100
1958	96.03	3.97	100	1971	75.39	24.61	100
1959-60	97.97	2.03	100	1972-73	81.57	18.43	100
Average % 1950-59	95.8	4.2	100				
Average % 1960-66	89.5	10.5	100				
Average% 1967-72	86.2	13.8	100				
Average% 1960-72	88.0	12.0	100				
Average % 1950-72	91.4	8.6	100				

Source: Appendix II Table No. 1.

The nature of aid to Jordan is clarified further by classifying aid in a number of different ways (see Table 2.D). The table shows that aid in cash was more than 3/4 of the total, while aid-in-kind was only 18% of the total over the period 1950-1972. In addition, aid from bilateral sources was, on average, 78.4% of the total over 1950-1972 while 82.5% of the total over 1960-1972. In other words, the bilateral aid became more important over the later period of the study.

TABLE 2.D

THE CATEGORIES OF FOREIGN AID

PERCENTAGES										
FOREIGN AID										
	Cash (1)	In Kind (2)	Total 1+2	Bilateral (3)	Multilateral (4)	Total 3+4	Grants (5)	Loans (6)	Total 5+6	
Average % 1950-1972	82.0	18.0	100	78.4	21.6	100	91.4	8.6	100	
Average % 1960-1972	78.5	21.5	100	82.5	17.5	100	88.0	12.0	100	

Source: Based on the following tables in Appendix II   1, 2, 6.

In the following analysis, foreign aid to Jordan will be examined in terms of its two major components viz., unrequited transfers (grants) and loans.

A. COMPONENTS OF UNREQUITED TRANSFERS AND THEIR RELATIVE IMPORTANCE

Unrequited transfers, as previously defined, can be divided into four components viz., budget support, technical assistance, U.N.R.W.A. transfers and private unrequited transfers. The first has always been the most important interms of its ratio to both the total aid and the total unrequited transfers. It constituted an average of 58.4% of the former and 63.9% of the latter, over the period 1950-1972[1]. In absolute terms, as the following table shows, the budgetary aid was J.D. 405.9 million over the period under study.

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1 See Appendix II, Table 2

TABLE 2.E

LEVELS OF BUDGETARY AID (BUDGET SUPPORT)

1924-25/1972-73

IN THOUSANDS OF JORDANIAN DINARS							
Period	Budget Support	Period	Budget Support	Period	Budget Support	Period	Budget Support
1924-25 to 1933-1934	89	1943	1967	1953	8537	1963	14003
1934	101	1944	17	1954	8420	1964	13682
1935	82	1945	18	1955	8957	1965	12836
1936	131	1946	n.a	1956	10957	1966	7929
1937	101	1947	n.a	1957	5000	1967	16896
1938	404	1948	n.a	1958	16389	1968	39550
1939	465	1949	3500	1959	16430	1969	37553
1940	809	1950	4898	1960	16436	1970	33070
1941	850	1951	7200	1961	16419	1971	34928
1942	1245	1952	7314	1962	14689	1972	44001
Total Budget Support 1924 - 1972 (In J.Ds.) 405,873,600							

Source: Appendix $\overline{II}$, Table 2.

As for the other components of unrequited transfers, the following table and Graph 3 show their respective shares in the total. Technical assistance was not an important element in the total volume of grants. It averaged 4.9% over 1950 - 1972. On the other hand, transfers from the United Nation's Relief and Works Agency (U.N.R.W.A.) ranked second in terms of their share in the total unrequited transfers. (See Table 2.F. p76).

At this stage, it is interesting to compare the respective position of unrequited transfers to Jordan and other Middle Eastern and Asian countries who, with Jordan, were recipients of aid over the period 1960-1972. Jordan is among the first three when countries are ranked according to the following ratios: The ratios of grants received to export earnings, imports and gross domestic product. In addition, among the aid-receiving countries mentioned above, Jordan ranked second in receiving unrequited transfers in relation to her population. The following table shows the position of Jordan in relation to other recipients of unrequited transfers. (See Table 2.G. p77).

As far as the sectoral distribution of unrequited transfers is concerned, we pointed out earlier that the relevant figures are not available. Lacking something better, we use the distribution of government expenditures as the indicator of the distribution of the aid given in the form of budgetary support. By and large, as we will point out later, most of government expenditures went to a few sectors, and some sectors received practically none of the government expenditure. To start with, three quarters (78.8% of the total over the period 1950 - 1972) of government expenditure was recurrent expenditure. On the other hand, development expenditure (classified as capital expenditure) averaged 21.2% of the total. There was a slight change in the composition of government expenditures over the period 1950 - 1972.

In 1950, development expenditures constituted 21.7% of total

TABLE 2.F

UNREQUITED TRANSFERS AND THE RELATIVE IMPORTANCE OF THEIR COMPONENTS

1924-25/1972-73

IN THOUSANDS OF JORDANIAN DINARS											
Period	Total Unrequited Transfers	Components of Unrequired Transfers as Percentage of Total Unrequited Transfers (Percentage)				Period	Total Unrequited Transfers	Components of Unrequired Transfers as Percentage of Total Unrequited Transfers			
		Budget Support	Technical and Economic Assistance	U.N.R.W.A. Transfers	Private Unrequited Transfers			Budget Support	Technical and Economic Assistance	U.N.R.W.A. Transfers	Private Unrequited Transfers
1924-25 to 1933-34	89	100	-	-	-	1960	24241	67.80	4.6	21.82	5.74
1934-35 to 1948-49	6191	100	-	-	-	1961	25265	64.98	7.8	20.38	6.79
1949	3500	100	-	-	-	1962	22669	64.79	4.5	23.20	7.51
1950	9448	51.84	-	31.64	16.51	1963	22863	61.24	7.4	24.10	7.29
1951	12885	55.87	-	26.07	18.04	1964	22729	60.19	7.6	23.62	8.58
1952	13986	52.29	-	31.17	16.53	1965	23989	53.50	10.2	25.05	11.28
1953	16213	52.65	2.8	29.97	14.61	1966	18211	43.53	10.7	30.86	14.87
1954	16115	52.24	3.3	34.12	10.32	1967	47509	79.20	5.0	10.10	4.84
1955	13948	64.21	2.4	33.40	-	1968	46763	84.57	5.0	11.76	2.99
1956	19232	56.97	-	23.08	19.94	1969	43297	86.73	1.9	7.78	3.57
1957	15766	31.71	6.3	31.07	30.95	1970	41074	80.51	5.7	10.98	2.77
1958	24161	67.83	9.1	19.65	3.42	1971	40067	87.17	1.1	8.88	2.79
1959	24206	67.87	6.1	22.30	3.72	1972	53605	82.08	0.8	12.72	4.34
Average % 1950-59		55.35	4.3*	28.2	13.4						
Average % 1960-66		59.43	7.5	24.1	8.9						
Average % 1967-72		83.38	2.5	10.4	3.6						
Average% 1960-72		70.48	5.2	17.8	6.4						
Average % 1950-72		63.90	4.9	22.4	9.5						

Source: Appendix II, Table 2.

*Average percentage for 1953-1959

GRAPH 3

COMPONENTS OF UNREQUITED TRANSFERS [PERCENTAGES]
1924-25 / 1972-73
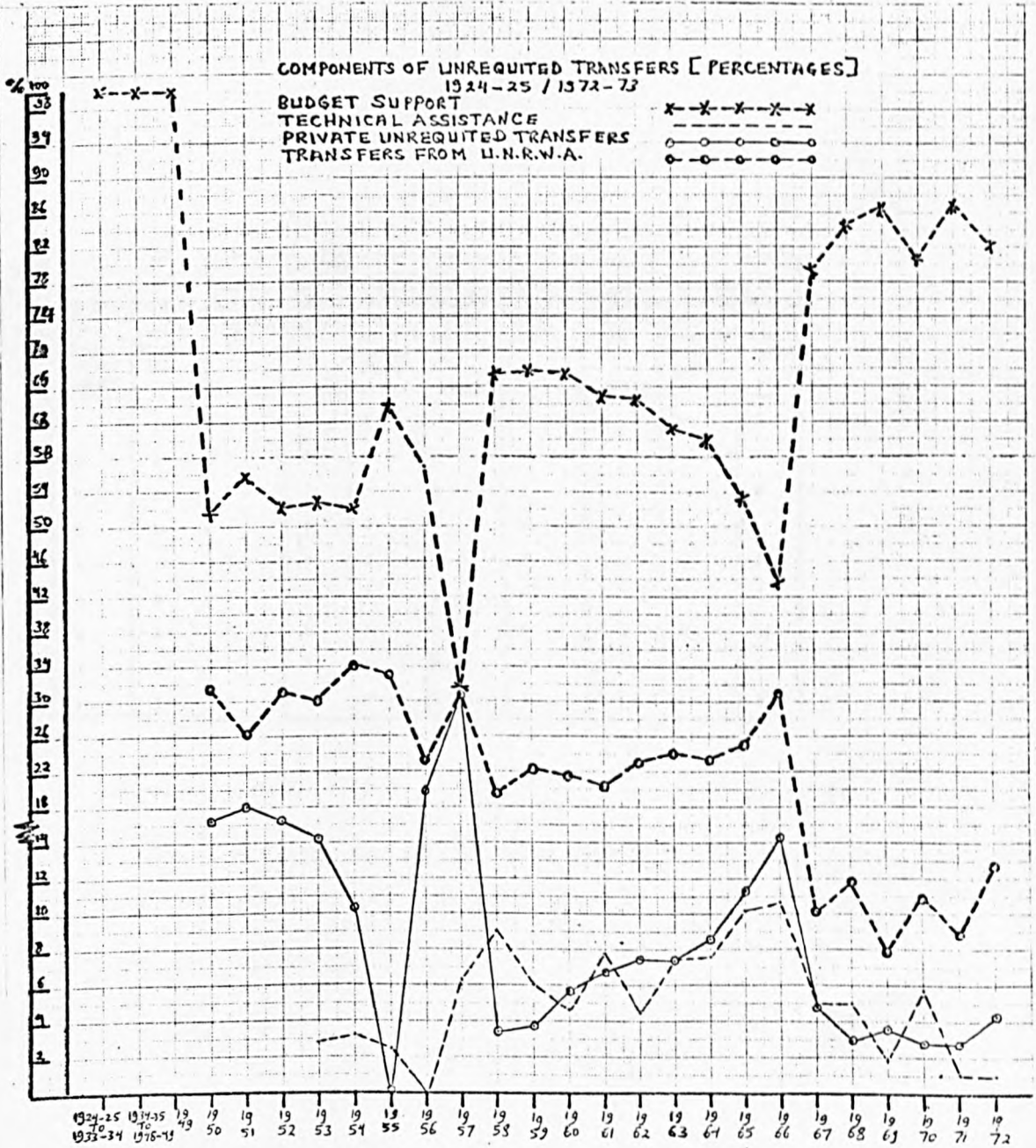
TABLE 2

RANKS OF SELECTED MIDDLE EASTERN AND ASIAN COUNTRIES
ACCORDING TO RATIO OF UNREQUITED TRANSFERS TO CERTAIN
ECONOMIC VARIABLES.

1960-197_

Country	1960				1963				1968				1969				1970				1971				1972			
	X	M	GDP	P	X	M	GDP	P	X	M	GDP	P	X	M	GDP	P	X	M	GDP	P	X	M	GDP	P	X	M	GDP	P
Jordan	1	1	1	2	1	2	1	2	1	1	1	2	1	1	1	2	1	1	1	2	1	1	1	3	1	1	1	2
Egypt	9	9	8	8	-	-	-	-	4	3	3	5	4	2	3	4	4	3	3	4	4	3	-	4	-	-	-	-
India	7	7	7	9	7	7	8	8	9	9	9	9	8	8	7	9	8	6	9	9	8	7	-	9	-	6	-	8
Israel	2	2	2	1	2	1	2	1	2	2	2	1	2	3	2	1	2	2	2	1	2	2	2	1	3	2	2	1
Greece	3	6	4	3	3	4	3	3	3	5	5	3	3	4	4	3	3	4	4	3	3	4	3	2	2	4	3	3
Tunisia	5	3	3	4	6	5	4	4	6	6	4	4	7	6	4	5	7	5	5	5	9	8	5	6	6	7	6	5
Morocco	8	8	8	7	8	8	7	7	8	8	7	6	6	7	5	6	6	7	6	6	6	6	4	5	4	5	5	4
Pakistan	4	4	5	6	4	3	5	5	5	4	6	7	5	5	6	7	5	7	7	8	5	5	6	8	7	3	4	6
Turkey	6	5	6	5	5	6	6	6	7	7	8	8	9	9	8	8	9	9	8	7	7	9	7	7	5	8	7	7

Notes: X = Exports; M = Imports; GDP = Gross Domestic Product; P = Population. The column heading reads "Ranks of Countries According to Ratio of Unrequited Transfers to."

Source: Appendix II, Table 4.

GRAPH 4

THE COMPOSITION OF GOVERNMENT EXPENDITURES
1950 - 1972

DEFENCE AND SECURITY
ECONOMIC SERVICES
FISCAL ADMINISTRATION
SOCIAL SERVICES
COMMUNICATION AND TRANSPORT
CULTURE AND INFORMATION

PUBLIC ADMINISTRATION
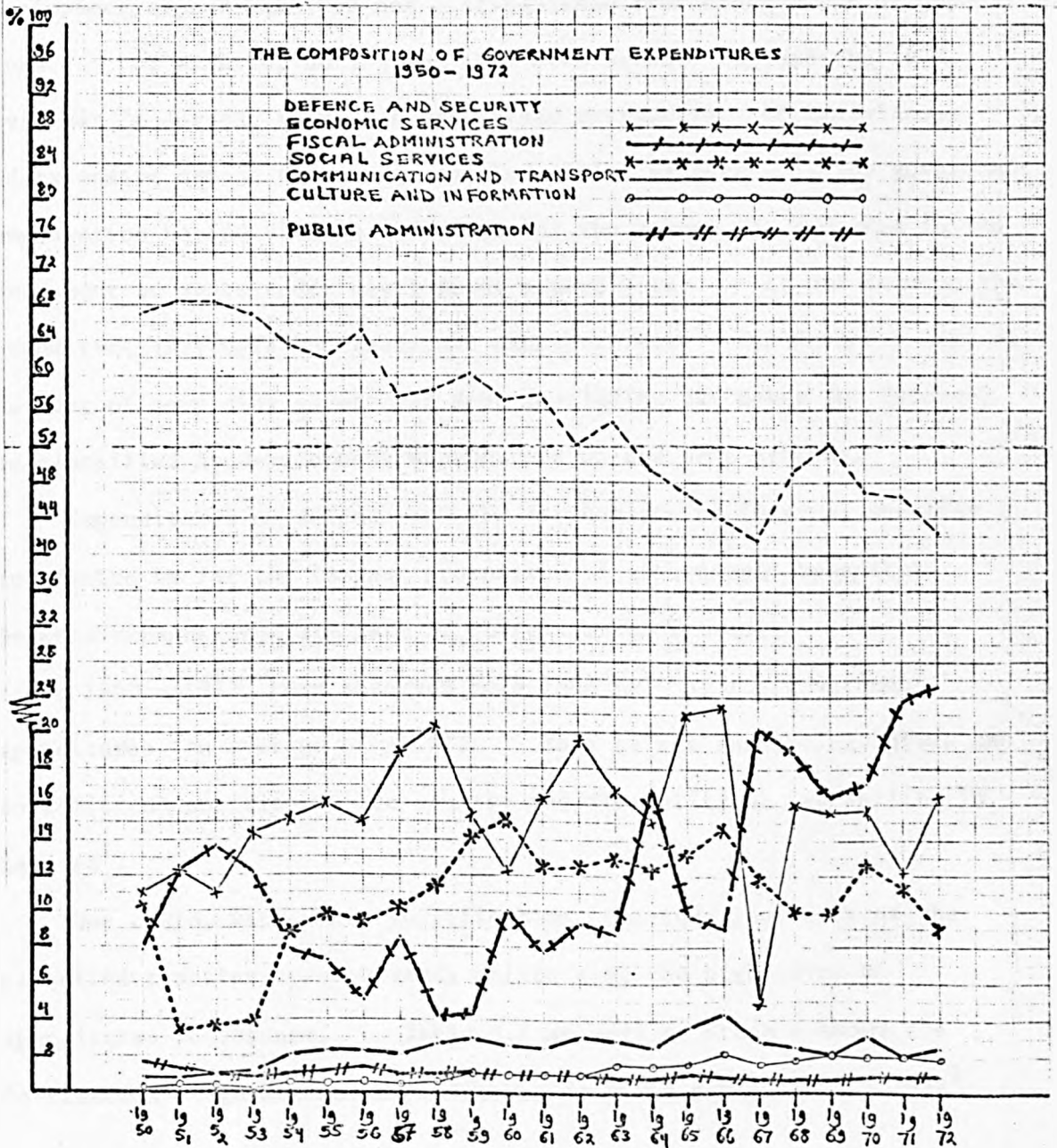
expenditures and they increased to 33% in 1972. However, one should

be careful in drawing conclusions, since part of the change was of a

purely nominal character. In the government accounts, at times,

development expenditure was not distinguished from other forms of expend-

iture. For example, during the 1967 Arab-Israeli War and the 1970

Civil War in Jordan, there was widespread displacement of individuals

and extensive damage to private and industrial property. The government

compensation to individuals and firms for the damage was recorded in the

government accounts under development expenditure. It was done on the

grounds that they were non-recurrent expenditures. Furthermore, some of

the cost of servicing government debt (excluding the debts for defence)

was classified as development expenditure on the same grounds.

Expenditures on defence and the maintenance of internal security

represented by far the largest proportion of government expenditures.

(Defence expenditures are part of current expenditures). Over the

period 1950 - 1972, they absorbed more than half of the government

expenditures (an average of 54.4%). This is not surprising, given the

geo-political position of the country and the political instability in

the area[1].

One could, with ample justification, conclude that most of the

unrequited transfers went towards maintaining the high level of

expenditures on defence. Table 2.H as well as Graph 4 shows the

distribution of government expenditures over the period 1950 - 1972[2].

---

1 This will be discussed further in Chapter III when we come to discuss
   the motives behind aid to Jordan.

2 For more details on the sectoral distribution of government expenditures,
   see Appendix II, Table 5.

TABLE 2.H

SECTORAL DISTRIBUTION OF GOVERNMENT EXPENDITURES

1950-1972

AVERAGE PERCENTAGES

Periods	Public Administration	Defence (Army)	Security and Internal Affairs			International Affairs	Fiscal Administration	Economic Services							Social Services				Culture and Information	Communication	and Transport Services			Total Government Expenditures			Period
			Public Security	Other	Total			Ministry of National Economy	National Planning Council	Public Works	Ministry of Agriculture	Regional Corporation	Other	Total	Education	Health	Social Affairs and Others	Total		Ministry of Communication	Ministry of Transport	Other	Total	Recurring Expenditure	Development Expenditure	Total Expenditure	
Average % 1950-59	1.14	54.79	7.71	1.33	9.04	0.88	8.30	0.11	8.85	4.24	1.65	-	0.13	15.0	4.96	2.16	1.40	8.53	0.48	1.69	-	0.16	1.85	82.99	17.01	100	Average % 1950-59
Average % 1960-66	0.96	44.34	6.24	1.24	7.48	1.34	10.18	0.25	8.75	4.07	1.52	-	2.33	17.86	8.70	3.80	0.81	13.31	1.38	2.60	-	0.42	3.06	79.89	20.11	100	Average % 1960-66
Average % 1967-72	0.79	40.78	4.70	1.12	5.83	1.17	20.29	0.19	6.14	3.46	1.27	-	2.74	13.41	7.21	2.95	0.61	10.79	1.95	1.75	-	0.47	2.51	70.48	29.52	100	Average % 1967-72
Average % 1960-72	0.88	42.70	5.53	1.18	6.72	1.26	14.85	0.23	7.55	3.79	1.41	1.68*	2.52	15.81	8.02	3.41	0.72	12.15	1.64	2.21	0.25**	0.44	2.81	75.55	24.45	100	Average % 1960-72
1950-72	0.99	47.96	6.48	1.25	7.73	1.09	12.00	0.18	8.12	3.99	1.51	-	1.48	15.46	6.69	2.87	1.02	10.58	1.13	1.98	-	0.32	2.39	78.78	21.22	100	Average % 1950-72

Source: Appendix II, Table 5 and Table 5.a.

* Average % for 1962-1972

** Average % for 1965-1972

The second important component of government expenditures is what
is termed in the government budget accounts as "the economic services
expenditures", i.e., expenditures of government ministries and agencies
who are directly concerned with the functioning of the economy, e.g:
The Ministry of National Economy, the Ministry of Agriculture, the
Ministry of Public Works, the National Planning Council and the Regional
Corporation. (As shown in Table 2.H above)[1]. This category, on
average, absorbed 15.5% of the total government expenditures over 1950 -
1972. One can detect a slight shift in the government expenditure
towards this category. Over the period 1950 - 1972 its share in the
total increased by 5.39%.

An indication of the hierarchy of importance attached to different
types of expenditure is provided by the following comparison. Over the
period (1950 - 1972), the expenditure on agriculture (part of economic
services expenditure) was 1.5% of the total while the expenditure on
fiscal administration was 12.0% of the total: third largest component
of government expenditure[2]. Expenditure on Social Services ranked fourth.
It absorbed about 11% of the total government expenditures. Of the expenditure
in this category, 6.7% (of the total expenditure) went to education and
2.87% to health, over the period 1950 - 1972.

It is clear that the government devoted most of its expenditure to
defence and the maintenance of other state apparatuses, e.g: police,
administration etc., and relatively little to the development of agricult-
ure and industry. Given this pattern of the government expenditure
and the fact that most of aid to Jordan was given in the form of budgetary

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1 The regional Corporation is a governmental agency directly concerned
   with the execution of economic projects in the Valley of Jordan.

2 Expenditure on fiscal administration includes administrative expenditures
   of the Ministry of Finance and Customs, the Budget Department, the
   Income Tax Department and the Lands Department.

aid leads us to conclude that foreign aid, for most part, sustained

the apparatuses of the state rather than furthered the economic develop-

ment of the country.   It is pointless to speculate what the pattern

of the government expenditure would have been had Jordan not received

aid.   However, we take the view that the priorities of the government

are affected by the availability of aid.

B. FOREIGN LOANS

Since foreign loans will be discussed in chapter $\overline{IV}$, their

discussion here is kept brief.

Under the category of loans, we included the loans received by the

Central government and those received by the semi-governmental agencies,

e.g: The Industrial Development Bank, The Agricultural Credit Corporation,

The Royal Jordanian Airlines.   Since, as we pointed out above, most of

the foreign aid to Jordan took the form of unrequited transfers, debt

service payments, as well as outstanding debts, were small compared to

those of other developing countries.

Over the period 1949 - 1972, loans totalled J.D. 73.5 m., this

represents 12.0% of the total aid to Jordan over the period.   Loans

were insignificant in the 1950's.   Their share in the total increased

in the early 1960's and over the subsequent periods.   They averaged

12% of total aid over 1960 - 1966 but increased to 16% of the total over

1970 - 1972.   (See Table 2.B above).   Table 2.I and Graph 5 show

the total flow of foreign loans and its two basic components, i.e.,

government loans and government-guaranteed loans.

TABLE 2.I

INFLOW OF GOVERNMENT AND GOVERNMENT - GUARANTEED

LOANS (ACTUAL DISBURSEMENTS)

1949 - 1950   to   1972 - 1973

IN JORDANIAN DINARS		
Period	Government Loans (1)	Government-Guaranteed Loans (2)	Total (3) = 1 + 2
1949/50 to 1953-1954	4,600,000	-	4,600,000
1954/55 to 1959/60	4,366,700	-	4,366,700
1960	1,500,000	315,095	1,815,095
1961	500,000	275,639	775,639
1962	1,188,700	127,826	1,316,575
1963	1,910,000	22,623	1,932,650
1964	7,039,100	139,931	7,179,041
1965	2,615,600	-	2,615,646
1966	3,589,900	-	3,589,859
1967	3,687,900	3,104,013	6,791,874
1968	5,394,900	19,092	5,413,976
1969	4,676,200	104,537	4,780,768
1970	2,072,500	1,082,556	3,155,034
1971	6,985,100	6,091,728	13,076,732
1972	11,389,800	715,064	12,104,889
Total	61,516,400	11,998,104	73,514,500

Source: The Central Bank of Jordan, Department of Economic Research, the Fiscal
and Monetary Division (unpublished data, in Arabic); see also
Appendix II, Table 1.

GRAPH 5

INFLOW OF GOVERNMENT AND GOVERNMENT-GUARANTEED LOANS
1960 - 1972

TOTAL FLOW OF FOREIGN LOANS
GOVERNMENT LOANS
GOVERNMENT-GUARANTEED LOANS

IN J.D. MILLIONS
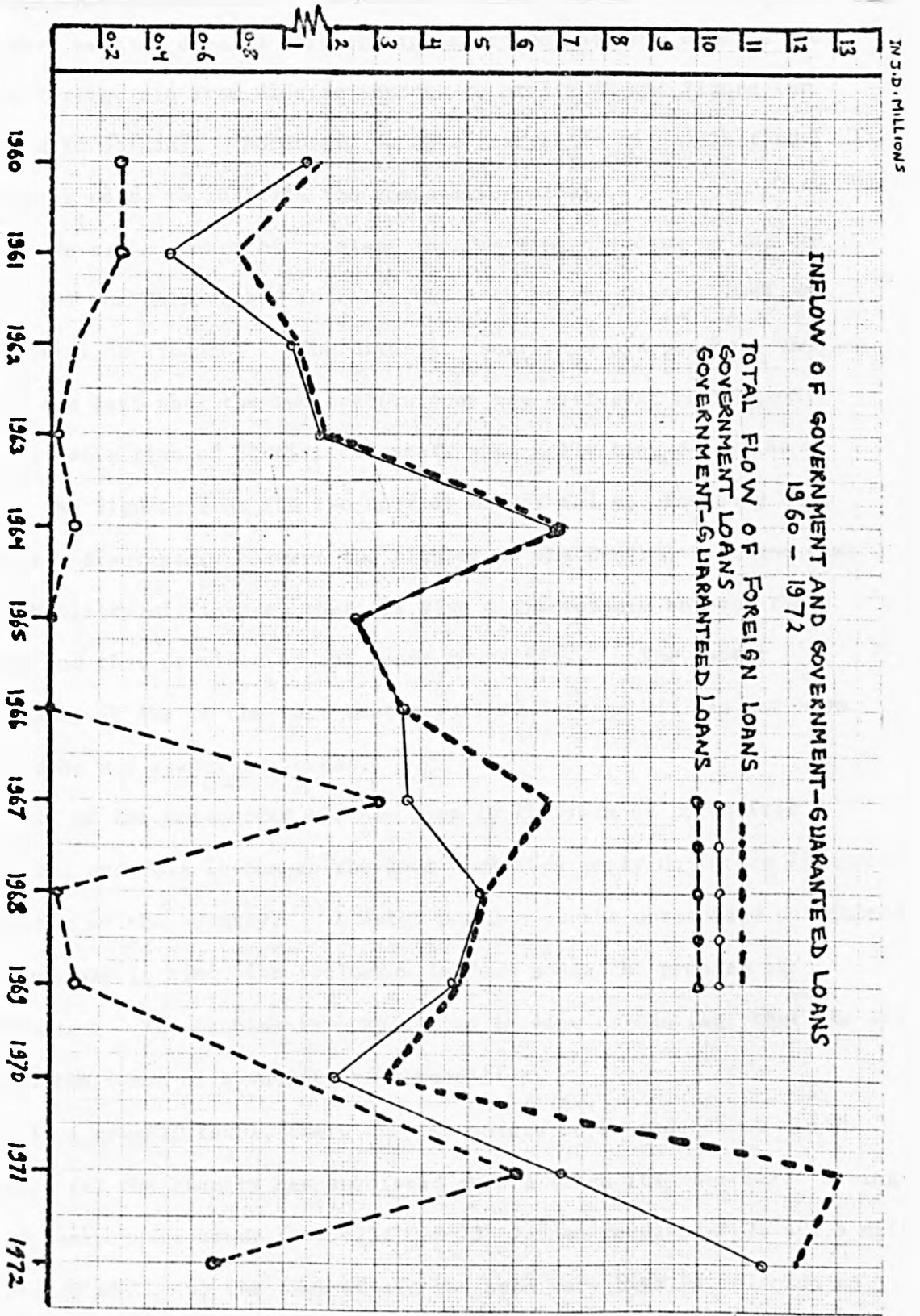
C - SUMMARY AND CONCLUSION

i.   What we have done in this chapter is to collate and combine the data on foreign aid from diverse sources to arrive at the figure for total aid to Jordan.   Moreover, we have rearranged and classified the figures so as to indicate the composition of aid.

ii.   There are a number of problems in compiling the data on aid to Jordan: (a) the data on aid is collected both by the Central Bank and the Ministry of Finance.   The diversity/of sources would not be a problem but for the fact that the two institutions use different conventions, e.g: the definition of Statistical year, when collecting data. As a result, the figures from the two sources do not tally. Not only that there is a discrepancy between the figures of the Central Bank and that of the Ministry of Finance, there is also a discrepancy between those figures and that provided by the donor countries.   The latter discrepancy is due to the fact that a part of foreign aid has not been recorded by any agency in Jordan.

All of the unrecorded aid has been in the form of unrequited transfers, and this is due to the fact that they imply no future financial obligation on the country.   A large portion of the unrecorded unrequited transfers was in kind, its inclusion in data poses the problem of valuation.   The problem is complicated in view of the fact that the aid-in-kind consisted of a variety of commodities.

iii. At a general level, there are two points to be made about aid to Jordan: (a) The country has subsisted on aid since its creation. During the 48 years under study (1924-25/1972-73) Jordan received J.D. 681.5 million in foreign aid. (b) The flow of aid has been very high in relation to macro-economic variables, e.g: G.D.p., export earnings.   The high volume of aid becomes more obvious if we compare aid to Jordan with aid to other underdeveloped countries.

iv.   As for the composition of foreign aid, most of it was in the
form of unrequited tranfers.   They averaged 91.4% of total aid over
the period 1950-1972.   Again in this respect, the unrequited transfers
have been high in relation to macro-economic variables, e.g: exports,
imports, G.D.p. Unrequited transfers to Jordan compare favourably with
that of other recipient countries.   Jordan is among the first three
when countries are ranked according to the following ratios: The ratio
of grants received to exports, imports and gross domestic product.   In
addition, among the aid-receiving countries mentioned above, Jordan ranked
second in receiving unrequited transfers in relation to her population.

Of the unrequited transfers, the budgetary aid was the largest
component.   The category "budgetary aid" dates from the 1920's when
the British government started giving an annual grant to finance the
Jordanian government expenditure.   Though loans account for a small
part of the total, over the 1950's, their relative importance increased
over the latter years of the study.

v.   The data on the utilization of unrequited transfers is not
available except in the cases where they are tied to specific uses.
However, we used the pattern of government expenditure as the index
for the pattern of utilization of what is termed the budgetary aid.
An analysis of the composition of the government expenditure shows that
most of it was devoted to defence and the maintenance of administrative
machinery, and relatively very little on economic development.   The
conclusion is that aid, at least in the form of unrequited transfers,
was not geared towards economic development.

CHAPTER III

PART ONE: THE MOTIVES BEHIND FOREIGN AID TO JORDAN

A - INTRODUCTION

In this chapter, which is an extension of the previous one, we analyse the sources of aid and the motives, economic and political, behind it. Most of the aid to Jordan has come from the Western Countries on a bilateral basis. A discussion of Western interests in the Middle East will, therefore, provide a general background to the analysis of donors' interest in the area. Later on, we go on to examine in detail the magnitude and the nature of aid from each of the main donors of aid to Jordan, viz., the United States, Britain, etc. The detailed discussion of aid on a source by source basis is meant to confirm the general argument that Jordan has managed to receive a large amount of aid by virtue of its geo-political position.

The dependence of Jordan on bilateral aid will be examined, and continuity and uncertainty, as the main aspects of this type of aid, will also be dealt with in relation to Jordan. Furthermore, we will try to find out whether Jordan has had options in selecting its sources of foreign aid.

As it has been mentioned above, we will deal with a few political factors which had influenced the giving of aid to Jordan, since such aid was motivated predominantly by political considerations. The following discussion will support this view.

The 1940s saw the emergence of new states in the Middle East, each with its own particular ideology and affiliations. This led to a division of the area into rival camps. While the so-called "moderate camp" leaned more towards the West, the so-called "progressive camp"

directed its policies in the opposite direction. The members in each camp supported each other. For instance, Saudi-Arabia and Jordan co-operated with each other, despite the historical rivalry that existed between the ruling families in the two countries, i.e., the Saudis and the Hashemites.

The West, on her part, gave her full economic and political backing to the two "moderate" monarchs. Here, we are interested in the reasons for which the Western Countries supported the "moderate camp". To understand the aid policy of Western countries, one has to analyse Western interests in the Middle East. The Western interest in the area is due not to one but to a number of different factors.

At this stage, it is necessary to indicate briefly why a discussion of political factors is complementary to an economic analysis of aid to Jordan. Foreign aid to Jordan is a phenomenon, concomitant with the creation of Jordan as a political entity. From the time of her creation, aid has been given to ensure her survival. Given the manner in which the State was created, it could be argued, with justification, that the State could not have survived but for economic aid. So right from the start, the motives behind aid to Jordan were explicitly political. In a number of other underdeveloped countries, foreign aid is a post-Second World War phenomenon, while aid to Jordan predates from the 1920s.

To start with, it must be pointed out that Jordan is not of any particular economic interest to the major donors. The country is not well endowed in natural resources and it is not significant as a market for the products of industrial countries. As such, economic stakes are not very high in Jordan herself. Jordan's importance in international politics arises from her geo-political position. The country separates Israel at its weakest flank from other Arab countries. Furthermore,

Jordan is home for most of the Palestinian refugees, the increase in

the political importance of Palestinian political organisations has

meant a corresponding increase in the importance of Jordan.

As a result of constant rivalry between the East and the West in

the region, Jordan is seen as a country which, though not a part of the

regional political pacts, strengthens the pro-Western camp in the

Middle East. Jordan and Saudi-Arabia have always been the main bulwarks

of the pro-Western camp in the region, and it is these two countries

in conjunction with other pro-Western states (an ever-changing category)

who constituted a block friendly to the West and opposed to the pro-

Soviet block. However, it is necessary to point out that the pro-

Western alliance has not been just to the advantage of Western countries

but also to the political and economic advantage of the countries who

have been parts of the alliance.

B - WESTERN INTERESTS IN THE MIDDLE EAST

The view that the Middle East is a region of great political and

economic importance is accepted by everyone. For Western countries,

the region is an important, if not the most important, source of

strategic raw materials (in particular oil). However, it is wrong to

think that the interest in the region is merely economic. The geo-

politics of the area has a lot to do with it. The mere existence of

Israel and Western interest in its survival is sufficient to make the

area politically important for the West. Furthermore, the area is of

economic and political interest not only to the West but also to the

Soviet block. It is Soviet interest in the area which makes the West,

in particular the United States, extremely sensitive to political

changes, even minor ones.[1]

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1 See the statement by Mr Dulles to a joint session of Foreign
   Relations and Armed Services Committee of the Senate, 14 Jan. 1957.
   Royal Institute of International Affairs, Documents on International
   Affairs, 1957, (London: Oxford University Press, 1960), pp.247-254.

In other words, Western interests in the Middle East are determined

by the endowment of natural resources and geographical location of

the area, ideological and political rivalries between the two super

powers and commitment to the existence and survival of Israel.

To deal with the American interest in the Middle East first,

W.M. Rountree, an ex-U.S. Assistant Secretary for Near East and South

Asia Affairs, raised the following question, in an address to the

National Conference on the Middle East: "What do we as Americans want

in the Middle East?" [1]   He answered it in terms of four fundamental

objectives: "First, we believe in and hope for the creation of strong

and independent nations which are able to resist the efforts of

international Communism to subvert the area. Secondly, we believe in

contributing, if required by the nations of the area, to their security.

In broad sense, their security is our security. Thirdly, we wish to

assist the countries of the area in resolving their disputes in

accordance with the principles of the Charter of the United Nations.

Fourthly, we wish to contribute to the progress and development of the

nations of the Middle East. We firmly believe that the fulfilment of

the national interests of the U.S. will follow naturally from the

pursuit and achievement of these objectives." Furthermore, he argued,

the Middle East is "a striking and significant area. If there is any

Corner of the World that can most accurately be called the cross-roads

of culture, of people and of political trends, as well as from the

geographical point of view, it is the Middle East." [2]   The so-called

Eisenhower's Doctrine, accepted by the U.S. Congress on March 9, 1957,

was an explicit statement of the motive behind American policy in the

Middle East, i.e., to combat Communism by economic and military aid with

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1 W.M. Rountree, "The Middle East: Fundamentals of American Policy",
   Department of State Bulletin, June 17, 1957, pp. 974-975.

2 ibid., p.973.

a view to strengthening the pro-Western governments in the region.[1]

As for economic interest in the region, Eisenhower, in his message
to the U.S. Congress on the 5th of January 1957, stated that the Middle
East "provides a gateway between Eurasia and Africa."[2] In addition, "if
the nations of the area should lose their independence, if they were
dominated by alien forces hostile to freedom, that would be both a
tragedy for the area and for many other free nations whose economic life
would be subjected to near-strangulation. Western Europe would be
endangered just as though there had been no Marshall Plan, no NATO."[3]
And later Nixon in his statement of the United States policy for the
1970s referred to the Middle East as a "reservoir of energy resources on
which much of the world depends."[4]

The Arab-Israeli conflict occupies large space in Western policy
documents on the Middle East. In particular, for the United States the
survival of Israel as an independent state is an important objective of
foreign policy. To quote: "those normal, human and political aspects of
Western relations to Israel and other friendly states of the area should
be viewed as reinforcing the security interests of the United States and
its European allies."[5] Further, the big Western powers have assumed a
moral and political responsibility, both in sponsoring the establishment
of this state in a hostile Arab world, and in preserving its independence,
and that of other regimes in the area. [6]

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1 See the text of Eisenhower Doctrine in the U.S. Senate, Committee on
   Foreign Relations, Background Documents Relating to the Middle East,
   (Washington, D.C.: U.S. Government Printing Office, May 1969); see also
   William R. Polk, "A Decade of Discovery: America in the Middle East,
   1947-1958," St. Antony's Papers, no.11, Middle East Affairs, no.2,
   1961, pp. 49-80.
2 Royal Institute of International Affairs, Documents on International
   Affairs, 1957, op.cit., pp. 233-240.
3 ibid., pp. 233-240.
4 Richard M. Nixon, U.S. Policy for the 1970s - Shaping a Durable Peace,
   A Report to the Congress, (n.p., no.pub., May 3, 1973), p.47.
5 Eugene U. Rostow, "The Middle Eastern Crisis in the Perspective of
   World Politics," International Affairs, vol. 47, no. 2, April 1971,
   pp. 275-288.
6 ibid., pp. 275-288; see also Evron Yair, The Middle East: Nations,
   Superpowers and Wars, (London: Elek, 1973), p.148.

In a report prepared by Hamilton Armstrong on the Middle East
and U.S. assistance programme, he referred to two major problems, the
solution of which would contribute to the fulfilment of American
objectives in the area, the two problems being the division among
Arab states, and the "animosity between the Arab states and Israel." [1]
He advocated foreign aid as a means towards solving both problems, and
stressed the necessity of American efforts in securing a "modus vivendi"
between Israel and one or more of the Arab countries. His recommendations
do no more than to reiterate the established American view. [2]

These objectives were repeated by Nixon in 1973 when he impressed
on the Middle Eastern countries to come to terms with each other and
accept the existence of Israel. [3]   As a part of his policy towards the
Middle East, he requested Congress to double American aid to U.S. $5,180 m.
(£2,160m.). In addition, he requested Congress to approve $250 m. in
economic aid to Egypt. [4] This aid was in recognition of the fact that
Egypt was following a moderate policy towards Israel. In particular,
the United States has used aid to reward those Middle Eastern countries
which were following a policy complementary to that of the United States.
It was openly emphasised that aid was meant to "strengthen the moderate
forces." [5]

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1   Hamilton F. Armstrong, Lebanon, Jordan and Iraq - Report on United
    States Foreign Assistance Programs, (Washington: United States
    Government Printing Office, 1957), Survey no. 2, Feb. 1957, pp. 1-7.
2   ibid., p.7.
3   Richard M. Nixon, op.cit., p.47.
4   The Times, April 25, 1974, p.7, column 1-4.
5   ibid., p.7, column 1-4.

Mutatis mutandis, the Middle Eastern policies of Western European

countries were the same as those of the United States. For example,

West Germany started giving aid to Middle Eastern countries as a

result of the United States' suggestion that she should contribute to

Western strategy, either by giving support for the American military

units stationed in West Germany, or by contributing financially to

Truman's Point Four Programme. West Germany had an additional

political interest in giving aid, namely, to stop Arab countries from

recognising East Germany.[1] However, the mere fact that West Germany

is part of the Western alliance, is a sufficient indicator as to the

nature of West Germany's Middle Eastern policy, i.e., it runs almost

parallel to that of the United States and other Western countries.

The interests of the United Kingdom were similar to those of other

Western countries in the Middle East, specifically combating Communism,

safeguarding international routes of communications, guaranteeing the

existence of Israel and ensuring an uninterrupted flow of strategic raw

materials from the Middle East to Europe. In fact, the Tripartite

Declaration of 1950 and the Baghdad Pact represented the political

interest of Britain and her allies in the region.[2]

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1 See Judith Hart, Aid and Liberation: A Socialist Study of Aid Policies,
   (London: Victor Gollancz Ltd., 1973), p.169.
2 See the following: (a) The Declaration of Common Purpose by President
   Eisenhower and Mr Macmillan, Washington, 25 Oct., 1957 in Royal
   Institute of International Affairs, Documents on International Affairs,
   op.cit., 1957, pp. 400-403; (b) The Declaration issued at the
   Ministerial Meeting of the Baghdad Pact, London, 28 July, 1958, ibid.,
   1958, p. 369;   (c) Mr Lloyd's statement regarding the situation in
   Lebanon, 19 May, 1958, ibid., 1958, p. 265;   (d) Mr Lloyd's statement
   in the House of Commons regarding the situation in Iraq and the
   Lebanon, 15 July, 1958, ibid., 1958, p. 288;   and (e) Mr Gaitskell's
   speech in the House of Commons debate on the Middle East, 7 March, 1956,
   ibid., 1956, p. 15.

At this stage, we will link the discussion on the general interests of the donors in the whole of the Middle East with that on their interests in Jordan. The analysis of both will contribute to the view that foreign aid to Jordan, as far as the Western donors are concerned, was motivated by political ends. To begin with, we will examine the interests of Britain in Jordan and, later on, the interests of the United States. The two countries together were the main source of aid to Jordan.

C - THE MOTIVES BEHIND BRITISH AND U.S. AID TO JORDAN

I - MOTIVES OF THE UNITED KINGDOM

It is best to start this discussion by recalling briefly the events which led to the creation of Jordan, and Britain's role in those events. Jordan herself, as Arnold J. Toynbee described her creation, was "an artificial entity which had only been called into existence by the exigencies or accidents of international politics."[1] In return for their support during the First World War, Britain promised independence to the Arabs. Immediately after Allenby's victory, an Arab National State was set up in 1918, incorporating Transjordan with Damascus as its capital and Amir Faysal Ibn Hussein as its head. This national state did not survive long, for the French invaded Syria in 1920. Transjordan escaped French occupation, because it constituted part of the British sphere of influence. The French recognised this in a secret agreement with the British. Instead, what emerged in place of the proposed Arab National State was Jordan. A. Toynbee said: the extinction of the Arab Government of Damascus made it necessary for the British Government to honour its pledges in some alternative way."[2]

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1 Royal Institute of International Affairs, Survey of International Affairs, 1928, (London: Oxford University Press, 1927), p. 321; see also H.F. Armstrong, op.cit., p.3; A. Konikoff, op.cit., p.100.
2 Royal Institute of International Affairs, Survey of International Affairs, op.cit., vol. 1, 1925, p. 362.

Jordan remained heavily dependent on Britain and was linked with the latter by treaties of alliance viz., the 20th of Feb., 1928 Agreement and the Treaty of Alliance, and its amendments on March 22nd, 1946, and 15th of March, 1948.[1]

Meanwhile, in discussing Western interests in Jordan, one should not ignore the general question of Western interests in the Middle East, examined above. Ideology, political and the Arab-Israeli problem is at the centre of Western interest in the Middle East, in general, and in Jordan in particular. Economic interests are not of prime importance in the case of Jordan. Therefore, foreign aid to Jordan, as part of Western policy, particularly U.S. policy, should be looked at within the framework of the Arab-Israeli conflict and the struggle of ideologies in the area.

An indication of the British interest earlier on is provided by Articles 10 and 17 of the 1928 British and Transjordan Agreement, as well as by the two amendments of the treaty in 1946 and 1948. Article 10 of the 1928 Agreement stipulates that: "His Britannic Majesty was to be at liberty not merely to maintain armed forces in Transjordan but to raise, organise and control them there, whereas the Amir was not to do likewise without His Britannic Majesty's consent."[2] Articles 1, 2 and 4 of the 1946 Treaty Annex express objectives of a similar nature.[3]

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1 Royal Institute of International Affairs, Survey of International Affairs, op.cit., 1928, p.323; See Treaty of Alliance between His Majesty in respect of the United Kingdom and His Highness the Amir of Transjordan, London, 22nd March, 1946, Accounts and Papers, State Papers, Session 1, Aug. 1945 – 6 Nov. 1946, Treaty Series no. 32 (1946), Comd. 6916, (London: His Majesty's Stationery Office, n.d.), vol. XXV; and Treaty of Alliance between His Majesty in respect of the United Kingdom of Great Britain and Northern Ireland and His Majesty the King of the Hashemite Kingdom of Transjordan, Amman, 15th March, 1948, Accounts and Papers, op.cit., session 21 Oct. 1947 – 13 Sept. 1948, Treaty Series no. 26 (1948), Comd. 7404, vol. XXXI.
2 Royal Institute of International Affairs, Survey of International Affairs, op.cit., 1928, pp. 323-324.
3 Accounts and Papers, op.cit., Treaty Series no. 32 (1946), Comd. 6916.

In addition to using Jordan as a British military base, the safe-
guarding of Israel from hostile Arab countries was another British

objective. The political crisis of 1956-1957 in Jordan which led to

the dismissal of the British Commander of the Arab Legion, General

Glubb Pasha, and the subsequent events point to British interest in

Jordan. The dismissal led to concern and protest on the part of

both sides of the British House of Commons. The British believed that

their presence in Jordan had a restraining influence on Jordan in her

policies towards Israel, in that the British control of the Jordanian

army prevented it from joining other Arab armies in the case of an

armed conflict with Israel. According to a statement by Mr Gaitskell

in the British House of Commons' debate on the Middle East on March 7,

1957, the presence of General Glubb Pasha exercised a restraining

influence on the Arab Legion as well as on Jordanian policy towards

Israel.[1]

Britain offered Jordan annual subsidies to keep the country's

administrative and political machinery in operation. The dismissal of

General Glubb Pasha uncovered the motives behind the British aid: "there

is now every real danger that if the subsidy continues we find ourselves

subsidizing the maintenance of a force which might well go into action

against Israel in circumstances in which we have to go to the defence

and assistance of Israel." [2]   Jordan was under the direct political

tutelage of Britain until 1956, the year which saw the termination of the

1948 Treaty of Alliance. Afterwards, the United States displaced Britain

as the main economic benefactor and the political protector of Jordan.

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1 Royal Institute of International Affairs, Documents on International
   Affairs, op.cit., 1956, p.15.
2 Royal Institute of International Affairs, Documents on International
   Affairs, op.cit., 1956, p. 16.

Later, Britain tried to retain her political influence in the Middle

East by sponsoring the Baghdad Pact and impressing on Jordan and other

Arab countries to join the Pact. It was then thought that by getting

Jordan to join the Pact, the Western powers could group the moderate

pro-West regimes together to oppose Communist influence in the area,

as well as isolate other regimes who were following policies which were

not complementary to those of the West.

Despite the British pressure, Jordan did not join the Pact. The

main reason for the refusal was the wide spread hostility in Jordan

towards the pacts sponsored by the United States and Britain -

as a result of these countries' support for Israel.[1]   However, British

policy of temptation and persuasion was not fruitful. Sir Gerald Templer,

the chief of the British Imperial General Staff, was not able to obtain

a definite Jordanian commitment for joining the Pact despite the gift of

ten Vampire jets and other promises of more aid to the Jordanian army.[2]

Despite the renunciation of the treaty in 1956 and Jordan's refusal to

join the pacts, British interests remained aiming at preserving the

integrity of Jordan. At one time, they manifested themselves in the

landing of British troops in Amman in the aftermath of the 1958 coup

d'é tat in Iraq.[3]

1 See Egypt's reaction to the Pact in R. Stephens, Political Leaders of
   the Twentieth Century - Nasser, A Political Biography, (Harmondsworth:
   The Penguin Press, 1971), p.175.
2 R. Stephens, op.cit., p.174.
3 Royal Institute of International Affairs, Survey of International
   Affairs, op.cit., 1956-1958, pp. 373-377.

II – MOTIVES OF THE UNITED STATES OF AMERICA

Since the late 1950s, Jordan has been heavily dependent on the United States of America for economic, military and technical assistance. In this section, we will try to look at the United States' interests in Jordan. With appropriate modification it will be seen that the United States' interest in the Middle East as a whole is similar to her interest in Jordan.

The present boundaries (de jure, not de facto) of Jordan are products of two different sets of events in the Middle East, namely: the events following the break up of the Turkish Empire in the early twenties and the creation of Israel in 1948. The American interest in Jordan dates from the creation of Israel. Even if there were no Israel, the Middle East in general and Jordan in particular would have been of interest to the United States by virtue of her being a super power with global interests and the economic and geographical importance of the region. The political and ideological divisions in the Middle East are not creations of foreign powers, instead they are rooted in domestic factors. However, foreign intervention, either political and military or economic, has given these divisions an additional significance, i.e., they have become part of global divisions between the West and the East.

The question that arises at this stage is ; what are the ways in which the United States of America is involved in Jordan? A prominent American official had recognised two problems in the Middle East, i.e., Arab animosity towards Israel and rivalry among Arab states.[1]

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1   Hamilton F. Armstrong, op.cit., pp. 2-3.

American aid, as he saw it, could contribute towards solving both

problems. He recognised the importance of Jordan as "the logical

spot to begin, if a new attack on the Israeli-Arab dispute is to be

made." [1] His justification of this view was that Jordan is "a weak

country with artificially drawn frontiers, a fragile economy and half

a million refugees." [2] A programme of action was, therefore,

proposed to solve the Palestinian refugee problem, and   here one

can see one of the main motives behind the American aid to Jordan.

Hamilton Armstrong had suggested, among other things, "a 10-year

United Nations loan to Jordan, to be supported largely by a U.S.

contribution, to finance its economic development and provide, for its

internal security, on condition that the remainder of the refugees in

Jordan become the charge of the Jordanian government and merged into

the local social economy." [3] The United States was trying, in fact,

to draw a plan aimed, among other things, at solving the Arab-Israeli

conflict. The objectives of the U.S. were plainly stated: "to mitigate

hostility between Arabs and the Israelis by reducing the economic

causes of friction between them. Both results (solving the problem of

inter-Arab rivalry and the Arab-Israeli conflict) if they could be

obtained, would check the Communist growth in the area

and diminish the risk of Soviet intervention there, politically or

militarily." [4]

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1 Hamilton F. Armstrong, op.cit., p.3.
2 ibid., p.3.
3 ibid., p.3; see also other proposals pertaining to the whole
   Middle East.
4 ibid., p.7.

The concern for the independence of Jordan, which is at the core of the United States' policy in the area as well as the basic official justification of giving aid to Jordan, go further than the Arab-Israeli conflict. One of the main aims was the maintenance of the socio-political 'status quo' in Jordan, and preserving her separate identity among the Arab countries of the Middle East. In other words, the United States had wanted Jordan independent of the grouping of the Arab states not sympathetic to the United States.

The Eisenhower Doctrine was in actual fact a programme for maintaining the 'status quo' in certain countries of the Middle East.[1] In fact, the doctrine was empirically tested when Jordan faced internal instability just before and after the dismissal of Premier Suliman El-Nabulsi's Cabinet. The fears of an imminent coup d'état in Jordan resulted in the dispatch of the United States' Sixth Fleet to the Eastern Mediterranean. The show of strength was meant to demonstrate American interest in the internal politics of Jordan.[2] The Jordanian government headed by Premier Suliman El-Nabulsi was a coalition of left-wing parties which adopted slogans of freedom for all citizens, freedom from other powers, unity with other Arab countries and fight against colonialism and the rejection of any peace or negotiations with Israel.[3] It was no surprise that the dissolution of this Cabinet meant to the West a defeat for Nasser and his Arab allies, and a victory for the United States' new Middle Eastern policy. King Saud, on his part, gave support to Jordan, and the United States declared Jordan's independence to be a matter of vital concern to the United States.[4]

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1 Royal Institute of International Affairs, Documents on International Affairs, op.cit., pp. 233.234.
2 ibid., 1957, p.289; see also Mr Dulles' press conference on the events in Jordan in the U.S. Department of State Bulletin, op.cit., May 1957, p. 768.
3 For excerpts from ministerial speeches, see Hani Khair, op.cit., pp.81-86.
4 R. Stephens, op.cit., p.262.

The United States reiterated its commitment to the independence
and autonomy of Jordan once again in September 1970. 1969 and 1970 saw
the erosion of political control and authority in Jordan as a result
of the development of Palestinian organisations and a decrease in
Jordan's position among Arab countries owing to her conciliatory
stance towards Israel. The events of 1969 and 1970 finally led to a
civil war in the course of which Syrians intervened to support the
Palestinians. The United States, in turn, sided with the Jordanian
government and hinted at direct intervention, by placing various air-
borne U.S. units on alert.[1] Israel, on her part, was also closely
watching the events in Jordan, to ensure that there was no change in
the military and the political situation in Jordan resulting in a shift
in the balances of forces unfavourable to Israel.[2] Briefly, it can
be said, that the preservation of the political independence and the
'status quo' in Jordan has been a main objective for both the United
States and Israel.

As far as opposition to Communism is concerned, Jordan has been,
together with Saudi Arabia, one of the countries most hostile to the
Soviet block. It was only after 1967 that Jordan established diplomatic
relations with the Soviet Union. The People's Republic of China is not
as yet recognised by Jordan. Furthermore, Jordan has shown inclinations

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1 William Quandt, "The Middle East Conflict in the U.S. Strategy,
   1970-1971," Journal of Palestinian Studies, vol. 1, no. 1, Autumn 1971,
   pp. 39-52; see also Yair Avron, op.cit., p.159.
2 R. Stephens, op.cit., p.217; see also Major-General Moshe Dayan,
   Diary of the Sinai Campaign, (New York: 1967), p.28, quoted in
   R. Stephens, op.cit., p.218; W. Quandt, op.cit., p.47; M.H. Heykal
   in an article in Al-Ahram, the semi-official Egyptian newspaper, on
   16 October 1970 quoted by R. Stephens, op.cit., p.552; Yair Avron,
   op. cit., p. 160.

to join Western pacts that are known for their enmity to Communism,

i.e. Baghdad Pact and the Eisenhower Doctrine. The American justification

for the U.S. aid to Jordan and other Arab countries, Lebanon for example,

are couched in terms of the benefits expected to follow from aid in

future. The reasoning goes: there is less likelihood that those

countries (i.e., those receiving aid) will be sucked into what is termed

as "aggressive blocks"; world tension can be thus reduced; and finally,

the free economic system can be given chances of survival. [1]

Finally, the United States has other interests in Jordan apart from

the ones mentioned above. The United States' aid to Jordan had been

intended to show to other Middle Eastern countries the rewards a country

could reap by following Western principles of free enterprise. [2] The

economic and social projects, e.g. development of transport and

communications, provision of educational facilities, were meant to

demonstrate to other Arab countries the beneficent effects of political

co-operation with the United States.

In the analysis presented above, it was noticed that aid donors,

particularly Western ones, had important interests in the Middle East as

a whole, and in Jordan in particular. It became clear that the United

States and the Western European countries had identical interests and,

with a few modifications, identical policies in the Middle East in general,

and in Jordan in particular. We have argued that the Western countries had

a political, rather than economic interest in Jordan. On this basis we can

1 Hamilton F. Armstrong, op.cit., p.2.
2 Leo Tansky, U.S. and U.S.S.R. aid to Devdoping Countries: A Comparative
   Study of India, Turkey and the U.A.R. (New York: Praeger, 1967),
   Chapter 1, p.16.

argue that the aid to Jordan from those countries was principally

motivated by political factors. Jordan has managed to receive a large

amount of foreign aid from the Western countries because of her geo-

political position, and the policies she has followed in the Middle

East. So in effect, the Western aid to Jordan is a remuneration for

adopting political positions complementary to those of the West.

PART TWO: MAIN SOURCES OF FOREIGN AID TO JORDAN AND THEIR CHANNELS

Most of foreign aid to Jordan has been bilateral. From 1923 to 1949, Britain was the sole donor of aid. Thereafter, from 1949-1956 the share of British aid in the total decreased. The reason behind this was that Britain emerged from the Second World War weaker and burdened with financial obligations. On the otherhand, the United States was the sole Western country which emerged from the War rich and capable of meeting her political and economic obligations. The United States entered the political scene in Jordan and filled the vacuum created by the departure of England. The termination in 1956 of the Anglo-Jordanian Treaty of 1948 marked the end of an era and the beginning of a new one. From 1957 to 1966, the United States was an important, if not the most important, source of aid. It alone accounted for three quarters of total Western aid to Jordan over the period 1957 - 1966 and more than half of the total aid over the same period. The increased economic involvement of the United States coincided with the creation of the state of Israel and the departure of Britain from the political scene.

The period 1967 - 1972 marked another change in the sources of foreign aid to Jordan. The aid from the oil-rich Arab countries became significant only after the Arab-Israeli War of 1967. It was because of the repercussions of the War on Jordan half of which fell under Israeli occupation.

Table 3 and Graph 1 show the United Kingdom, the United States of America and the Arab countries as the three main aid donors to Jordan. They also show the relative importance of aid from these donors.

TABLE 3

THE RELATIVE IMPORTANCE OF FOREIGN AID FROM THE MAJOR DONORS

	AVERAGE PERCENTAGES														
Period	Unrequited Transfers from Countries as % of Aggregate Unrequited Transfers			Aid from Countries to Central Government as % of Total Government Receipts of Foreign Aid			Budget Support from Countries as % of Total Budget Support			Aid-in- Loans from Countries as % of Total Flow of Loans			Total Aid from Countries as % of Total Aid Flow to Jordan		
	United Kingdom	USA	Arab Countries	United Kingdom	USA	Arab Countries	United Kingdom	USA	Arab Countries	United Kingdom	USA	Arab Countries	United Kingdom	USA	Arab Countries
Average % 1924-1949	100	-	-	100	-	-	100	-	-	100	-	-	100	-	-
Average % 1956-1966	12.0	52.3	-	12.5	72.2	-	21.3	84.97*	-	47.2**	8.19***	-	14.2	45.0	-
Average % 1960-1966	7.96	63.85	-	13.43	74.46	9.33	13.42	86.56	-	32.12	8.19	40.86	9.44	52.90	6.43
Average % 1967-1972	-	17.48	68.04	2.84	19.44	72.51	-	19.59	79.98	14.23	25.46	19.61	2.37	18.08	61.69
Average % 1960-1972	-	42.45	51.66****	8.54	49.07	38.49	-	55.66	-	23.86	16.49	31.05	6.18	36.80	31.94

Source: Appendix II, Table 1.

* Average % for the years 1958-1966.
** Average % for the years 1959-1966.
*** Average % for the years 1960-1966.
**** Average % for the years 1965-1972.

GRAPH 1

AID FROM THE MAIN DONORS AS % OF TOTAL FOREIGN AID
1924-25 / 1972-73

AID FROM THE UNITED KINGDOM
AID FROM THE UNITED STATES
ARAB AID
U.N.R.W.A. TRANSFERS
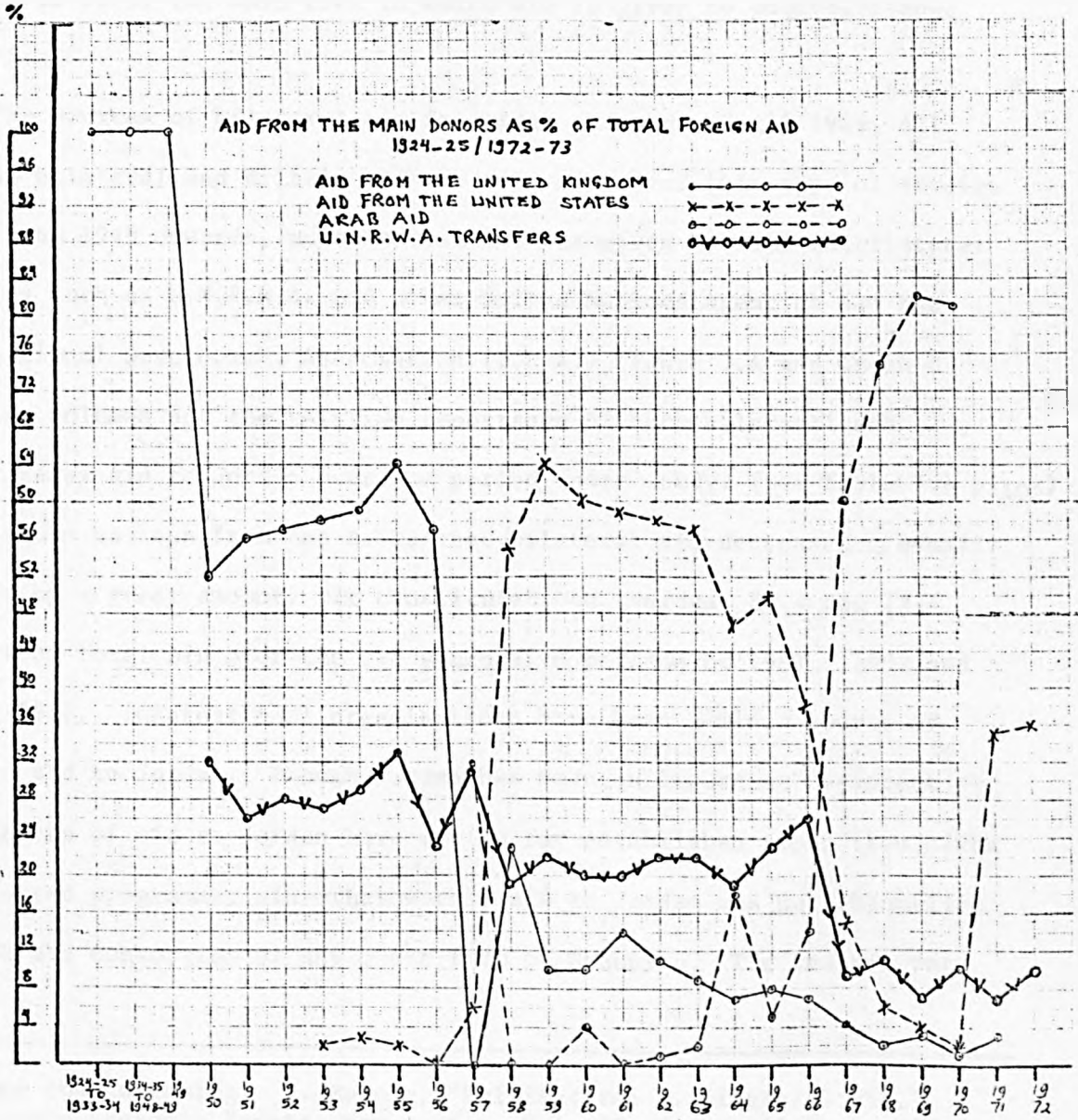
The literature of foreign aid has drawn attention to particular

shortcomings of bilateral aid: e.g., predominance of political

over economic considerations, the lack of co-ordination between different

aid donors, economic strings, e.g., all purchases have to be from donor

countries, etc. However, in spite of widespread criticism of bilateral

aid, it is still the main form in which aid is given to underdeveloped

countries.[1]

The sources of bilateral aid to Jordan changed. Until 1949, all

aid was bilateral and Britain was the sole source of this type of foreign

aid. From 1949 onwards, multilateral aid was given by some multilateral

agencies such as U.N.R.W.A. and other United Nations agencies and the

International Development Association (I.D.A.) Table 3.A and Graph 2

show the volumes and the relative importance of both bilateral and

multilateral aid to Jordan over the period under study. (See Table 3.A p.105)

It can be seen from the table that bilateral aid decreased gradually

but not by a great amount. It constituted, on average, 89.4 and 78.4

percent of total aid over the two successive periods of 1967 - 1972 and

1950 - 1972. International organisations have been a minor source of

foreign aid to Jordan. Though Jordan has been an important recipient of

aid, donors of aid to Jordan have not so far established among themselves

a concerted programme. In other words, aid to Jordan was not channelled

through aid Consortium or any other form of Grouping. The reasons for

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(1)   See the following: T. Balogh, "Multilateral v. Bilateral aid,"
      Oxford Economic Papers, New series, Vol. 19, No. 3. 1967, pp 328-
      330; and pp 332 - 344;   J. Audibret, "Bilateral Aid," in R. Robinson
      ed., International Co-operation in Aid, Impressions and Papers of the
      Fifth Cambridge Conference, 4-17 September 1966, at Jesus College,
      Cambridge, (Cambridge: Cambridge University Overseas Studies Committee,
      1969); Mahbub ul Haq, "Tied Credits - A quantitative Analysis," in
      J. H. Adler ed., Capital Movements and Economic Development, (New York:
      St. Martin's Press Inc., 1967), pp 326-359; H. W. Singer, "External
      Aid: For Plans or Projects," Economic Journal Vol. 75, 1965, pp 539 -
      545.

TABLE 3.A

BILATERAL AND MULTILATERAL FOREIGN AID TO JORDAN

1924-25 - 1972-73

Period	Components of Bilateral Aid as % of Components of Aggregate Foreign Aid			Components of Multilateral Aid as % of Components of Aggregate Foreign Aid		
	Unrequited Transfers	Loans	Total	Unrequited Transfers	Loans	Total
1924-25 to 1933-34	100	-	100	-	-	-
1934-35 to 1948-49	100	-	100	-	-	-
1949	100	100	100	-	-	-
1950	68.35	-	68.35	31.65	-	31.65
1951	73.92	-	73.92	26.08	-	26.08
1952	68.82	100	71.84	31.18	-	28.16
1953	70.02	100	73.46	29.98	-	26.54
1954	65.87	100	71.02	34.13	-	28.98
1955	66.59	-	66.59	33.41	-	33.41
1956	76.91	-	76.91	23.09	-	23.09
1957	68.92	-	68.92	31.08	-	31.08
1958	80.34	100	81.11	19.66	-	18.89
1959	77.69	100	78.14	22.31	-	21.86
1960	78.17	100	79.69	21.83	-	20.31
1961	79.61	100	80.22	20.39	-	19.78
1962	76.79	100	78.07	23.21	-	21.93
1963	75.89	99.29	77.72	24.11	0.71	22.28
1964	76.37	92.54	80.25	23.63	7.46	19.75
1965	72.97	63.83	72.07	27.03	36.17	27.93
1966	66.01	91.74	70.25	33.99	8.26	29.75
1967	87.75	88.93	87.89	12.25	11.07	12.11
1968	88.23	93.32	88.76	11.77	6.68	11.24
1969	92.21	95.93	92.58	7.79	4.07	7.42
1970	83.97	95.48	84.79	16.03	4.52	15.21
1971	90.42	98.68	92.45	9.58	1.32	7.55
1972	87.27	93.31	88.38	12.73	6.69	11.62
Average % 1924-25 to 1948-49	100	100	100	-	-	-
Average % 1950-59	71.74	100	73.02	28.25	-	26.97
Average % 1960-66	75.11	92.48	76.89	24.88	13.15*	23.10
Average % 1967-72	88.31	94.27	89.14	11.69	5.72	10.86
Average % 1960-72	81.20	93.31	82.55	18.80	8.69**	17.45
Average % 1950-72	77.10	94.2***	78.41	22.91	8.69**	21.6

Source: Appendix II, Table 6.
* Average percentage for 1963-66; ** Average percentage for 1963-72;
*** Average percentage for 1958-72.

GRAPH 2

105·2

RELATIVE IMPORTANCE OF BILATERAL AID
TO TOTAL FLOW OF FOREIGN AID •—•—•—•
RELATIVE IMPORTANCE OF MULTILATERAL AID
TO TOTAL FLOW OF FOREIGN AID ×—×—×—×
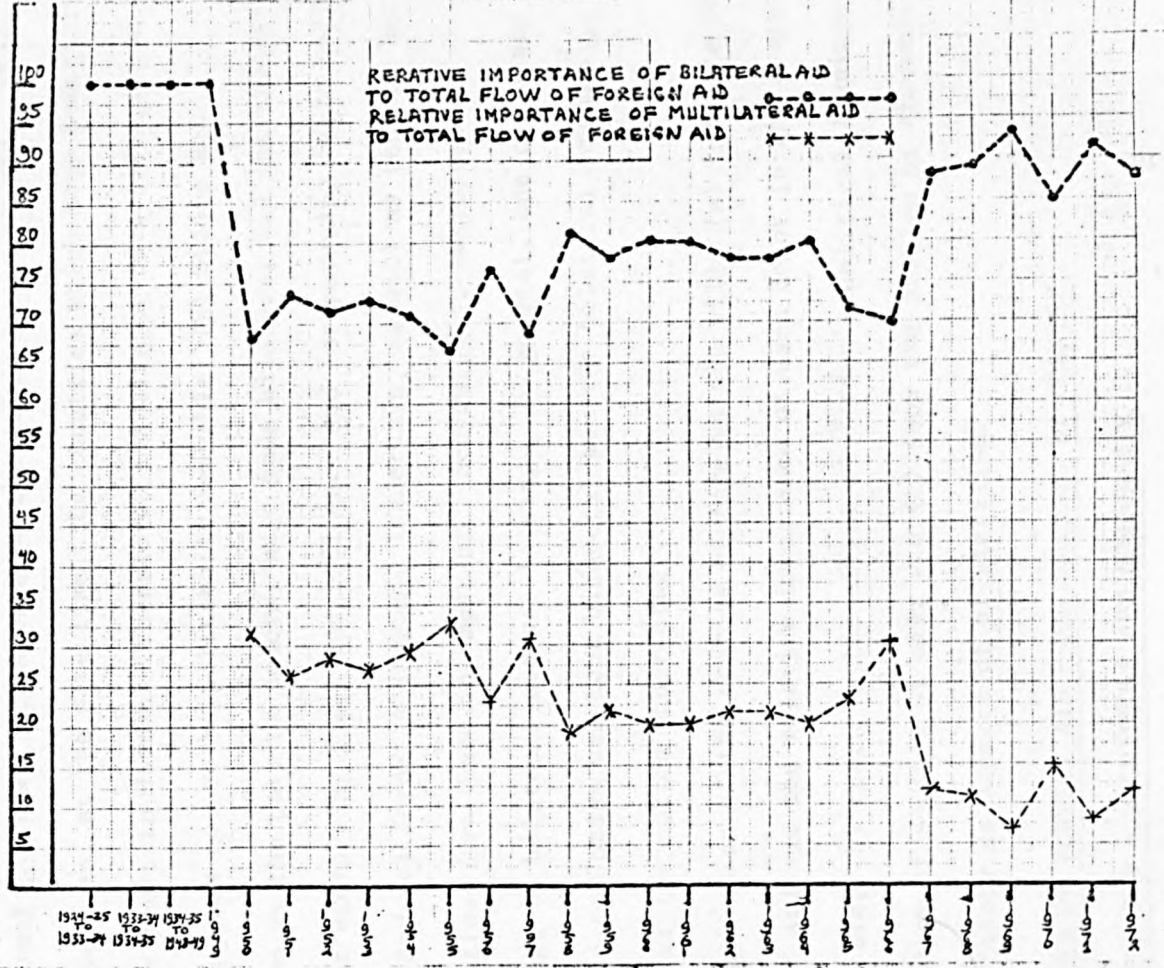
an excessive reliance on bilateral aid are historical, in particular

owing to the political history of the country and the region.

However, Jordan's freedom in reducing dependence on bilateral aid

has been limited: (a) the country's political position has been delicate

which is bound to create dependence on the main sources of aid. These

sources have been, at the same time, the countries which have been giving

political support to Jordan. Therefore, shifting or diversifying aid

channels appears not to be politically feasible; (b) biases and

nationalism on the part of donors, have made bilateral aid the favourite

channel for exercising power and influence and for pursuing their self-

interest; and (c) Jordan's economic leadership, as well as that of her

administration, have been incompetent. Accordingly, awareness of

shortcomings in bilateral aid was lacking. In general, one could say that

foreign aid to Jordan was kept bilateral but the bilateral sources

changed over the period under study.

An examintion of the sources of foreign aid will: (a) indicate the

volumes of aid and the relative importance of each donor in the overall

stream of aid; (b) refer to the effect of Jordan's political leanings

on her choice of sources of aid; and (c) show the problem of discontinuity

and uncertainty as aspects of bilateralism.

A. SOURCES OF FOREIGN AID - AN ANALYSIS BY COUNTRY

I - BRITISH AID - MAGNITUDES AND COMPONENTS

Over the period 1924 - 25/1972 - 73, Jordan received from Britain

J.D. 106.0 m. in aid. The amount of J.D. 87.2 million was in the form

of grants to the Central government. Table 3.B and Graph 3 show the

volumn of British aid to Jordan as well as its components.

TABLE 3.B

BRITISH AID TO JORDAN

1924-25/1972-73

Period	IN THOUSANDS OF JORDANIAN DINARS							
	Unrequited Transfers			Loans			Total U.K. Flow of Aid to Jordan (1 + 2) = 3	U.K. Aid to Central Government (Unrequited Transfers + Loans)
	Budget Support	Technical & Economic Assistance	Total (1)	Loans to Central Government	Government Guaranteed Loans	Total (2)		
1924-25 to 1933-34	89	-	89	-	-	-	89	89
1934-35 to 1948-49	6191	-	6191	-	-	-	6191	6191
1949	3500	-	3500	1000	-	1000	4500	4500
1950	4898	-	4898	-	-	-	4898	4898
1951	7200	-	7200	-	-	-	7200	7200
1952	7314	-	7314	1500	-	1500	8814	8814
1953	8537	-	8537	2100	-	2100	10637	10637
1954	8420	-	8420	2870	-	2870	11290	2870
1955	8957	-	8957	-	-	-	8957	8957
1956	10957	-	10957	-	-	-	10957	10957
1957	-	-	-	-	-	-	-	-
1958	4778	-	4778	997	-	997	5775	5775
1959	1970	-	1970	500	-	500	2470	2470
1960	2416	-	2416	500	-	500	2646	2646
1961	3209	-	3209	500	-	500	3709	3709
1962	1829	-	1829	700	-	700	2529	2529
1963	1500	-	1500	700	-	700	2200	2200
1964	1500	-	1500	700	-	700	2200	2200
1965	1400	-	1400	700	-	700	2100	2100
1966	1300	-	1300	250	-	250	1550	1550
1967	964	500	1464	735	-	735	2199	2199
1968	-	-	-	827	-	827	827	827
1969	-	-	-	1253	-	1253	1253	1253
1970	-	-	-	262	-	262	262	262
1971	-	-	-	1769	-	1769	1769	1769
1972	-	-	-	1257	112.3	1370	1370	1257
Total (in Jordanian Dinars)	86,658,600	500,000	87,158,600	19,119,310	112,300	19,231,610	106,390,200	106,277,900

Source: Appendix II, Table 1.

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107.a

VALUE: J.D. MILLIONS

GRAPH 3

BRITISH AID TO JORDAN.1924-1972 o—o—o—o

BRITISH AID AS % OF TOTAL FOREIGN AID.ozozozo

19 5 7 | 19 5 8 | 19 5 9 | 19 6o | 19 61 | 19 62 | 19 63 | 19 64 | 19 65 | 19 66 | 19 67 | 19 68 | 19 69 | 19 7o | 19 71 | 19 72
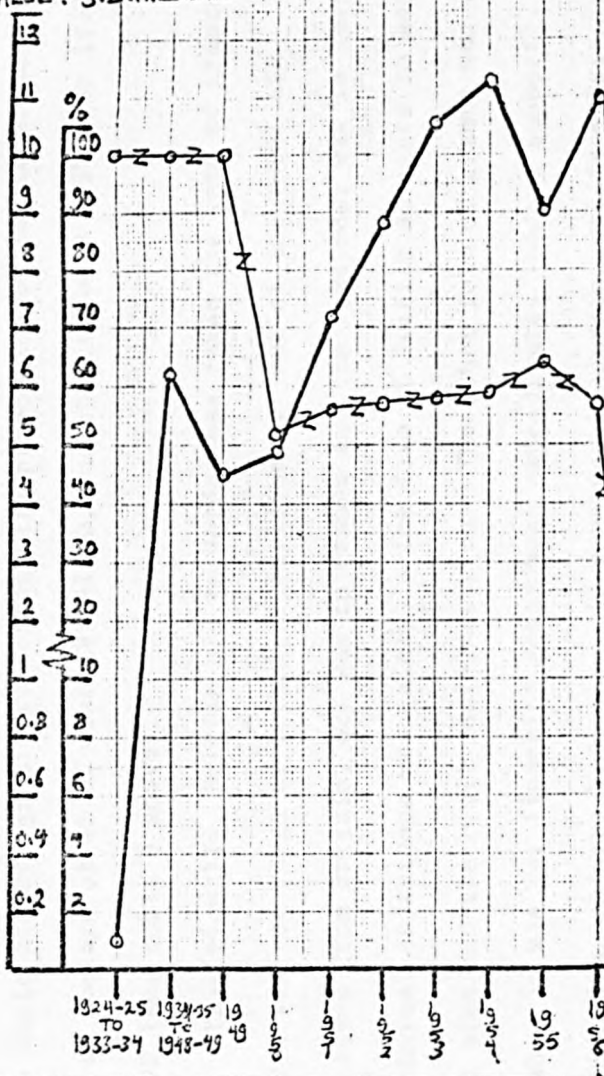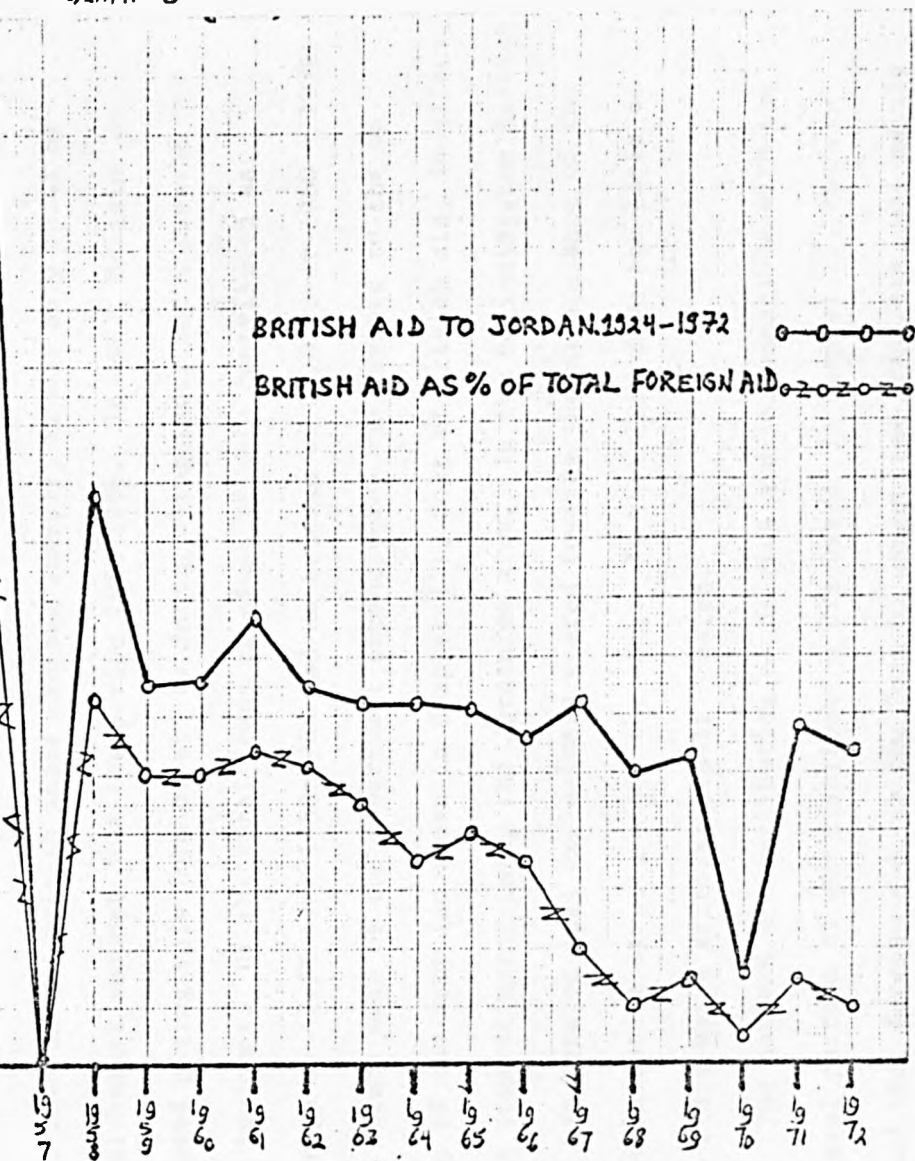
Over the period under study, the relative importance of British aid had constantly declined. Whereas up to 1950 it constituted almost the whole of foreign aid to Jordan, its proportion of the total declined to an average of 11.0% over 1958-1960, and then to only 6.2% over 1960-1972 (see table 3 above).

Traditionally, British aid to Jordan has taken the form of grants and a limited range of technical assistance. Out of the total aid received from Britain, 82% was in grants and the remainder was in loans. Technical assistance was mainly in the form of British advisers to both the army and the civil administration. The other form of grants was in cash. It was for financing government expenditures (budget support). Until 1956, all the budgetary aid received by Jordan came from Britain. From then on the British share dropped sharply, it was only 13.4% of total budget support over the period 1958-1966. In 1967, Britain stopped giving this form of aid to Jordan altogether, and increased her aid-in-loans. Of the total loans received Britain contributed an average of 47.2% over 1958-1966 and an average of 24.0% over 1960 - 1972.

Since most of the government expenditures was devoted to the up keep of the army (as shown in Chapter II), most of British aid, in effect, went towards maintaining the Jordanian army. In the beginning, the British aid was more or less exclusively geared towards the maintenance of the administrative structure and the army. It thus laid down the basis of the state which Britain herself created.

The pattern of distribution of British aid is compatible with the general pattern of aid distribution discussed in Chapter II, where we found that foreign aid, in the form of unrequited transfers, was mainly spent on maintaining the army and the administrative set-up.[1] By acquiring

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(1) Discussion of the sectoral distribution of loans is available in Chapter IV.

British aid, the Jordanian government was also made capable of

maintaining the increase in its recurring expenditures with little

reliance on domestic resources (particularly taxes).

II AID FROM THE UNITED STATES OF AMERICA - MAGNITUDES, COMPOSITION
    AND SIGNIFICANCE

On February 27, 1951 the United States and Jordan entered into an

agreement, whereby U.S. technical assistance was officially given.

The importance the United States accorded to Jordan reflected itself not

only in political support but also in economic aid and technical

assistance to the country. According to the United States mission in

Jordan, aid was given "because of increasing concern over the deterioration

of stability of the Middle East and in recognition of Jordan's key

position in preserving stability."[1]

The diminishing British aid to Jordan as a result of economic crisis

at home and winding up of overseas commitments and, later on, the

termination of the Anglo-Jordanian Treaty of Alliance marked the

beginning of U.S. aid to Jordan. On 29 April, 1957 the Jordanian Foreign

Minister, Samir Pasha Rifai, sent a note to the U.S. Ambassador in Amman,

Mr Lester D. Mallory, asking for U.S. economic aid. The same day, a

reply was made offering U.S. $10.0 million in accordance with the provisions

of the Mutual Security Act of 1954 as amended. The following day, April 30,

the nationalist government in Jordan headed by Premier Suliman El

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1. United States Agency for International Development (U.S.A.I.D.),
   U.S. Assistance to Jordan, (Amman: U.S.A.I.D., Dec. 21, 1966);
   see also part one - C, above, for discussions on the U.S. motives
   behind extending aid to Jordan.

Nabulsi was dissolved.[1]

Notwithstanding the ambiguity[2] in U.S. statistics on aid to countries,
particularly to Israel, Jordan and Lebanon, a U.S.A.I.D. report,
prepared for the use of the U.S. Congressional Committees which are
concerned with foreign aid viz., the House Foreign Affairs Committee,
the Senate Foreign Relations Committee, the House Appropriation Committee
and the Senate Appropriation Committee, showed that 4.11% of total grants
(the equivalent of $668.4 m.) given by the United States to developing
countries of the Near East and South East Asia (N.E.S.A.) went to Jordan.
However, if one were to arrange those countries according to amounts
received from the U.S., Jordan would rank fifth among recipient countries.
This is, in fact, a clear evidence which supports what we discussed
earlier, i.e., the great interest of the United States in Jordan. The
following table, as well as Graph 4, shows Jordan's position with regard
to aid received from the United States.   (See Table 3.C p. 111).

The following table shows that over the period 1953 - 1972, the
United States gave J.D. 189 million in aid to Jordan. The flow of aid
was highest in 1959 (J.D. 15.9 m.)   Thereafter, the flow gradually
declined until 1971, when it noticeably increased.

Of the total United States' aid, 92.4% was in the form of outright
grants. From 1959, the proportion of U.S. aid in the total declined. On

1 Royal Institute of International Affairs, Documents on International
   Affairs, 1957, op.cit., pp. 287-289.

2 United States' statistics on aid to countries in the Middle East,
   particularly Jordan, Israel and Lebanon, were not clear: firstly,
   certain types of U.S. aid were labelled as "classified information"
   such as grants and military aid. Secondly, technical and economic
   assistance (technical and project aid) were lumped together under
   one title.

TABLE 3.C

U.S. AID TO SOME LESS-DEVELOPED COUNTRIES IN THE NEAR EAST AND
SOUTH EAST ASIA (N.E.S.A.)*- JORDAN'S POSITION

1946-1971**

IN MILLIONS OF U.S. $ - U.S. FISCAL YEARS					Grants as % of Total Grants to NESA Countries	Grants as % of Total Aid to NESA Countries
Country	Economic & Military Aid over the period 1946-1971					
	Loans	Grants	Total	Total Less Repayment of Interest		
Egypt	617.8	292.7	910.6	750.9	1.8	0.9
Iraq	26.7	77.4	104.1	90.0	0.47	0.24
Israel	classified	370.2	classified	classified	2.27	1.14
Greece	366.0	3586.8	3952.7	3688.7	22.07	11.13
Iran	1298.6	1289.7	2588.2	2034.0	7.93	4.0
Jordan	classified	668.4	classified	classified	4.11	2.07
Lebanon	classified	92.9	classified	classified	0.57	0.28
Syria	24.0	36.6	60.7	56.5	0.22	0.11
Turkey	1520.3	4457.8	5978.1	5593.6	27.4	13.83
Yeman Democratic Republic	-	2.6	2.6	2.6	0.01	-
Yeman Arab Republic	-	42.7	42.7	42.7	0.26	0.13
Afghanistan	100.1	319.9	420.0	371.6	1.96	0.99
Pakistan	2363.6	2331.9	4695.7	4314.5	14.34	7.23
Total US Aid to NESA Countries	15965.8	16251.3	32217.1			

Source: Agency for International Development, U.S. Overseas Loans and
Grants and Assistance from International Organisations,
Obligations and Loan Authorization, July 1, 1945 - June 30, 1971,
(n.p., n.pub., May 24, 1972).

Notes: * The term LDCS refers to less developed countries; countries have
been classified "less developed" on the basis of the standard list
of less developed countries used by the Development Assistance
Committee of the OECD in compiling its statistics on the flow of
financial resources; the abbreviation NESA refers to the less
developed countries in the Near East and South East Asia viz.,
Afghanistan, Ceylon, Cyprus, Egypt, Greece, India, Iran, Iraq,
Israel, Jordan, Kuwait, Lebanon, Nepal, Pakistan, Saudi-Arabia,
Syria, Turkey, Yemen Arab Republic, Yemen Democratic Republic,
Central Treaty Organisation and Near East and South Asia Regional.

** This table is constructed from information appeared in the above-
mentioned source.

GRAPH 4

U.S.A GRANTS TO SOME LESS DEVELOPED COUNTRIES IN THE NEAR EAST AND SOUTH EAST ASIA (N.E.S.A) AS PERCENTAGE OF TOTAL U.S.A GRANTS TO N.E.S.A COUNTRIES. 1946 - 1971.
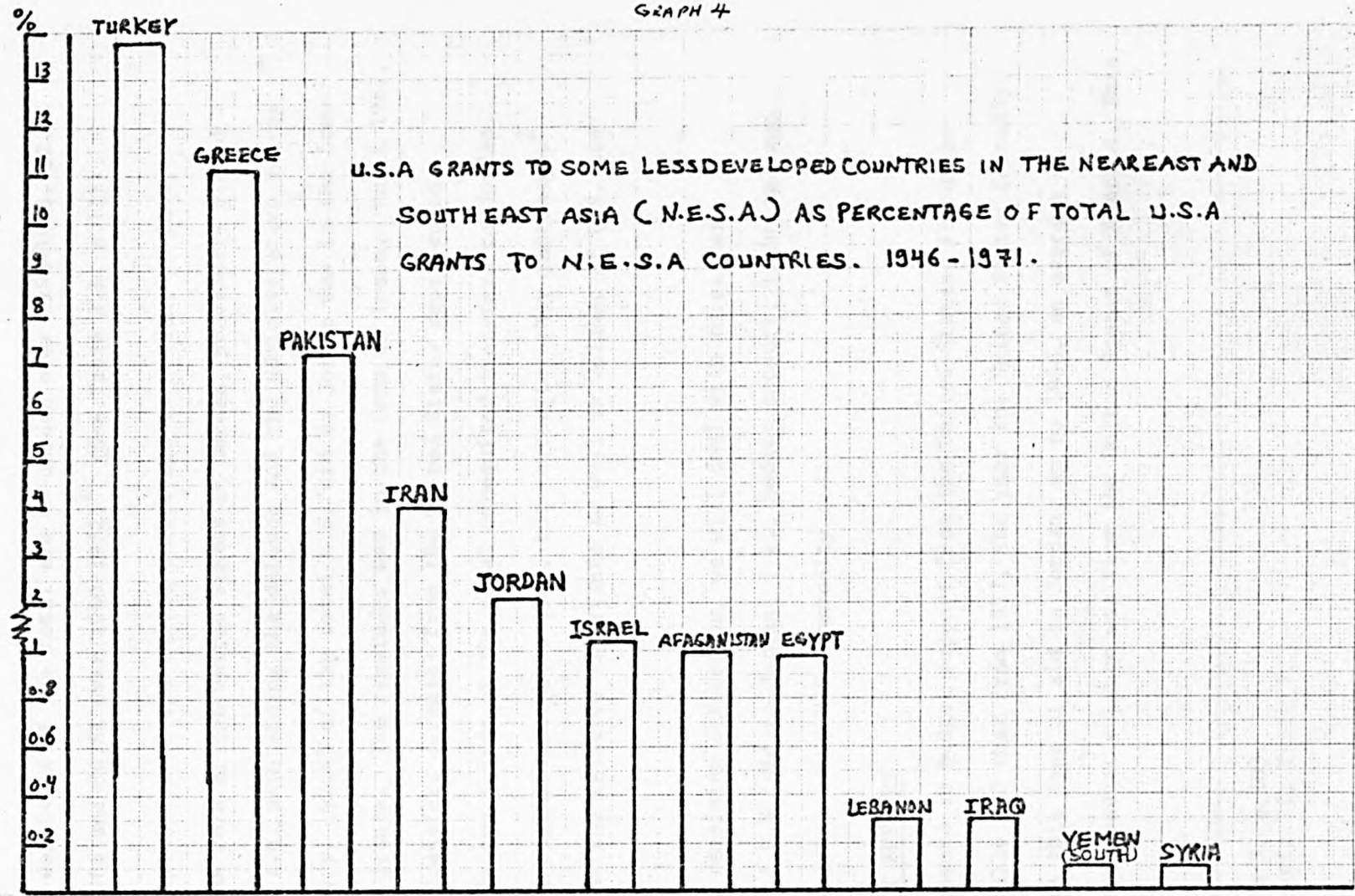
average, it was 54.4% of the total aid to Jordan over 1958-1966, 52.9%

over 1960-1966 and 36.8% over 1960-1972.[1]   (See Table 3.D. p.113).

The composition of the United States aid to Jordan, in fact,

reflected the role of the United States in Jordan, previously played

by Britain, i.e., maintaining the defence and the administrative set up

of the country.   92.4% of the total U.S. aid to Jordan was in the form

of outright grants.   The remainder was in the form of loans.   Until 1967,

unrequited transfers (grants) from the United States represented

approximately two thirds of the total unrequited transfers to Jordan.

Loans were insignificant until 1967, but thereafter they increased.[2]

Graph 5 shows the relative importance as well as volumes of U.S. aid

to Jordan.

In the remaining discussion, we will deal with three main

components of U.S. aid to Jordan, i.e., budget support, technical and

economic assistance and U.S. commodity aid.

(a) - <u>BUDGET SUPPORT</u>

With regard to budget support from the United States, it can be

seen from Table 3.D that from 1957, the year the United States formally

began giving this type of aid to Jordan, up to 1966, an average of

85.0% of total budget support was from the United States of America. This

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1   See Table 3, p.103.
2   See Appendix II, Table 7.

TABLE 3.D

UNITED STATES AID TO JORDAN

1953-1972

IN THOUSANDS OF JORDANIAN DINARS

Period	Unrequited Transfers			Loans		Total (2)	Total U.S. Aid to Jordan (1 + 2) = 3	Aggregate Aid Flow			Components of U.S. Aid as % Components of Aggregate Aid Flow			US Aid to Central Government (Unrequited Transfers + Loans)	Government Receipts of Foreign Aid	US Aid to Government as % of Total Government Receipts of Foreign Aid	US Budget Support as % of Total Budget Support	US Technical & Economic Assistance as % of Total Technical & Economic Assistance
	Budget Support	Technical & Economic Assistance	Total (1)	Loans to Central Government	Government* Guaranteed Loans			Unrequited Transfers	Loans	Aggregate Aid Flow	US Unrequited Transfers as % of Total Unrequited Transfers	US Loans as % of Aggregate Loans	Total(%)					
1953-54	-	446	446	-	-	-	446	16213	2100	18313	2.75	-	2.43	446	11083	4.02	-	100.00
1954-55	-	531	531	-	-	-	531	16115	2870	18985	3.29	-	2.7	531	11821	4.49	-	100.00
1955-56	-	331	331	-	-	-	331	13948	-	13948	2.37	-	2.37	331	9288	3.56	-	100.00
1956-57	-	-	-	-	-	-	-	19232	-	19232	-	-	-	-	10957	-	-	-
1957-58	-	986	986	-	-	-	986	15766	-	15766	6.25	-	6.25	986	5986	16.47	-	100.00
1958-59	11611	2194	13805	-	-	-	13805	24161	997	25158	57.14	-	54.87	13805	19580	70.51	70.85	100.00
1959-60	14460	1475	15935	-	-	-	15935	24206	500	24706	65.83	-	64.49	15935	18405	86.58	88.01	100.00
1960-61	14290	1123	15413	-	315	315	15728	24241	1815	26056	63.58	17.36	60.36	15413	19059	80.87	86.94	100.00
1961-62	13210	1978	15188	-	276	276	15464	25265	776	26041	60.11	35.59	59.38	15188	18897	80.37	80.46	100.00
1962-63	12860	1016	13876	-	128	128	14004	22669	1317	23986	61.21	9.72	58.38	13876	16894	82.14	87.55	100.00
1963-64	12503	1625	14128	-	23	23	14151	22863	1933	24796	61.79	1.19	57.07	14128	17595	80.30	89.29	96.61
1964-65	12182	1647	13829	-	140	140	13969	22729	7179	29908	60.84	1.95	46.70	13829	22446	61.61	89.04	95.48
1965-66	11436	1911	13347	-	-	-	13347	23989	2616	26605	55.64	-	50.16	13347	17887	74.62	89.09	78.48
1966-67	6629	1349	7978	283	-	283	8261	18211	3590	21801	83.81	7.88	37.89	8261	13473	61.32	83.60	69.04
1967-68	6126	770	6896	1209	-	1209	8105	47509	6792	54301	14.52	17.80	14.93	8105	44097	18.4	16.11	41.13
1968-69	1949	313	2262	968	-	968	3230	46763	5414	52177	4.84	17.88	6.19	3230	45258	7.14	4.93	100.00
1969-70	-	819	819	1010	-	1010	1829	43297	4781	48078	1.89	21.13	3.80	1829	43053	4.25	-	99.39
1970-71	-	266	266	757	-	757	1023	41074	3155	44229	0.65	24.00	2.31	1023	37497	2.73	-	11.30
1971-72	16976	169	17145	442	5886	6328	23473	40067	13077	53144	42.79	48.39	44.16	17587	42372	41.51	48.60	36.82
1972-73	21090	446	21536	2271	587	2857	24393	53605	12105	65710	40.18	23.60	37.12	23807	55845	42.63	47.93	98.24
Total (in J. Dinars)	155,322,000	19,395,000	174,717,000	6,940,300	7,353,800	14,294,100	189,011,100	561,923,300	71,014,500	632,937,300				181,657,400	481,491,400			

Source: Appendix II, Table 1.

* Loans from the United States Development Fund + Export-Import Bank + some American Commercial Banks.

GRAPH 5

U.S.A AID TO JORDAN 1953-1972

U.S.A AID AS % OF TOTAL FOREIGN AID
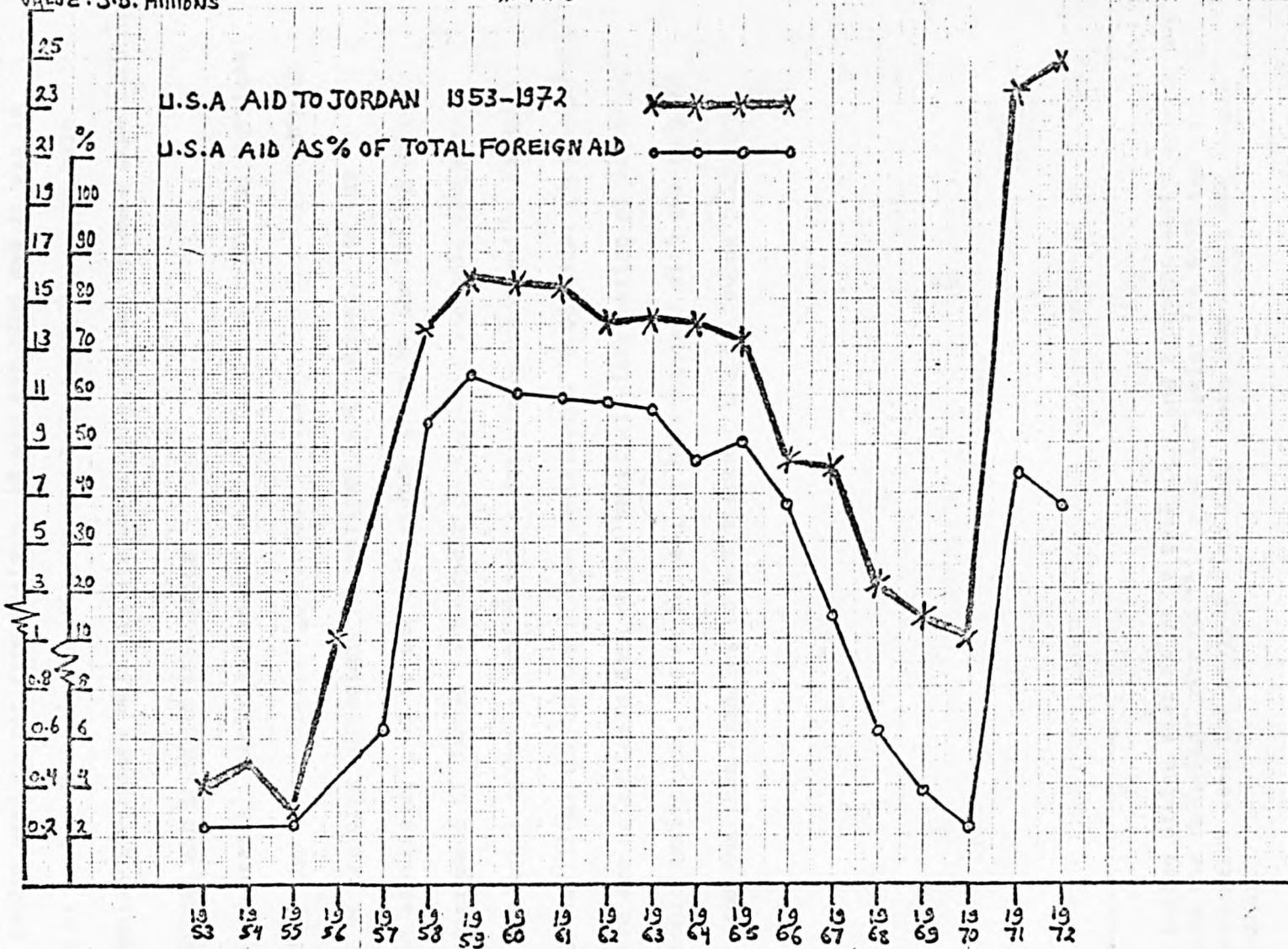
average dropped over the period 1960-1972 to 55.7%. The peculiarities

of budget support are that it was historically an extention of the budget

support Jordan used to get from Britain, it was not tied and it was in

the form of cash. The main function of the budgetary aid was to help

the Jordanian government maintain its administrative and defence expenditure.

(b)- TECHNICAL AND ECONOMIC ASSISTANCE.[1]

United States' "technical assistance" to Jordan is technical services

provided by the United States' government (advisers and instructors) plus

the cost of training Jordanians in American institutions. As for

"economic assistance", it is the cash grants given by the United States

to the government of Jordan to be spent on specific economic projects.

Of the total technical and economic assistance received by Jordan

(J.D. 24.7 million) the United States contributed 78.0% (J.D. 19.4 million).

There are no reliable data on the sectoral distribution of technical

and economic assistance. Nevertheless, we have managed with the help of

reports from American agencies to put together the following picture:

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1   The United States statistics on technical and economic assistance do not
    divide the technical part of this type of assistance from the part
    representing cash for project-tied aid. Both components are lumped
    together.

TABLE 3.E

SECTORAL DISTRIBUTION OF U.S. TECHNICAL AND

ECONOMIC ASSISTANCE FROM INCEPTION OF AID

PROGRAMME TILL 1966, 1969, and 1970.

IN MILLIONS OF U.S. DOLLARS							
Number	Sectors	Till June 30th 1966		Till June 30th 1969		Till June 30th 1970	
		Values	%	Values	%	Values	%
1	Agriculture and Natural Resources	25.938	30.6	26.7	28	27.2	28
2	Transport	18.623	22.0	18.7	20	19.4	20
3	Industry and Mining (including Tourism)	8.641	10.2	10.5	11	10.7	11
4	Education	6.872	8.1	7.2	8	7.8	8
5	Health and Sanitation	4.431	5.2	4.9	5	4.9	5
6	All others*	20.250	23.9	26.4	28	27.1	28
	Total	84.755	100	94.4	100	97.1	100

Source: (a) United States Agency for International Development,
U.S. Assistance to Jordan, (Amman: U.S.A.I.D., Dec. 21, 1966);
(b) and U.S. Economic Aid Programs to Jordan, (Amman: U.S.A.I.D.
October 7, 1969); (c) and U.S. Economic Aid Programs to
Jordan, (Amman: U.S.A.I.D., Aug. 31, 1970).
*   Includes technical aid to public administration, Public Safety,
Community development, general and miscellaneous and technical
support cost.

The table above shows the distribution of both technical and economic

assistance to the different sectors of the economy. From the table it

can be seen that most of the technical and economic assistance was directed

towards agriculture and transport. These two sectors absorbed approximately

50% of total United States technical and economic assistance. Irrigation

and water resources projects, particularly the East Ghor Canal project,

absorbed most of this type of American aid given since the inception of

the United States aid programme to Jordan (1953) till June 30, 1966.

The East Ghor Canal Project was an irrigation and drainage project designed to serve 120,000 dunums of farm land in the first stage and an additional 20,000 dunums in the second stage.[1]

The transport item in the previous table represented technical and economic assistance towards the development of transport and communications. It was geared to the construction, maintenance and management of communications facilities and roads. The miscellaneous items reprsent expenditures on community development schemes which fall within the framework of infrastructure, such as the construction of schools, clinics, houses, water and sewage systems and marketing centres. They also include expenses for maintaining the United States' A.I.D. Mission and assistance given to the Municipal and Village Loan Fund. The latter is an institution specialising in giving loans for the development of villages and cities in Jordan. On the whole, the analysis of the distribution of the United States' technical and economic assistance shows that most of it went to the development of economic infrastructure. In particular, 60% of the American technical and economic assistance received was for infrastructural projects.

Furthermore, the United States technical and economic assistance programme provided for the technical training of Jordanians. The training programme was related to three main fields: eductation, agriculture and public administration. The following table summarises the distribution of participants on the basis of the field of training.

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1   1 dunum equals 1000 sq. m.; 1 acre equals approximately 4 dunums.

TABLE 3.F

DISTRIBUTION OF JORDANIANS - TRAINED ABROAD ACCORDING
TO FIELD OF ACTIVITY (1951-52 - JUNE 30, 1969).

Field of Activity	No. of Participants
Education	416
Agriculture	279
Public Administration	219
Health	209
Engineering	138
Tourism	86
Highway	57
Industry	43
Public Safety	41
Business administration	7
Total	1495

Source: U.S.A.I.D., U.S. Economic Programme to Jordan, op. cit., p.2.

(c)- THE U.S. COMMODITY AID

The American aid to Jordan in the form of agricultural commodities
went through two phases. In the first phase, i.e., the period from
1952 till 1966, this aid took the form of grants but in the second phase
commodity aid had to be paid for either in Jordanian dinars or in dollars.
Besides, this type of American aid was given under a number of different
headings: Over the period 1952 - 1954, Jordan received grants of Wheat
from the United States on an emergency basis under the United States'
Public Law No. 216. Thereafter,and until 1966, United States' Commodity
aid was given under the U.S. Public Law No. 480, titles II and III.

Under title II, commodity donations were made to meet famine and other extraordinary relief needs while under title III, commodity donations were made to non-profit agencies engaged in distributing such products in Jordan. However, from 1966 till 1972, U.S. commodity aid was given under titles I and IV, i.e., commodity aid in exchanges for Jordanian dinars and for dollars, respectively.

The proceeds from the sale of U.S. commodities given in aid in the domestic market fall into two categories according to the title under which the U.S. commodities are provided. Those proceeds are designated "counter part funds," for they represent the counterpart of the "U.S. commodity aid" which has been offered to Jordan and are put into two separate accounts: The account of the government of the United States of America and the account of the government of Jordan. The former represents the local currency value of U.S. commodity aid offered to Jordan. As the U.S. aid agreement puts it, the local currency payments are deposited in "the account of the Government of the United States of America in interest-bearing accounts in banks selected by the Government of the United States of America in the importing country."[1] Similarly the proceeds from the sale of U.S. commodities under titles II and III, for extraordinary needs are also deposited in this account.

Strictly speaking, counterpart funds arising from selling U.S. commodities under title II (U.S. $ 17.7 m.) were donated to voluntary relief agencies operating in Jordan, i.e., the Lutheran World Federation, Catholic Relief Services and C.A.R.E. On the otherhand according to the

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1. Agreement Between the Government of the United States of America and the Government of the Hashemite Kingdom of Jordan for Sales of Agricultural Commodities, (Amman: n. pub., 1171), Article II.c, p.5.

reports provided by the United States' Mission in Amman, counterpart

funds arising from selling U.S. commodities under title $\overline{I}$ were partly

used for covering U.S. expenses in Jordan and partly for financing

development projects.

As for the account of the government of Jordan, it represents

the proceeds from the sale of U.S. commodities given in aid under title

$\overline{IV}$. These proceeds are intended to finance development projects and

withdrawals from this account cannot be made without the prior permission

of the United States Mission in Amman.

Table 3.G shows that total U.S. commodity aid to Jordan over the

period 1952 - 1966 was U.S. $ 74.3 million in value. (See Table 3.G p 120).

U.S. commodity aid under titles $\overline{I}$ and $\overline{IV}$ totalled U.S. $ 11.2 million,

the equivalent of J.D. 4.0 million over the period 1966-1972. The

following table gives the actual disbursements of commodity aid under

both titles.

TABLE 3.H

ACTUAL DISBURSEMENTS OF COMMODITY AID UNDER THE

UNITED STATES PUBLIC LAW No. 480. (TITLES $\overline{I}$ and $\overline{IV}$

1966 - 1972

IN THOUSANDS OF U.S. DOLLARS AND THOUSANDS OF JORDANIAN DINARS						
Period	Title I		Title $\overline{IV}$		Total	
	Jordanian Dinars	U.S. Dollars*	Jordanian Dinars	U.S. Dollars	Jordanian Dinars	U.S. Dollars
1966	208	582	-	-	208	582
1967	102	286	606	1696	708	1982
1968	3	8	628	1757	631	1765
1969	129	361	454	1270	583	1631
1970	339	949	407	1140	746	2089
1971	442	1238		-	442	1238
1972	91	255	597	1672	688	1927
Total (J.D)	1,314,000	3,679,200	2,691,000	7,535,000	4,005,000	11,214,200

Source: Compiled from The Central Bank of Jordan, Department of Economic
Research, Fiscal and Monetory Division.
 * Title I Commodity values (sales for local currency) were converted
from Jordan dinars/to U.S. dollars at the rate of 1.J.D = 2.8 dollars;
The same procedure was adopted when converting title $\overline{IV}$ Dollar
commodity values into their equivalent in Jordanian dinars.

TABLE 3.G

UNITED STATES COMMODITY AID TO JORDAN UNDER PUBLIC LAW NO. P.L.480, TITLE I TO TITLE IV

1952-1966

		IN THOUSANDS OF U.S.$ AND THOUSANDS OF JORDANIAN DINARS						
U.S. Fiscal Year	Title I	Title II		Title III		Title IV	Total	
		U.S. Dollars	Jordanian Dinars	U.S. Dollars	Jordanian Dinars		U.S. Dollars	Jordanian Dinars
1952	-	-	-	-	-	-	1284 *	459
1953	-	-	-	-	-	-	1285 *	459
1954	-	-	-	-	-	-	-	-
1955	-	-	-	1425	509	-	1425	509
1956	-	-	-	541	193	-	541	193
1957	-	-	-	793	283	-	793	283
1958	-	3454	1234	1140	407	-	4594	1641
1959	-	13965	4988	1737	620	-	15702	5608
1960	-	-	-	1519	543	-	1519	543
1961	-	17531	6261	2926	1045	-	20457	7306
1962	-	-	-	1341	479	-	1341	479
1963	-	11413	4076	1927	688	-	13340	4764
1964	-	7665	2738	1894	676	-	9559	3414
1965	-	-	-	877	313	-	877	313
1966	-	-	-	1599	571	-	1599	571
Total 1952 - 30 June 1966 (J.Ds)	-	54,028,000	19,295,800	17,719,000	6,328,100	-	74,316,000	26,541,400

Source: U.S.A.I.D., op.cit., Dec. 21, 1966.

* A delivery of $2,569,000 worth of wheat (J.D. 918 thousand) was made in 1952 and 1953 on an emergency basis and under the U.S. Public Law no. 216.

The effects of U.S. commodity aid on the economy of Jordan depends significantly upon the title under which such aid is given and the use to which the counterpart funds are put. As the first type of U.S. commodity aid (titles II and III) took the form of outright grants, the following effects could be observed: The high rate of increase in population, frequent changes in weather conditions and slow growth in agricultural production were the factors which made Jordan a food-deficit country. U.S. commodity aid (titles II and III) helped bridge the gap between demand and the domestic supply of food. This type of commodity aid did not impose any foreign exchange obligations on the economy. But it did imply a saving of foreign exchange in that but for the money Jordan would have had to pay for food imports from other sources. However, the saving of foreign exchange was not very significant in comparison to total foreign aid received by Jordan. Total United States' commodity aid under titles II and III constituted an average of 5.4% of total foreign aid to Jordan over the period 1952 - 1966.

As for the effects on the economy of the U.S. commodity aid under titles I and IV , i.e., sales for local currency and for dollars respectively, the following points should be observed: (a) The prices of U.S. commodity aid are determined by the state of demand and supply in Jordan. Prices fluctuate, they are high in periods of deficits and low in periods of surpluses. In all cases, commodity aid has a depressing effect on prices of food.

The dumping of U.S. commodities given in aid at low prices will affect the long-term elasticity of supply of agricultural products. It will cause distress to domestic farmers and discourage them from increasing production. In other words, it can be said that the fluctuations in the prices of agricultural commodities caused by U.S. commodity aid, discourage

farmers from acquiring credit. So this type of aid affects the long-term

supply elasticity of agricultural products; (b) Apart from the payment

for the commodities given in aid, the U.S. surplus commodities had other

conditions attached to them. Some of these conditions affect agricultural

production in the same manner described above. For example, it was

required that the Jordanian government should "take all possible measures

to prevent the export of any commodity of either domestic or foreign origin

which is the same as, or like, the commodities financed under this

agreement during the export limitation period specified ...."[1] This

condition meant that Jordan could not export a number of agricultural

commodities in the years when domestic supply exceeded demand;[2] (c) To

the extent that the United States utilized part of the counterpart funds

to pay for the expenditure by the United States' agencies in Jordan which

would have had to be paid for in dollars, the inflow of foreign exchange

was correspondingly reduced; (d) the counterpart funds were partly used

for financing investment projects, and, at times, the Jordanian government

used the counterpart funds to finance its current expenditure. The latter

implies that to an extent the counterpart funds were treated as a

substitute for tax revenues. Nevertheless, the counterpart fund is a

poor substitute for revenues from taxes, for the reason that it is not a

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1 Agreement Between the Government of the United States of America and
   the Government of the Hashemite Kingdom of Jordan, op. cit., Dollar
   Credit Annex, Article III A.3, p.8.

2 Examples on the effects of U.S. commodity aid on the agricultural
   production of Pakistan, Formosa and Greece are available in Hamza
   Alavi and Amir Khusro, Pakistan: The Burden of U.S. Aid, in R.I.
   Rhods ed., Imperialism and Underdevelopment - A Reader, (New York:
   Monthly Review Press, 1970), pp 62-78; See also C. Boris Swerling,
   discussing the effects of U.S. commodity aid on the exports of
   Pakistan. A discussion paper presented by John H.Davis, "Agricultural
   Surpluses and Foreign Aid," American Economic Review - Papers and
   Proceedings, Vol. 49, May 1959, p. 244.

certain source of revenues; and (e) counterpart funds give the United States elbow-room for exerting pressure on the investment policies of the Jordanian government through exercising power over issuing or withholding approvals of withdrawals from such accounts. Lack of access to instances of such exercises of power, however, hides, but by no means negates their occurences, nor the potentiality of such.

It can be said that the U.S. commodity aid under titles $\overline{II}$ and $\overline{III}$ did not impose any foreign exchange obligations on the economy and it helped bridge the gap between the domestic demand and the supply of food. On the other hand, U.S. commodity aid under titles $\overline{I}$ and $\overline{IV}$ had negative effects on the economy. The dumping of U.S. commodities given in aid at low prices will affect the long-term elasticity of supply of agricultural output. Besides, the restrictions imposed by the United States on the exports of agricultural products will similarly affect agricultural output. Finally, the use of counterpart funds as a source of government revenues was a poor substitute for taxation and it inhibited the reform of existing tax laws; the use of counterpart funds as a substitute for dollar expenses (the expenses of U.S. agencies in Jordan) had reduced the overall inflow of dollars to Jordan and; the use of counterpart funds as an instrument for affecting the Jordanian government investment policies had served the interests of the United States.

III AID FROM THE ARAB COUNTRIES

The flow of aid from Arab countries was erratic, because it was governed by the volatile circumstances that affect pan-Arab politics. In its earlier stage, Arab aid took the form of budget support and technical assistance, and later on it took the form of loans given to the central government. Over the period 1957-1972, Arab aid totalled J.D. 206.0 million, 91.8% of which was received after the 1967 war. Its flow started in the late 1950's when it took the form of 'Solidarity

grants" to the government budget. The termination of the 1948 Anglo-Jordanian Treaty of Alliance in 1956, led to an accord among Arab countries to provide regular aid to Jordan. The four signatories to the accord were Egypt, Syria, Saudi-Arabia and Jordan. Article No.2. of this accord reads: "The governments of the Republic of Syria, the Kingdom of Saudi-Arabia, and the Republic of Egypt, shall share in the expenditures emanating from the obligations falling on the government of the Hashemite Kingdom of Jordan, as a result of the policy of cooperation and solidarity for bolstering Arab existence and independence ...."[1] Those expenditures totalled 12.5 million Egyptian pounds, annually, or the equivalent.

However, in actual fact, the pledge never fully materialised. Jordan received only J.D. 5.0 million under the accord to compensate for the loss of British aid following the termination of the Anglo-Jordanian Treaty of 1948.[2] Arab countries were too divided among themselves to follow any concerted programme of aid. Following the failure of Arab countries to provide aid, King Hussein once again turned to the West (in particular the United States) for aid.[3] Saudi-Arabia was the sole signatory to the accord which paid her share, whereas the other two broke pledges, notwithstanding the binding clauses of the accord: the solidarity accord was "concluded for ten years .... (and) after this date, the Treaty will continue unless a year's notice regarding its

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1   Royal Institute of International Affairs, Documents on International Affairs, 1957, op.cit., pp.255-257.

2   Ibid., pp. 255-257.

3   Royal Institute of International Affairs, Documents on International Affairs, 1957, op. cit., pp.288-289.

termination is served .... through diplomatic channels."[1] It is

worth noting that the continued Saudi aid was a display of solidarity

between the two moderate regimes in the Middle East.

Arab countries got together once again following the 1967 Arab-

Israeli War. Under the Khartoum Agreement - the end - result of the

conference of the Arab heads of state in 1967, Kuwait, Libya and

Saudi Arabia agreed to provide an annual grant of J.D. 37.7 million to

Jordan. Not surprisingly, and under the pretext of the 1970 civil

strife, when the Jordanian army went into action against the Palestinian

organizations, Kuwait and Libya stopped their aid contributions. This

provides another evidence for the uncertainty of aid from Arab countries.

Table 3.I shows the total flow of aid from Arab countries.

(See Table 3.I p. 126).

Over the period 1957-1972, Jordan received from the oil-rich Arab

countries J.D. 206.6 million in aid. It can also be seen from Table 3.I.

that a large proportion of the Arab aid took the form of budget support

(J.D. 185.0 million).

Table 3.J, as well as Graph 6, shows the relative importance of

Arab aid to Jordan over 1957-1972. Arab aid to the Jordanian budget

represented an average of 80% of total budget support over the period

1967 - 1972. As for the contribution of Arab aid in terms of total aid,

it averaged 61.7% and 31.9% over the two successive periods, 1967 - 1972

and 1960 - 1972. (See Table 3.J p. 127).

As far as loans from the Arab countries are concerned, Kuwait and

Saudi Arabia were the two main lenders. The two between themselves

provided about a third of the total loans given to Jordan.[2] Loans from

these two countries were for financing infrastructural projects. Kuwait,

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1. Royal Institute of International Affairs, Documents on International
   Affairs, 1957, op. cit., Article 4, p. 256.

2   See Table 3 page 103.

TABLE 3.I

AID FROM ARAB COUNTRIES - AGGREGATES, TYPES AND SOURCES

1957-1972

	IN THOUSANDS OF JORDANIAN DINARS						
Period	Budget Support	Technical & Economic Assistance	Total (3) = 1 + 2	Loans to the Central Government		Total (6) = 4 + 5	Grand Total 6 + 3
	Arab Countries (1)	Arab League (2)		Kuwait (4)	Saudi-Arabia (5)		
1957	5000	-	5000	-	-	-	5000
1958	-	-	-	-	-	-	-
1959	-	-	-	-	-	-	-
1960	-	-	-	1000	-	1000	1000
1961	-	-	-	-	-	-	-
1962	-	-	-	239	-	239	239
1963	-	-	-	585	-	585	585
1964	-	-	-	5488	-	5488	5488
1965	-	474	474	919	-	919	1393
1966	-	569	569	1047	1500	2547	3116
1967	30947	1022	31969	537	-	537	32506
1968	37601	-	37601	227	1499	1726	39327
1969	37553	-	37553	564	1499	2063	39616
1970	33070	2072	35142	277	501	778	35920
1971	17952	279	18231	262	357	619	18850
1972	22911	-	22911	655	-	655	23566
In Jordanian Dinars	185,034,000	4,416,000	189,450,000	11,798,600	5,357,143	17,155,800	206,605,800

Source: Appendix II, Table 1.

TABLE 3.J

RELATIVE IMPORTANCE OF ARAB AID TO JORDAN

1957-1972

PERCENTAGES					
Period	Components of Arab Aid to Jordan as % of Components of Aggregate Aid			Arab Aid to Central Government as % of Total Government Receipts of Foreign Aid	Arab Budget Support as % of Total Budget Support
	Arab Unrequited Transfers as % of Aggregate Unrequited Transfers	Arab Loans as % of Aggregate Loans	Total Arab Aid as % of Aggregate Aid Flow		
1957	31.71	-	31.71	83.52	100.0
1958	-	-	-	-	-
1959	-	-	-	-	-
1960	-	55.09	3.83	5.24	-
1961	-	-	-	-	-
1962	-	18.13	0.99	1.41	-
1963	-	3o.29	2.36	3.32	-
1964	-	76.44	18.34	24.44	-
1965	·1.97	35.12	5.23	7.78	-
1966	3.12	70.95	14.29	23.12	-
1967	67.29	7.90	59.86	73.71	81.36
1968	80.40	31.88	75.37	86.89	95.07
1969	86.73	43.15	82.40	92.01	100.0
1970	85.55	24.65	81.21	95.79	100.0
1971	45.50	4.73	35.46	44.48	51.39
1972	42.74	5.40	35.86	42.19	52.06
Average % 1960-1966	-	40.86	6.43	9.33	-
Average % 1967-1972	68.04	19.61	61.69	72.51	79.98
Average % 1960-1972	-	31.05	31.94	38.49	-

Source; Table No. 1, Appendix II.

ARAB AID TO JORDAN. 1957-1972

ARAB AID AS % OF TOTAL FOREIGN AID
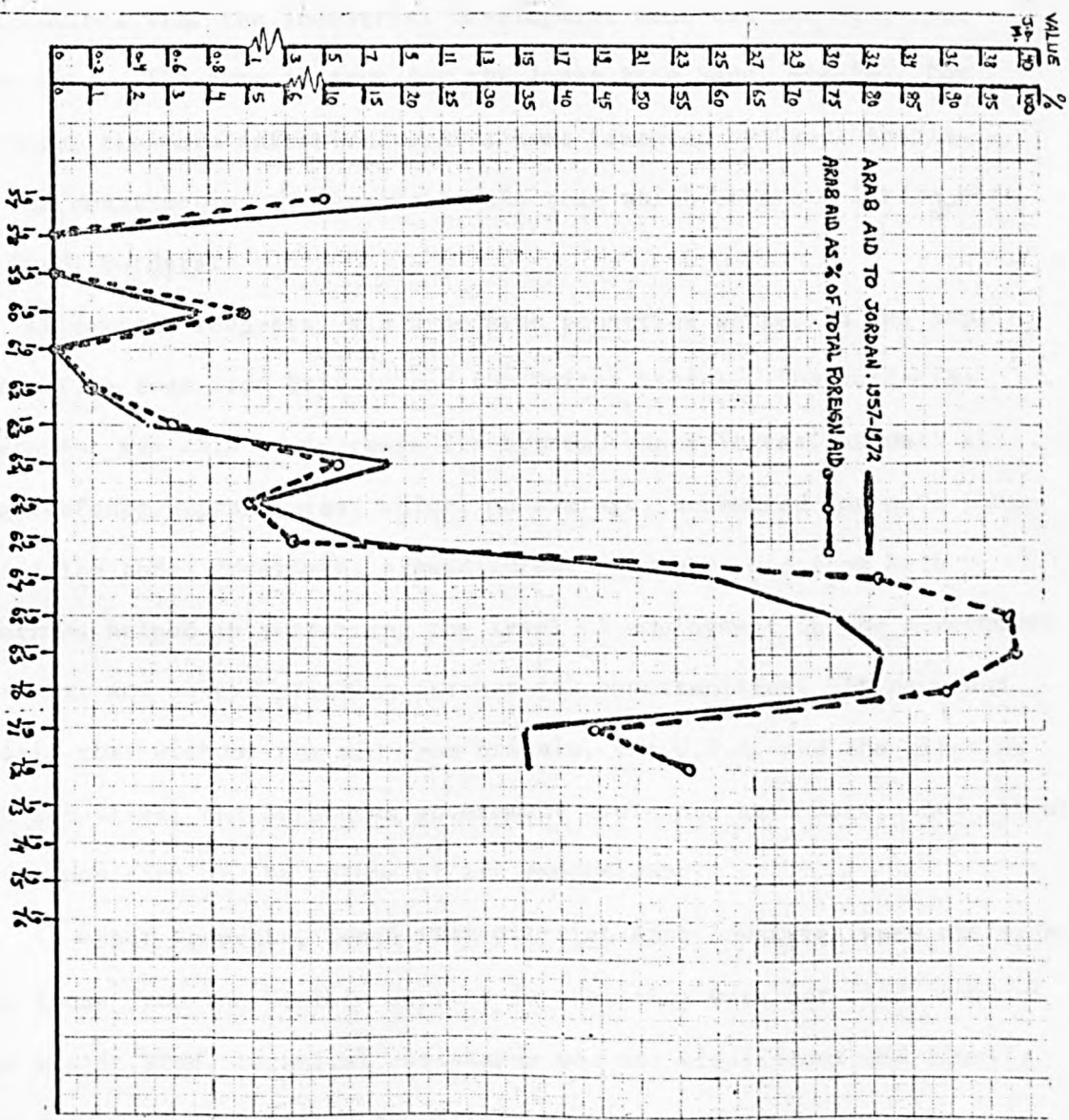
GRAPH 6

for instance, offered loan for the following: the construction of hotels to help develop the tourist industry, exploitation of phosphate resources, generating electricity, loans to specialized credit institutions viz., the Industrial Development Bank and the Municipal Loans Fund. The same is true for the loans from Saudi Arabia. For instance, the main infrastructural scheme financed by Saudi Arabia was the construction of the Aqaba-Maán road which connects Jordan with the Saudi borders.

In certain respects, aid from Arab countries worked in the same manner like that from Britain and the United States. The Jordanian government was able to increase its current expenditures, as well as large defence expenditures, which, on average, accounted for more than 50% of the total government expenditures. Further, aid from Arab countries helped in sustaining the level of employment in the government services, and helped creating further job opportunities. It can thus be said that without the aid from Britain, the U.S.A. and the oil-rich Arab countries, the Jordanian government could not have maintained either the composition or the volume of its expenditure.

In other respects, funds from oil-rich Arab countries were different than those from the Western sources in that they were not tied, none of them was in kind, technical assistance was not significant and finally they were more susceptible to political changes.

IV AID FROM WEST GERMANY

Aid from West Germany was of two types: Firstly, technical and economic assistance, and secondly, loans tied to projects and to purchases on the German market. Technical aid was directed towards the following:

(a) providing technical know-how for operating German imported machinery,

(b) training in agricultural economics and irrigation,

(c) training in port management and city traffic, and

(d)   the conduct of feasibility studies, particularly those related to

the establishment of chemical and fertilizers industries.

Project-tied loans from West Germany, totalled J.D. 9.5 million.

They averaged 13.7% of total loans over 1962-1972. In percentage terms,

total West German aid was, on average, 2% of total foreign aid to Jordan

over 1962-1972.

What is important about W. German aid is that most of it was given

as project-tied aid. The projects selected for aid were those which

relied on capital goods manufactured by German companies. As a result,

the German-financed projects had a very high import-content. By far

the highest proportion of this project-tied aid went towards financing

the expansion of facilities at the Port of Aqaba, the sole port in Jordan,

and the construction of a 116-kilometre railroad between Hittiya and

Aqaba. The latter is meant to provide an export outlet for the

phosphate from the mines at Hasa. The following table, however, shows the

volume, composition and the relative impostance of West German aid to

Jordan since the inception of the West German aid programme in 1962.

(See Table 3.K p. 130).

It can finally be said that aid from West Germany took the form of

loans; it was project - and procurement-tied aid, none of it was in the

form of budget support and it contained a very limited range of technical

assistance.[1]

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1   We will have more to say about the distribution of loans in the
    next chapter.

TABLE 3.K

AID FROM WEST GERMANY - COMPOSITION AND RELATIVE IMPORTANCE

1963-1972

IN THOUSANDS OF JORDANIAN DINARS					
Period	Technical and Economic Assistance		Loans to Central Government		Total Aid from West Germany	Aid From West Germany as % of Total Aid Flow
	Absolute Values	Percentage of Total Technical and Economic Assistance	Absolute Values	Percentage of Total Loans		
1962	-	-	250	17	250	1
1963	57	3	611	32	668	3
1964	78	5	316	4	394	1
1965	50	2	51	2	101	0.4
1966	36	2	213	6	249	1
1967	80	3	455	7	535	1
1968	-	-	1512	28	1512	3
1969	-	-	156	3	156	0.3
1970	-	-	133	4	133	0.3
1971	-	-	554	4	554	1
1972	-	-	5215	43	5215	8
In Jordanian Dinars	301000		9465900		9766900	

Source: Table No. 1, Appendix II.

V   FOREIGN AID FROM THE UNITED NATIONS

(a) TRANSFERS FROM THE UNITED NATIONS RELIEF AND WORKS AGENCY
     (U.N.R.W.A.)

The creation of-Israel and the Arab-Israeli War of 1967 displaced

a large number of Palestinians. By far the largest proportion of

Palestinians took refuge in Jordan. During the 1967 War, Israel

occupied the West Bank of the River Jordan which further increased the

number of refugees on the East Bank of the River. About 730,496

Palestinian refugees are registered with U.N.R.W.A. in Jordan and

they receive (or are eligible for) some form of assistance: Of those

registered 503,265 are on the East Bank and 227,231 on the West Bank.

Besides those, there are 230,852 displaced people (not treated as

refugees) on the East Bank who were the casualities of the 1967 War.[1]

The United Nations instituted a programme of help for the refugees

in 1950. A very large proportion of multilateral aid to Jordan was

given by the United Nations. The projects, financed by the United

Nations relief and Works Agency (U.N.R.W.A.), the largest U.N. agency

working in Jordan, constituted an important part of the socio-economic

infrastructure of Jordan. The services financed by U.N.R.W.A. funds

were relief, health care, welfare and educational services.   These

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1   The United Nations Relief and Works Agency for Palestine Refugees,
    (U.N.R.W.A.), A Survey of United Nations Assistance to Palestine
    Refugees,(Beirut: The United Nations Relief and Works Agency for
    Palestine Refugees in the Near East, 1972), p.4; see also United
    Nations, Report of the Commissioner - General of the United Nations
    Relief and Works Agency for Palestine Refugees in the Near East,
    (New York: United Nations, 1973), General Assembly, 28th Session,
    Supplement No. 13, p.8.

services were provided as part of governmental services.

Since 1950, under the aegis of U.N.R.W.A., Jordan received about
J.D. 5.0 million per annum. A little more than 50% of those transfers
was in cash, and the rest was in kind. Food stuff was the largest
component of U.N.R.W.A.'s aid-in-kind. U.N.R.W.A. aid, on average,
constituted between 20.6% and 22.4% of the total aid and total unrequited
transfers, respectively over 1950 - 1972. Table 3.L and Graph 7 show
its volume, composition and importance in relation to total aid flow,
as well as to components of aid flow. (See Table 3.L p. 133).

U.N.R.W.A. aid, the largest component of the United Nations aid to
Jordan, made a very important contribution to the economic development
of the country. Some of its effects were similar to those given under
the United States commodity aid (PL. 480). U.N.R.W.A.'s transfers-in-
kind met a significant proportion of the aggregate demand for basic
food commodities in Jordan. The importance of these transfers can be
seen in the fact that the refugees registered with U.N.R.W.A. constituted
28% of the total of population of Jordan. But for this aid-in-kind
Jordan would have had to spend a large sum of money on importing food.
The value of U.N.R.W.A.'s aid-in-kind, as a percentage of the country's
total imports of foods stuffs, was 31.0% in 1952, 30.0% in 1955, 23.0%
in 1959 and 17.0% in 1972. The aid-in-cash went towards maintaining
the socio economic services provided by the agency. U.N.R.W.A. provide
integral and comprehensive health services, i.e., curative and preventive
medical care services.

As far as the contribution of U.N.R.W.A. to domestic capital
formation in Jordan is concerned, U.N.R.W.A.'s expenditures on the
construction of schools constituted an average of 1% of Jordan's gross

TABLE 3.L

FLOW OF UNREQUITED TRANSFERS FROM U.N.R.W.A. -

VOLUMES, COMPOSITION AND RELATIVE IMPORTANCE

1950-1972

Period	IN THOUSANDS OF JORDANIAN DINARS							
	Transfers from the United Nations Relief and Works Agency (U.N.R.W.A.)						U.N.R.W.A.'s Transfers as percentage of:	
	Transfers-in-Cash (1)		Transfers-in-Kind (2)		Total Transfers (3) = 1 + 2		Total Unrequited Transfers	Total Flow of Aid
	Absolute Values	%	Absolute Values	%	Absolute Values	%		
1950	1080	36.12	1910	63.88	2990	100	31.64	31.65
1951	2520	75.00	840	25.00	3360	100	26.07	26.08
1952	2580	59.17	1780	40.83	4360	100	31.17	28.15
1953	3530	72.63	1330	27.37	4860	100	29.97	26.54
1954	3020	54.91	2480	45.09	5500	100	34.12	28.97
1955	2990	64.16	1670	35.84	4660	100	33.40	33.41
1956	2710	61.04	1730	38.96	4440	100	23.08	23.09
1957	2750	56.12	2150	43.88	4900	100	31.07	31.08
1958	2560	53.89	2190	46.11	4750	100	19.65	18.88
1959	2710	50.19	2690	49.81	5400	100	22.30	21.86
1960	3090	58.41	2200	41.59	5290	100	21.82	20.30
1961	3010	58.45	2140	41.55	5150	100	20.38	19.78
1962	2550	48.48	2710	51.52	5260	100	23.20	21.93
1963	2880	52.27	2630	47.73	5510	100	24.10	22.22
1964	2700	50.28	2670	49.72	5370	100	23.62	17.96
1965	3520	58.57	2490	41.43	6010	100	25.05	22.59
1966	3290	58.54	2330	41.46	5620	100	30.86	25.78
1967	2230	46.46	2570	53.54	4800	100	10.10	8.84
1968	1950	34.45	3550	64.55	5500	100	11.76	10.54
1969	970	28.78	2400	71.22	3370	100	7.78	7.01
1970	1940	43.02	2570	56.98	4510	100	10.98	10.20
1971	280	7.87	3280	92.13	3560	100	8.88	6.70
1972	2130	31.23	4690	68.77	6820	100	12.72	10.38
Average % 1950-59		58.32		41.68		100	28.2	26.97
Average % 1960-66		55.00		45.00		100	24.1	21.51
Average % 1967-72		32.14		67.87		100	10.4	8.95
Average % 1960-72		44.45		55.55		100	17.8	15.71
Average % 1950-72		50.48		49.52		100	22.4	20.61

Source: Appendix II, Tables 1 and 2.

GRAPH 7

TOTAL UNREQUITED TRANSFERS FROM U.N.R.W.A. 1950-1972
U.N.R.W.A'S TRANSFERS IN CASH
U.N.R.W.A'S TRANSFERS IN KIND
TOTAL UNREQUITED TRANSFERS FROM U.N.R.W.A. AS % OF TOTAL FOREIGN AID
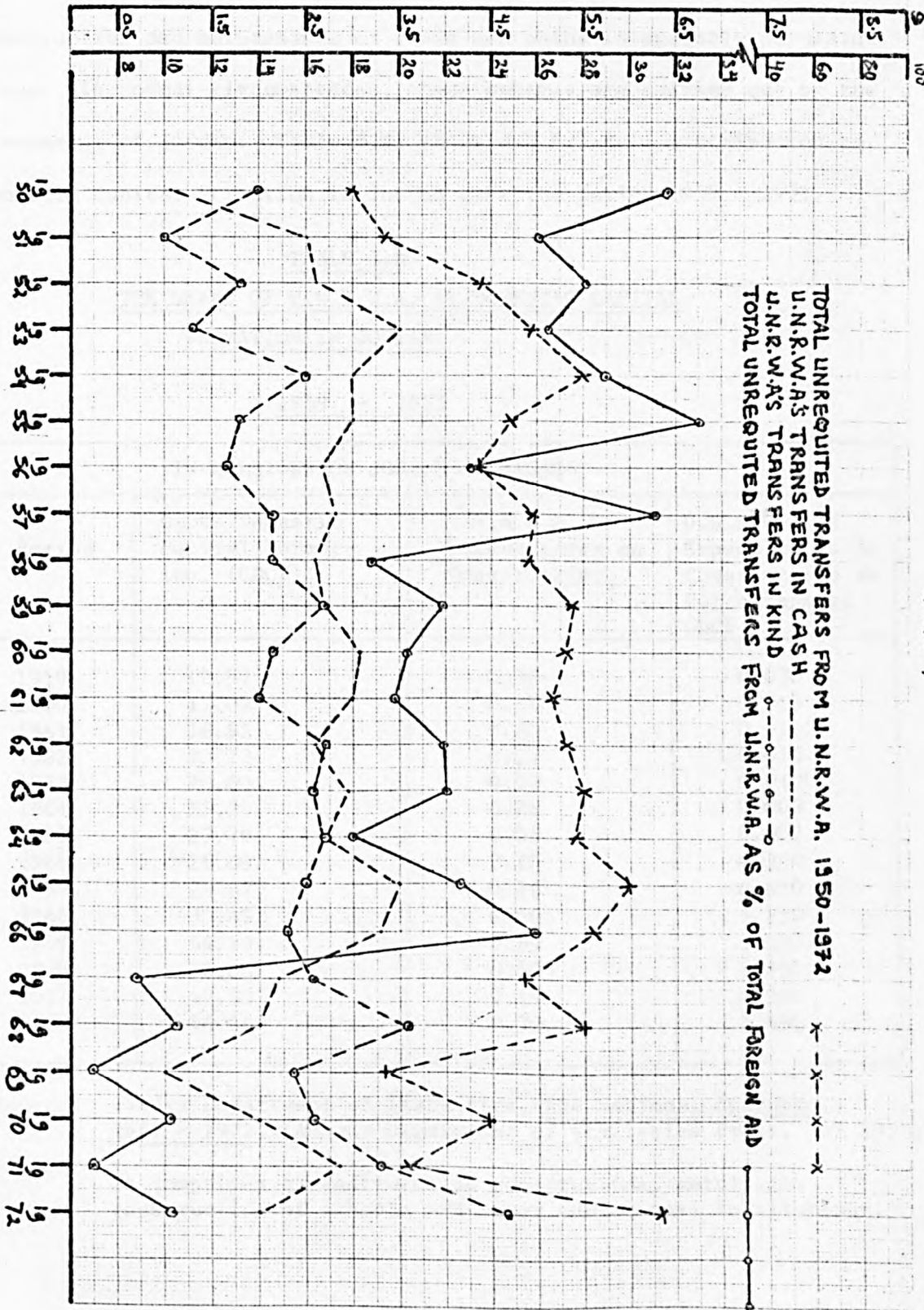
domestic capital formation over 1959 - 1972. Besides, U.N.R.W.A.

also helps in the construction of sanitation facilities, the

construction and maintenance of roads and paths in sparsely populated

areas. In normal circumstances, these schemes are carried out by the

government of Jordan. Table 3.M. shows U.N.R.W.A.'s contribution to

domestic capital formation in Jordan over the period 1959 - 1972.

TABLE 3.M

THE SHARE OF U.N.R.W.A. IN DOMESTIC CAPITAL

FORMATION IN JORDAN.

1959 - 1972

IN MILLIONS OF JORDANIAN DINARS			
Period	Gross Domestic Capital Formation. (GDCF)	U.N.R.W.A.'s Expenditures on Construction$_*$	U.N.R.W.A.'s Expenditures on Construction as Percentage of GDCF
1959	12.57	0.36	0.030
1960	17.09	0.14	0.010
1961	18.92	0.20	0.011
1962	20.22	0.27	0.013
1963	20.00	0.10	0.010
1964	25.29	0.08	0.003
1965	27.79	0.05	0.002
1966	28.09	0.10	0.350
1967	25.62	0.16	0.620
1968	37.49	0.46	1.230
1969	64.39	0.89	1.380
1970	40.06	0.50	1.250
1971	49.83	0.49	0.980
1972	44.06	0.70	1.590

Source: Jordan Department of Statistics, The National Accounts,
1967 - 1972, (Amman: Department of Statistics Press, May 1973).

* It comprises expenditures on construction, mainly the
construction of schools and other educational institutions.

As for investment in human capital, education was one of the main services provided by the agency. Infact, education absorbed nearly half of total U.N.R.W.A.'s budget in 1972.[1] The following table shows that, on average, the number of pupils in U.N.R.W.A's elementary and preparatory schools accounted for more than a third of total number of school children in public schools.

TABLE 3.N

STUDENTS IN U.N.R.W.A. AND IN GOVERNMENT SCHOOLS
A COMPARISON.

1963-1972

Period	No. of Elementary and Preparatory Pupils in:		Ratio of 1 to 2
	U.N.R.W.A./U.N.E.S.C.O (1)	Government Schools(2)	
1963	54023	219477	24.6
1964	59088	241932	24.4
1965	65336	258253	25.2
1966	71915	276862	25.9
1967	78687	174188	45.6
1968	78180	189911	41.1
1969	90289	210845	42.8
1970	102283	235456	43.4
1971	107217	252353	42.4
1972	116614	277976	41.9
Average % 1967-72			42.87
Average % 1963-72			35.73

Source: (a) United Nations, Report of the Commissioner-General, op.cit., p.85; (b) Jordan Ministry of Education, the Statistical Yearbook, (Amman: Department of Statistics Press, relevant years).

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1. U.N.R.W.A., A survey of United Nations Assistance to Palestine Refugees, op. cit., p. 14.

U.N.R.W.A. also makes an important contribution to vocational training in Jordan. It runs four vocational training centres, two of which are situated on the East Bank. Like U.N.R.W.A. schools, vocational centres are operated under the supervision of U.N.E.S.C.O. The following table shows U.N.R.W.A. - U.N.E.S.C.O. training centres in Jordan.

TABLE 3.0

U.N.R.W.A./U.N.E.S.C.O. TRAINING CENTRES IN JORDAN

1971-1972

Location	Type of Training	Sex and No. of Trainees
East Jordan		
1 - Amman	Vocational	55 women
	Teacher	166 women
	Teacher	182 men
2 - Wadi seer	Vocational	608 men
West Bank		
3 - Kalandia	Vocational	376 men
	Teacher	271 women
4 - Ramallah	Vocational	328 women *
	Teacher	301 men **

Source: U.N.R.W.A., A Survey of United Nations Assistance to Palestine Refugees, op. cit., p.17.

* Includes 20 men in courses for laboratory technicians and assistant pharmacist.

** Incluces 14 women who are part of 61 trainees receiving a third year of eduation to qualify as preparatory teachers.

U.N.R.W.A.'s financing of vocational and non-vocational educational programmes in Jordan relieved the public sector of expenditures that would have otherwise been incurred by the government. For example, U.N.R.W.A. puts the annual costs per student in its educational centres as follows :

(a)   Elementary school, 50 U.S. $ per pupil.

(b)   Preparatory school, 83 U.S. $ per pupil.

(c)   Trainee in teacher training centres, 900 U.S. $.

(d)   Trainee in vocational training centres, 850 U.S. $.[1]   However,

as the Jordanian economy has had a shortage of skilled manpower,

technical and educational know-how provided by those U.N.R.W.A. programmes,

in fact, corresponded to the developmental needs of Jordan.   It can also

be said that aid from U.N.R.W.A. was the most regular aid to Jordan and

it was mainly in the field of Social and Educational services.

(b) - AID FROM OTHER UNITED NATIONS AGENCIES

Aid from other United Nations' agencies went unrecorded.   The least

unreliable account viz., the balance of payments, did not even show

records of such aid.   So we have to rely on the agencies providing aid

to Jordan for data.   Aid from other United Nations' agencies, at the

outset, took the form of irregular technical assistance.   Experts,

scholarships and training equipments were provided to the Jordanian

public sector.   Later on, it changed to semi-regular technical assistance

and emergency aid.   The World Food Programme (W.F.P.) and the United

Nations Development Programme are the main U.N. agencies working in

Jordan.

W.F.P. activities were intended to support the creation of the social

and economic infrastructure in Jordan by giving food aid.   75% of the

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1 Data were collected from U.N.R.W.A. Office, Amman, 1974.

food aid was distributed to workers employed on selected projects as part of their wages. The remainder 25% was sold locally to cover transport and other ancillary costs of projects. The projects chosen were labour-intensive and most of them were located in the rural areas where the unemployment problem was acute.

As far as the United Nations Development Programme (U.N.D.P.) is concerned, it started in 1966 under the aegis of the Programme of Technical Assitance and the Special Fund Programme. Financing feasibility studies, economic research and in certain instances financing projects on a pilot basis, were the main areas of assistance.

Table 3.P shows the sectoral distribution of projects financed by the two above-mentioned agencies. It shows that the total amount of aid allocated for the 21 projects which the United Nations' agencies financed was U.S. $ 32.01 million (J.D. 11.43 million). 47% of this amount, i.e., U.S. $ 15.092 million was spent on projects started and finished before December, 1972. (See Table 3.P p. 139).

The sectoral distribution of aid from other United Nations agencies could be shown in percentage terms. Table 3.Q below shows that most of the United Nations' aid went to the agricultural sector which absorbed 65.0% of total United Nation's aid to Jordan. It was followed by the social services (i.e., emergency aid to refugees and displaced people).[1]

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1   For a list of all approved small-scale projects, see Appendix II, Table 11.

TABLE 3.P

SECTORAL DISTRIBUTION OF PROJECTS FINANCED BY THE UNITED NATIONS
AGENCIES IN JORDAN - TERMINATED AND IN PROGRESS

Sector	No. of Project	Project Duration	Name of Project	Starting Date	Re-activation Date	Expected Date of Accomplishment	Remarks on Sources of Implementation Difficulties	Total U.N.D.P. Contributions **	Total Govt. Contributions	Executing Agency *	No. of Experts
A – Agriculture a – U.N.D.P.	1	3 years	Agricultural Marketing	1964	1971	1976	1970 Civil Strife in Jordan	$ 749,350	J.D. 200,400	F.A.O.	4
	2	5 years	Animal Health Institute	1967	1971	Dec 1974	1970 Civil Strife	$1,064,300	$636,019	F.A.O.	8
	3	5 years	Dry Land Farming	1968	1971	Sept 1974	1970 Civil Strife	$1,199,704	$527,571	F.A.O.	8
	4	3 years	Fishery Development	1968	-	Suspended 1974	Failure of Refrigerating System and Breakdown of Vessels motor	$ 966,000	$42,597	F.A.O.	1 Expert & 1 crew
	5	3 years	Tobacco Development	1970	July 1972	Mid. 1975	Transfer of the Project Manager in August 1971	$ 431,200	J.D. 129,088	F.A.O.	2
	6	3 years	Development and Use of Ground Resources of East Jordan	1972	-	Dec. 1973	-	$ 528,600	J.D. 13,630	F.A.O.	7
	7	5 years	Development of Agricultural Field Research and Extension Services	1972		1977	-	$ 861,000	J.D. 251,900	F.A.O.	2
b – W.F.P. i Terminated Projects	8		Pilot Project for Bedouin Settlement and Improvement of Nomedi Sheep Husbandry			Terminated		$1,675,100		W.F.P.	
	9		Soil Conservation and Olive Tree Planting in Three Pilot areas			Terminated		$1,718,100		W.F.P.	
	10		Construction of Agricultural Roads and Public Amenities			Terminated		$2,047,800		W.F.P	
	11		Pilot Project for Planting Village Wood lots			Terminated		$ 245,800		W.F.P	
ii Operated Projects	12	4 years	Soil Conservation and Fruit Tree Planting in Selected Areas	June 1969		Dec. 1973		$8,103,000	$ 7,227,030	W.F.P.	
	13	8 years	Development of Dryland Farming	July 1969		July 1977		$1,162,500	$ 436,000	W.F.P	
B – The Industrial Sector.	14		Phosphate Exploration and Benefication Studies	1971	1973	Dec. 1973	Delay in Procurring the Drilling Equipment and Fire that hit the N.R.A. Laboratory and Distruction of Benefication Data	$ 889,234	J.D. 212,235	U.N.O. T.C.	5
	15	5 years	Centre for Industrial Development	1965	March 1972	Terminated June 1973	Substantial Delay in Recruiting Experts and 1970 Civil Strife.	$1,154,100	$664,526	U.N.I.D.O	
C – Transport	16		Restoration of Hedjaz Railway			Terminated		$1,264,200		W.F.P	
D – Education i Terminated	17		Improvement of Nutrition in Educational Establishments			Terminated		$ 11,900		W.F.P.	
	17a	7 years	Improvement of Nutrition in Educational Establishments	July 1968		July 1976		$ 637,800	$1,574,105	W.F.P	
E – Urban Development i Terminated	18		Slum Clearance in Amman			Terminated		$ 252,300		W.F.P.	
ii Operated	19		Slum Clearance, Tree Planting, Urban Roads and Land Scaping in Amman					$ 372,400		W.F.P.	
F – Social Welfare	20		Emergency Aid to Refugees and Displaced Persons			Terminated		$5,756,900		W.F.P.	
G – Housing, Building and Physical Planning	21	5½ years	Assistance to the Jordan Housing Corporation	1968		Dec. 1974		$919,000	J.D. 259,300	U.N.O. T.C.	8
Total								32,010,288			

Source: We relied on the following sources for the construction of this table:
   (a) United Nations, The United Nations, Development Programme in Jordan, (Amman: The National Printing Press, Nov. 1973);

   (b) U.N. – F.A.O., World Food Programme in Jordan, 1963-1973, (Amman: The Agricultural Information – Ministry of Agriculture, Dec. 1973).

   * U.N.O.T.C. – United Nations Office for Technical Cooperation
      F.A.O.   – Food and Agriculture Organization.
      U.N.I.D.O. – United Nations Industrial Development Organization.
      W.F.P.   – World Food Programme.

   ** Projects which are executed by W.F.P. are also financed by it.

TABLE 3.Q

DISTRIBUTION OF UNITED NATIONS' AID TO JORDAN

PERCENTAGES	
Agriculture	65%
Social Welfare	18%
Transport	4%
Housing, Building & Physical Planning	3%
Industry	3%
Education	3%
Urban Development	2%
	100%

Source: Constructed from information appeared in the United Nations
Publication on Jordan. (See sources of Table 3.P 139).

By allocting untied funds towards the development of agriculture

in Jordan, aid from the United Nations was greatly in harmony with

the economy's needs, contrary to most bilateral aid disbursements.

It was more liable, than any other form of bilateral aid, to contribute

towards filling the economy's continued gap between the demand for and

supply of food. Further, the adoption of labour-intensive techniques in

United Nations' aid-financed projects was compatible with the labour

surplus position of the economy.

VI   OTHER SOURCES OF FOREIGN AID

Other sources of foreign aid to Jordan include the following:

(a)   The International Development Association (I.D.A.)

(b)   The Danish Government.

(c)   ENI-EMPEX (ENI is a Belgium Company and EMPEX is French); and

(d)   C. ITOH and Co. (Japan).

Aid from the above sources consisted of loans over the period

1963-1972. The International Development Association (I.D.A.) gave

a total amount of J.D. 4.2 million in loans for developing the agric-

ultural sector. Building the Amman-Zerga highway and the Amman water

supply system were two other important projects financed by the I.D.A.

The Danish government agreed to make interest-free loans to

Jordan which amounted to 12.0 million kroner. These loans were tied

to specific projects and to procurement in Denmark. The amounts given

were for financing the construction and equipment of the Amman and

Irbid slaughterhouses. Until 1972, an amount equivalent to J.D. 556.7

thousand dinars had actually been spent on these two projects. As

far as the Belgium and French companies (ENI-EMPEX) are concerned,

an amount equivalent to J.D. 3.100 million was given by them for

financing the construction and furnishing of Amman Grand Hospital.

Finally, a Japanese company (C.ITOH and Co.) offered Jordan

the amount of J.D. 0.875 million for the construction, equipment and

operation of a land Satellite Station in Baqa near Amman.

B - SUMMARY AND CONCLUSION:

(1) Motives behind foreign aid are complex and diverse which could be

ascribed, in a way, to the diversity of political objectives themselves.

As far as Jordan is concerned, foreign aid was concomitant with Jordan's

creation in which international politics played a major role. Political

motives in offering aid to Jordan overshadowed other interests. In the

first place, the country itself does not represent an important economic

stake for donors. Her importance has been more. the function of the

geopolitical factors.

(ii) On the question of the sources of aid, we found that most of the aid came from Western sources. Countries and institutions of the West were the source of some 65.4% of aid received over 1958-1966, and over half of total aid in other periods. The United States alone accounted for three quarters of total Western aid. The reasons for the preponderance of Western sources among donors were political. Jordan was firmly attached to Western countries, particularly Britain and the United States and the ruling apparatuses were decidedly anti-communist. As for Jordan's options in receiving aid, one could say they were narrow. In short, with Jordan largely owing her creation and stability to Western countries beisdes the instable political climate of the area, the country was shouldered with ideological and political obligations which narrowed its options in looking for other sources of aid.

(iii) On the question of aid channels, Jordan received the bulk of her foreign aid on bilateral basis. No doubt, it is in the nature of bilateral aid relationship that aid is given on certain conditions. However, by prolonging her dependence on this type of aid, Jordan overlooked several shortcomings of aid received. Discontinuity, for example, was a short-coming that characterised aid relationship between Jordan and donors. That is to say, British as well as American aid was on annual basis frequently subjected to adjustments, revision, interruptions and delays. This was equally true with regard to Arab aid. It was a volatile phenomenon connected with the volatility that characterises pan-Arab politics.

(iv) Jordan seems to have been of special importance to the United States. Of the total U.S. aid to the less-developed countries in the Near East and South East Asia over 1946-1971, 4.1% went to Jordan, which, in fact, gave her a unique position among those countries, i.e., she ranked the fifth.

Examination of the distribution of American economic and technical assistance - according to U.S. distribution, shows that up to 1966, agriculture, particularly the East Ghor Canal project, absorbed approximately 30.6% of total U.S. technical and economic assistance whereas transport received 22.0% of the total. Thereafter, the distribution showed a relatively increasing trend in favour of transport. Almost all of the aid allocated to transport went to the contruction, maintenance and management of roads. On the whole, 60.0% of all U.S. technical and economic assistance went to infrastructure. With regard to budgetary aid, the U.S. contributed to over half of total government budget support.

U.S. commodity aid to Jordan (P.L.480) represented a small proportion of total aid flow. Over the period 1952-1966, commodity aid under titles II and III (non-repayable aid), constituted an average of 5.5% of aggregate aid to Jordan. Aid under titles I and IV (repayable aid) constituted, on average, 1.7% and 10.7% of total aid and total U.S. aid to Jordan respectively over 1966-1972. Commodity aid under titles II and III did not impose any foreign exchange obligation on the economy and it helped bridge the gap between the domestic demand and the supply of food. On the other hand, commodity aid under titles I and IV, had had some negative effects on the economy: To the extent that the United States utilized part of the counterpart funds to pay for the expenditure by the United States' agencies in Jordan which would have had to be paid for in dollars, the inflow of foreign exchange was correspondingly reduced. The dumping of U.S. commodity given in aid at low prices affected the long-term elasticity of supply of agricultural products. In other words, it can be said that the fluctuations in the prices of agricultural commodities caused by U.S. commodity aid, discouraged farmers from acquiring credit. So this type of aid affected the long-term supply elasticity of agricultural products.

Apart from the payment for the commodities given in aid, the U.S. surplus commodities had other conditions attached to them. Some of these conditions affect agricultural production in the same manner described above, for example, Jordan cannot export a number of agricultural commodities in the years when domestic supply exceeds demand (commodities which are the same as, or like, the commodities financed under aid agreement). However, if one bears in mind the fixed financial obligations of the agricultural sector to creditors in Jordan, the U.S. surplus commodities accompanied by the above condition tended to decrease income of workers in this sector.

The partial utilization of counterpart funds in financing government current expenditures, was a poor substitute for revenues from taxation for the simple reason that they are not a certain source of revenue. By controlling withdrawals from counterpart accounts, the U.S. gave herself the opportunity to influence Jordanian investment policy. However, lack of access to instances of such practices hides their occurrences, but by no means negates them.

V   Multilateral aid came from a few sources. By far the largest part was from the United Nations. U.N.R.W.A.'s transfers were the largest component of such aid. Their contribution to/the economy of Jordan can be put in the following terms: Aid from U.N.R.W.A., particularly transfers-in-kind, contributed towards satisfying more than one quarter of the country's aggregate demand for food. Thereby, it released some of the domestic resources that would otherwise have been added to the food import bill.

Cash transfers contributed towards the provision of integral and comprehensive health and educational services. Education, for instance, absorbed nearly half of total U.N.R.W.A.'s budget. It was found that the numberof pupils in U.N.R.W.A.'s elementary and preparatory schools.

accounted for more than one third of those in government schools.

Further expenditures by U.N.R.W.A. on the construction of schools

constituted an average of 1% of gross capital formation in Jordan over

1955-1972. Finally, if one bears in mind the economy's need for skilled

manpower, the provision of technical and educational know-how by

U.N.R.W.A. has, in fact, corresponded to the development needs of the

Jordanian economy.

The World Food Programme (W.F.P.) and the United Nations Development

Programme (U.N.D.P.) have been the other two United Nations' agencies

co-operating in terms of the execution of projects in Jordan. More

than half of their aid (65.0%) went to agriculture. Social welfare

activities came next in terms of their share in total aid from this

source. However, by favouring the agricultural sector, distributing

food to workers engaged in projects, selecting labour-intensive projects

and locating them in unemployment - struck areas, and finally financing

feasibility studies and research, United Nations' aid appeared in harmony

with the economy's priorities.

Finally, aid from the International Development Association (I.D.A.)

was another type of multilateral aid given to Jordan. Infrastructural

investment in the agricultural sector was the main area of investment in

which this aid was concentrated.

As far as the sectoral distribution of aid is concerned, it is

reasonable to say that aid from multilateral agencies was compatible

with the development needs of the economy, contrary to the bilateral aid

received during the same period.

VI   Foreign aid given by the major donors, i.e., Britain, the U.S. and

the oil-rich Arab countries enabled the government of Jordan to sustain

increases in recurring expenditures, as well as covering a defence bill of

more than half of total public expenditures. In the absence of such

aid, Jordan would not be able to continue the aforementioned pattern

of expenditures, without recourse to drastic changes in levels and

composition of budget expenditures, as well as in the domestic sources

of revenues. At the same time, foreign aid released some of the

domestic resources that otherwise would have been used to cover military

expenditures.

CHAPTER IV

PART ONE: THE LEVELS OF AND THE GROWTH IN INDEBTEDNESS AND THEIR
BURDEN ON THE ECONOMY.

In the previous chapters, we discussed the magnitude, composition and sources of foreign aid to Jordan since the foundation of the country. In this chapter we are concerned with the total volume of debt, the debt service payments, the burden of debt on the economy and the sectoral distribution of foreign loans. Besides these we will/also discuss the terms on which loans were given. The latter will only include a discussion of the financial terms of the loans and in the next chapter we will discuss the non-financial terms of loans, e.g.: restrictions on the manner of utilisation of loans.

As we pointed out earlier, a large part of foreign aid was in the form of grants given to the Jordanian government to finance its current expenditure, while a relatively small portion was in the form of loans either tied to particular projects or tied to both projects and imports from donor countries. Though overall the proportion of loans in the total aid given to Jordan was small, aid in the form of loans steadily increased over the later part of the period of study. For example, the share of loans was only 4.0% of the total aid in 1958, but it rose to 18.0% in 1972. The increase can be explained by changes in aid policies of donor countries who, for one reason or another, switched to giving aid in the form of loans rather than in the form of grants. The share of loans in the foreign aid received by Jordan is still low as compared to that for other underdeveloped countries.

Loans like grants, constitute an inflow of capital to the recipient country. In this sense, the economic analysis of the effects of loans is no different from that of grants. However, in the case of loans, an

additional factor has to be taken into account, namely:loans, unlike

grants, after a time lag, generate an outflow of capital in the form of

repayment of the principal and the payment of interest on loans. The

repayment of loans would pose no problem if the outflow of capital as

a result of loans already contracted is always matched by the inflow

of capital either in the form of more loans or private foreign investment.

In the case of Jordan, there is no reason to believe that the outflow

will always be matched by an off-setting inflow of capital. We have

already emphasised the fact that the generosity of aid donors towards

Jordan is mainly a result of the geo-political position of the country

and the political situation in the Middle East. The political situation

in the Middle East, volatile as it is, gives us no reason to believe that

Jordan will always receive preferential treatment from aid donors. So

far as private foreign investment is concerned, it is as yet of no great

significance in Jordan. The country has very few attributes to attract

foreign private investors. It is not well endowed in mineral resources,

so it is unlikely to receive a significant proportion of private foreign

investment going into mining and the exploitation of natural resources.

Jordan is not one of the developed underdeveloped countries, like Brazil,

so it is unlikely to attract foreign investors interested in setting up

industries to serve the domestic market. As a consequence, the question

of the repayment and the burden of foreign debt is an important one for

the Jordanian economy.

A - LEVELS OF AND GROWTH IN INDEBTEDNESS (TOTAL OUTSTANDING DEBT
AND ITS GROWTH).

Over the period 1924 - 1972, a total of 73.5 m.J.D. was received

in the form of loans. This represents only 10.0% of the total aid flow

over the period.[1] The following table shows a detailed breakdown of the

total outstanding debt and the rate of its increase on annual basis.

1 Appendix II, Table 1.

TABLE 4

GROWTH IN TOTAL OUTSTANDING DEBT

1960 - 1972

IN MILLIONS OF JORDANIAN DINARS					
PERIOD (1)	TOTAL OUTSTANDING DEBT (ACCUMULATED FIGURES)* (2)	TOTAL OUTSTANDING DEBT (INDEX: 1960 = 100) (3)	ANNUAL RATE OF GROWTH IN OUT-STANDING DEBT (4)	TOTAL OUTSTAND-ING DEBT AS % OF G.N.P. (5)	TOTAL OUTSTAND-ING DEBT AS % OF G.N.P. (3 YEAR MOVING AVERAGE) (6)
1960	10.8	100	20.0	1.2	
1961	11.5	106	6.0	0.6	0.9
1962	12.8	118	11.0	1.0	1.0
1963	14.7	136	15.0	1.3	2.1
1964	21.3	197	45.0	4.1	2.2
1965	23.7	219	11.0	1.3	2.4
1966	26.9	249	14.0	1.7	2.0
1967	33.0	305	23.0	3.0	2.4
1968	37.8	350	14.0	2.4	2.3
1969	41.5	384	10.0	1.6	1.6
1970	43.4	401	5.0	0.9	2.4
1971	54.7	506	26.0	4.8	3.2
1972	64.5	597	18.0	3.9	

Source: Appendix III, Table I and Table 2.

* Total outstanding debt in a particular year refers to the sum of debts actually received minus debt amortization payments up to that date.

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GRAPH 1

DEBT OUTSTANDING
RATE OF GROWTH IN DEBT OUTSTANDING

RATE OF GROWTH

DEBT OUTSTANDING

From the table above and Graph 1, it is clear that the total accumulated debts of the economy have steadily increased over the years. In particular, the total outstanding debt (column 2) increased sixfold over the period 1960-1972. The average rate of growth over the period was 16.8%. However, the year-to-year rate of growth, as can be seen from column 3, fluctuated widely. In part, fluctuations in the loans received are explained by fluctuations in aid received by Jordan from year to year in that loans constitute a part of the total aid. Moreover, given the fact that project-tied loans constituted a part of the total, fluctuations are partly explained by the simple fact that loan-financed projects are often lumpy and non-recurring. For example, exceptionally high rates of growth of debt in 1964, 1967 and 1971 (appeared in Table 4 above) are due to the following projects, shown in Table 4.A. (See p.151).

From the table it can be seen that one or two projects accounted for most of the loans during each of the three years under study.

Finally, column 5 in Table 4 shows that the accumulated debt/G.N.P. ratio fluctuated widely over the period 1960-1972, but it was high in the last two years of the study as compared to other years. The low ratio and low rate of growth in 1970 can be attributed to the Civil War in that year. The Civil War disrupted the economic life of the country, and it affected the position of the country vis á vis some Arab countries. Though the ratio is high in the last two years, it is difficult to say on the basis of yearly data that the series exhibit a rising trend over time. We calculated three year moving averages in order to average out the effect of fluctuations in loans received by Jordan from year to year. It can be seen from column 6 that moving average series does, with two exceptions, show a steadily rising trend over time.

TABLE 4.A.

THE MAIN LOAN-FINANCED PROJECTS IN 1964, 1967 AND 1971

		IN MILLIONS OF JORDANIAN DINARS					
SOURCE	TITLE OF PROJECT	1964		1967		1971	
		Amount	% of Total Debt in 1964	Amount	% of Total Debt in 1967	Amount	% of Total Debt in 1971
1 - Kuwait	The Phosphate Project and the Yarmouk River Project.	5.5	76.4				
2 - ENI-IMPEX	Amman Grand Hospital.			3.1	45.6		
3 - A.I.D.	The Agricultural Credit Corporation.			0.8	12.0		
4 - The Exim-bank	Purchase of Boeing Aircraft					5.9	45.1
5 - The United Kingdom	Electricity and Water Projects					1.8	14.0
Total		5.5	76.4	3.9	57.6	7.7	59.1

Source: Appendix III, Table 1.

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B - <u>DEBT SERVICE PAYMENTS</u>: <u>LEVELS, GROWTH AND DEBT SERVICE CAPACITY.</u>

The increase in total outstanding debt sooner or later, leads to an increase in the outflow of capital in the form of debt service payments. The following table gives details of the debt service payments on yearly basis. Furthermore, Graph 2 shows the pattern of growth in debt service payments.

<div align="center">

TABLE 4.B

<u>DEBT SERVICE PAYMENTS   -   LEVELS AND GROWTH</u>

1960-1972

</div>

IN JORDANIAN DINARS				ANNUAL RATE OF GROWTH IN TOTAL DEBT SERVICE PAYMENTS (4)(%)	INDEX:DEBT SERVICE PAYMENTS 1961=100 (5)
PERIOD	DEBT SERVICE PAYMENTS				
	PRINCIPAL (1)	INTEREST (2)	TOTAL (3) = 1+2		
1960	-	4513	4513	-	13
1961	16153	18805	34958	674.6	100
1962	33714	20358	54072	54.6	155
1963	95680	93358	189038	249.6	541
1964	550986	110722	661708	250.0	1893
1965	186574	109929	296503	-55.1	848
1966	418706	137898	556604	87.7	1592
1967	632261	248920	881181	58.3	2521
1968	635095	320035	955130	8.3	2732
1969	1063625	407535	491160	-48.5	1405
1970	1260529	374782	1635311	232.9	4678
1971	1767663	799373	2567036	56.9	7343
1972	2324240	841196	3165436	23.3	9055

Source: Appendix III, Table 1 and Table 2.

[*] Debt service payments refer to the annual total payments of interest and principal.

From the table and column 4 it can be seen that the debt service payments, with the exception of the years 1965 and 1969, increased every year. The exceptionally high rates of growth in early 1960's, in particular 1961, 1963 and 1964, are due to the fact that the debt service payments were very low to start with. Jordan borrowed very little in the 1950's and the repayment of loans received in the 1950's did not start till the early 1960's. On the

GRAPH 2

(000's of J.Ds.)

TOTAL DEBT SERVICE PAYMENTS
PRINCIPAL
INTEREST
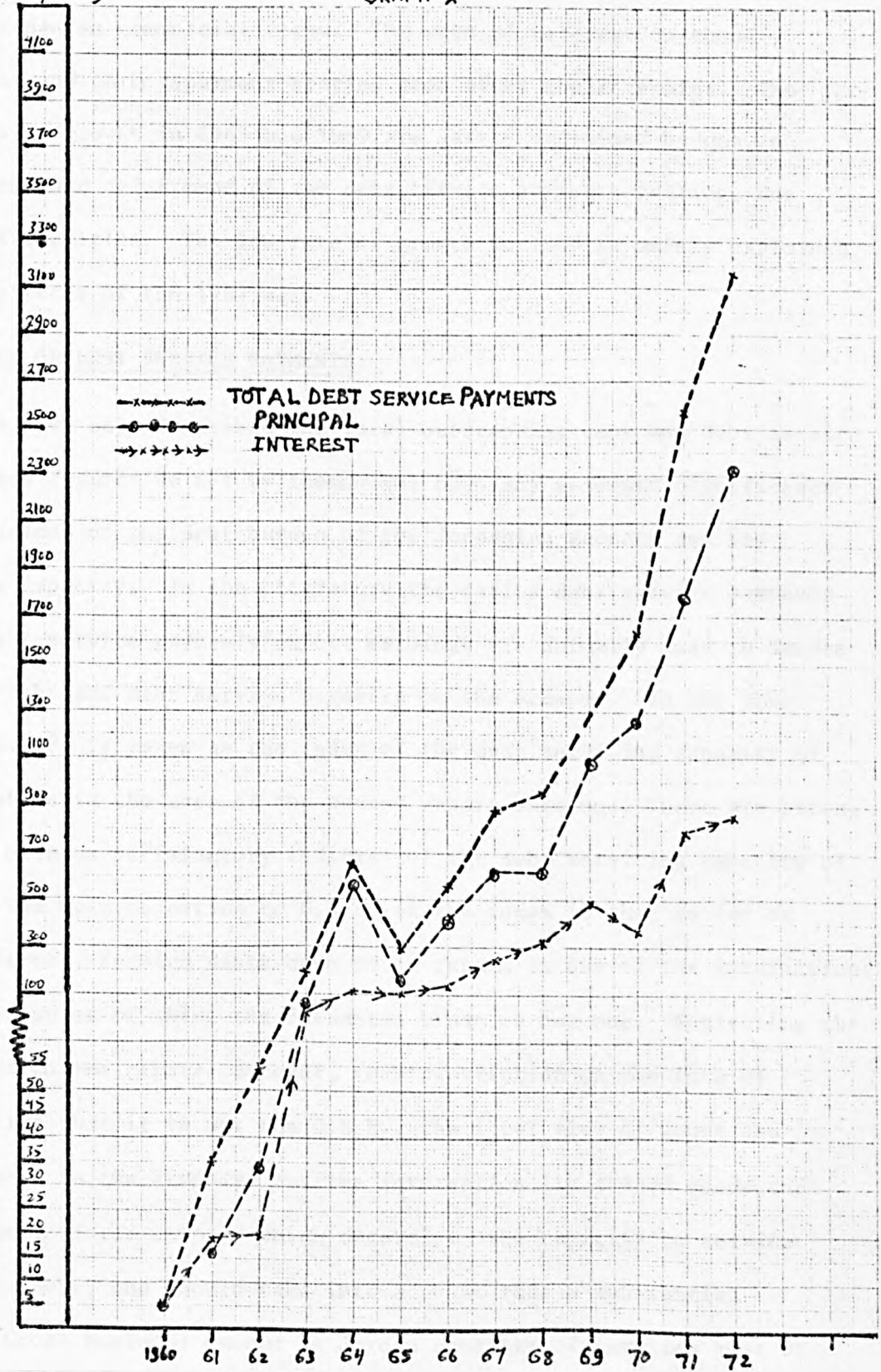
other hand, the high rate of growth in 1970 is explained by the loans acquired by Jordan on commercial terms. The rate of interest on these loans was high, and their repayment started soon after their receipt. The negative rates of growth in 1965 and 1969 are partly explained by uneven spacing of loans and deferrment of the debt service payments falling, due to economic difficulties. The low rate of growth in 1968 is mainly explained by the after effects of the 1967 war.

I - <u>THE BURDEN OF DEBT SERVICE PAYMENTS</u>:

So far we have only described the total outstanding debt and debt service payments. These figures do not by themselves have any economic significance as economic indices of the debt burden of the Jordanian economy and its debt servicing capacity. In the literature the ratios debt service payments /G.N.P. and debt service payments/export earnings are normally used to denote the burden of debt and debt service payments on the economy. In the case of the first G.N.P. is taken as the index of the debt servicing capacity of the economy, while in the case of the second export earnings. There are strong objections to both as satisfactory indices of the debt servicing capacity of the economy. The main objection to G.N.P. as the index is that as far as Jordan is concerned, foreign debts have to be repaid in one of the internationally acceptable currencies of which the Jordanian Dinar is not one. Neglecting the inflow of funds on the capital account, this restriction on the form of repayment implies that it is not the G.N.P., the total flow of goods and services produced in the economy, but the internationally traded goods and services produced in the economy which determine the capacity to service foreign debts. Here, one should take into account that a substantial proportion of Gross National Output in Jordan consists of services most of which cannot be sold internationally. On the other hand, agricultural and

industrial products produced in the country could be sold internationally; but they account for only a small part of G.N.P. As a result, so far as Jordan is concerned, the ratio debt payments/G.N.P. or G.D.P. under-estimates the capacity of the Jordanian economy to service its debts from its own resources. Instead, a more accurate index of the capacity is the ratio of foreign debts to internationally traded goods produced in the economy. The data as it is organized does not permit the comput-ation of this ratio.

As for the ratio of debt service payments to export earnings, the ratio is an index of the burden imposed by the debt service payments on the import capacity of the economy in the absence of capital inflows. However, the significance of the ratio as the index of the burden actually imposed on the economy as a result of debt service payments depends on the importance of the foreign trade sector and the sources of the foreign capital. These two factors vary from one economy to another, as a result, the ratio does not have the same significance for all economies. Economists differ about the significance of the ratio. For some it is an index of the credit-worthiness. Economists such as R. Mikesell, have questioned the significance of this ratio as an index of the likelihood of default or burden of foreign debt. He has argued that the history of default on loans does not provide enough evidence on what determines the maximum ratios borrowers can weather without falling into default or interfering with the flow of investment and debt service payments. It occurred that at the same and different ratios, borrowers both fell into and avoided default.[1]

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1 R. F. Mikesell, The Economics of Foreign Aid, (London: Weidenfeld and Nicolson, 1968), p.118; see also United Nations, Debt Problems of Developing Countries, (New York: U.N., 1972), TD/118/supp.6/Rev.1, p.11; Dragoslav Avramovic, Debt Servicing Capacity and Post War Growth in International Indebtedness, pp.101-103, 1958, quoted by Dragoslav Avramovic, et al, Economic Growth and External Debt, (Baltimore: The John Hopkins Press, 1966), p.39.

The table below (Table 4.C., see p. 156) gives the two ratios for each of the years between 1960 - 1972. The critical comments above cast doubts on the usefulness of these ratios. Here, it is necessary to distinguish between the "actual" and "potential" burden of debt and debt service payments. We do not regard these ratios as indices of the actual burden; because as we argue in a greater detail later, Jordan has used its foreign aid receipts to service her debts. On the other hand, these ratios do give an idea of the burden debts and debt service payments will impose on Jordan in case she does not receive as much aid as she has done in the past.

Table 4.C shows the debt service ratio, i.e. debt service payments/export earnings, increased from 0.04% in 1960 to 9.3% in 1972. Inspite of this increase the ratio remains low on average, it was 3.2% over the whole period. As to the ratio of outstanding debt to G.N.P., it was also low almost throughout the period 1960 - 1972. Moreover, debt service payments were low if judged against the country's G.N.P. and G.D.P. Despite these low ratios, one should not overlook the fact that debt service payments were claiming increasing shares of the country's export earnings and total income. Besides, the debt service payments as they appear in the government statistics were under-recorded which casts further doubts on the seemingly favourable debt position of the country as judged from the above mentioned debt ratios. Under-recording of debt service payments is due to the fact that the Jordanian army finances a part of its purchases of equipment and military hardware by drawing on loans offered by different Western sources. The volume of these loans as well as their debt service payments are not published.[1]

However, here it is necessary to point out that the ratio debt service payments to export earnings is a misleading index of the actual burden debt service payments have imposed on the import capacity of the economy. Over the period of study, on average, exports paid for no more

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1 See Chapter II, pp. 64-70.

TABLE 4.C.

DEBT SERVICE PAYMENTS, EXPORT EARNINGS AND DEBT SERVICE RATIOS

1960-1972

PERIODS	IN MILLIONS OF JORDANIAN DINARS					
	Debt Service Payments (Total) (1)	Export Earnings (2)	Debt Service Ratio (3) = 1/2	DEBT SERVICE PAYMENTS AS % OF		Total Outstanding Debt as % of G.N.P. (6)
				Gross National Product (G.N.P.) (4)	Gross Domestic Product (G.D.P.) (5)	
1960	0.0045	12.8	0.035	0.004	0.005	1.2
1961	0.035	17.0	0.206	0.030	0.032	0.6
1962	0.054	19.0	0.283	0.040	0.050	1.0
1963	0.189	20.3	0.931	0.140	0.161	1.3
1964	0.662	24.6	2.689	0.410	0.489	4.1
1965	0.297	28.6	1.040	0.160	0.197	1.3
1966	0.557	32.1	1.734	0.300	0.372	1.7
1967	0.881	27.7	3.181	0.430	0.498	3.0
1968	0.955	28.3	3.375	0.480	0.567	2.4
1969	0.491	32.3	1.521	0.210	0.248	1.6
1970	1.635	32.2	5.079	0.730	0.863	0.9
1971	2.567	20.8	12.342	1.100	1.267	4.8
1972	3.165	34.2	9.256	1.250	1.459	3.9

Source: Appendix III, Tables 1, 2 and 3.

DEBT SERVICE PAYMENTS AS % OF
A- TOTAL FOREIGN RESERVES
B- GROSS NATIONAL PRODUCT
C- GROSS DOMESTIC PRODUCT

PERCENTAGES

GRAPH 3
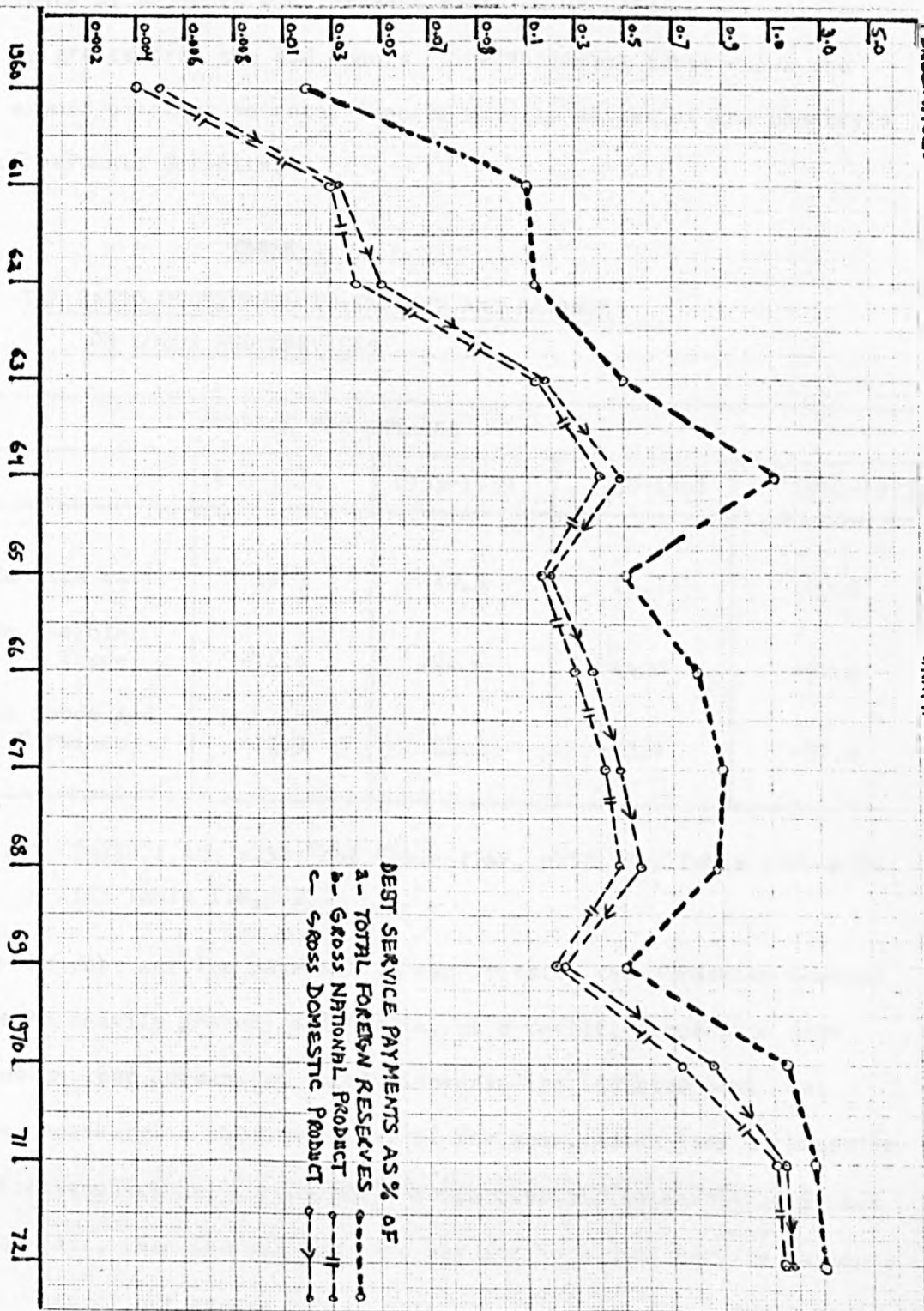
than 16.1% of imports. The persistent deficit on the visible account

of the balance of payments was for most part, as we pointed out earlier,

financed by grants from the aid donors. The following table shows the

ratio of export earnings to total imports and the extent of the country's

balance of payments deficits.

TABLE 4.D.

THE RATIO OF EXPORTS TO IMPORTS AND BALANCE

ON GOODS AND SERVICES

AVERAGE PERCENTAGES				
	1950-1954	1955-1959	1960-1969	1970-1972
Exports/Imports ratio	14.0	14.5	15.7	17.2
Balance on Visible Trade	-14.4	-26.4	-44.0	-65.3
Balance of Goods and Services	-12.9	-23.3	-33.9	-57.9

Source: (a)   Table 1.AD, p.54; (b) Table 1.AF, p.58; (c) Table 1.M, p.24;
(d) Table 1.N, p.25.

From the debt service payments to export ratio the Jordanian economy

does not seem heavily geared, and one is, as a result, tempted to draw

the conclusion that Jordan can safely increase its indebtedness. But

here it is necessary to point out that if for some reason (say a change in

the political conditions) Jordan fails to receive aid as easily as it has

done in the past, then she will have to pay for both debt service payments

and imports out of her meagre export earnings which pay for a small part

of imports.

We get a better view of the effect of political factors on the

foreign exchange receipts by examining the time profile of each major

sources of foreign exchange earnings in Jordan.   The five main sources

of foreign exchange were: exports, income from tourism, remittances from
Jordanians working abroad, flow of foreign aid and income from investment,
particularly the interest accruing to the Central Bank from its deposits
abroad.   (Table 4.E. see p.159).

The overall picture from Table 4.E below shows that until 1967
foreign exchange receipts from each of the five sources steadily increased.
Thereafter, the pattern changes. Foreign exchange earnings from exports
(V.1) steadily rose and then dropped in 1967 owing to the Arab-Israeli
War; but regained their previous peak in 1969. The drop in 1971 was due
to bad agricultural harvest. Fruits and vegetables account for a high
proportion of the total export earnings. Their share in the total was
48.4% and 48.7% over 1960-1969 and 1970-1972, respectively.[1] What we
can say is that exports earnings exhibit an increasing trend overtime,
and the divergence from the trend is explained by exogenous factors,
mainly political.

Remittances from Jordanians working abroad (V.2) show a steady
increase over the period 1960-1966. The sudden drop in the remittances
in 1967 is once again explained by the Arab-Israeli War in that year.
The War meant the loss of the territory to the West of River Jordan to
Israel; as a result, the emigrants from the West Bank decreased the
remittances of their earnings. Remittances from Jordanians working
abroad is very sensitive to political factors within and outside the
country. For example, the drop in remittances in 1970-1971 is explained
by the Civil War in 1970 and the ensuing uncertainty. In 1972 there was
a noticeable rise in remittances.

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1   See discussion on exports in Chapter I, pp. 21-25 and 49-56.

TABLE 4.E

MAJOR SOURCES OF FOREIGN EXCHANGE AND THEIR INDICES

1960-1972

IN MILLIONS OF JORDANIAN DINARS										
PERIOD	SOURCES OF FOREIGN EXCHANGE					INDICES OF FOREIGN EXCHANGE (1966 = 100)				
	Exports of Goods and Services (V1)	Remittances from Jordanians Abroad (V2)	Tourism Receipts (V3)	Investment Income (V4)	Aggregate Aid Flow (V5)	(V1)	(V2)	(V3)	(V4)	(V5)
1960	12.8	6.24	3.23	0.62	25.8	39	59	28	16	98
1961	17.0	5.25	4.34	1.19	26.1	52	49	38	32	99
1962	19.1	6.2	5.05	1.37	24.5	59	58	44	37	93
1963	20.3	6.17	6.00	1.11	24.6	63	58	53	30	93
1964	24.6	8.01	8.00	1.70	28.7	76	75	70	45	109
1965	28.5	9.28	9.8	2.60	27.8	88	87	86	70	105
1966	32.1	10.57	11.3	3.70	26.3	100	100	100	100	100
1967	27.7	6.55	6.8	4.4	54.3	86	61	60	118	206
1968	28.3	4.1	4.6	5.8	52.2	88	38	40	156	198
1969	32.3	6.92	4.54	6.9	48.1	100	65	40	186	182
1970	32.2	5.54	4.2	6.8	44.2	100	52	37	183	168
1971	20.8	4.97	3.1	5.8	53.1	64	47	27	156	201
1972	34.2	7.41	3.39	4.4	65.7	106	70	30	118	249

Source: (a) Appendix I, Table 2; (b) International Monetary Fund, Balance of Payments Yearbook, (Washington, D.C.: I.M.F., n.d.) vols.: 16 and 21; and (c) Appendix II, Table 1.

GRAPH 4

AGGREGATE AID FLOW
EXPORTS OF GOODS AND SERVICES
TOURISM INCOME
INVESTMENT INCOME
REMITTANCES FROM JORDANIANS WORKING ABROAD

88
84
80
76
72
68
64
60
56
52
48
44
40
36
32
28
24
20
14
13
12
11
10
9
8
7
6
5
4
3
2
1
0.6

1960 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 1970 | 71 | 1972
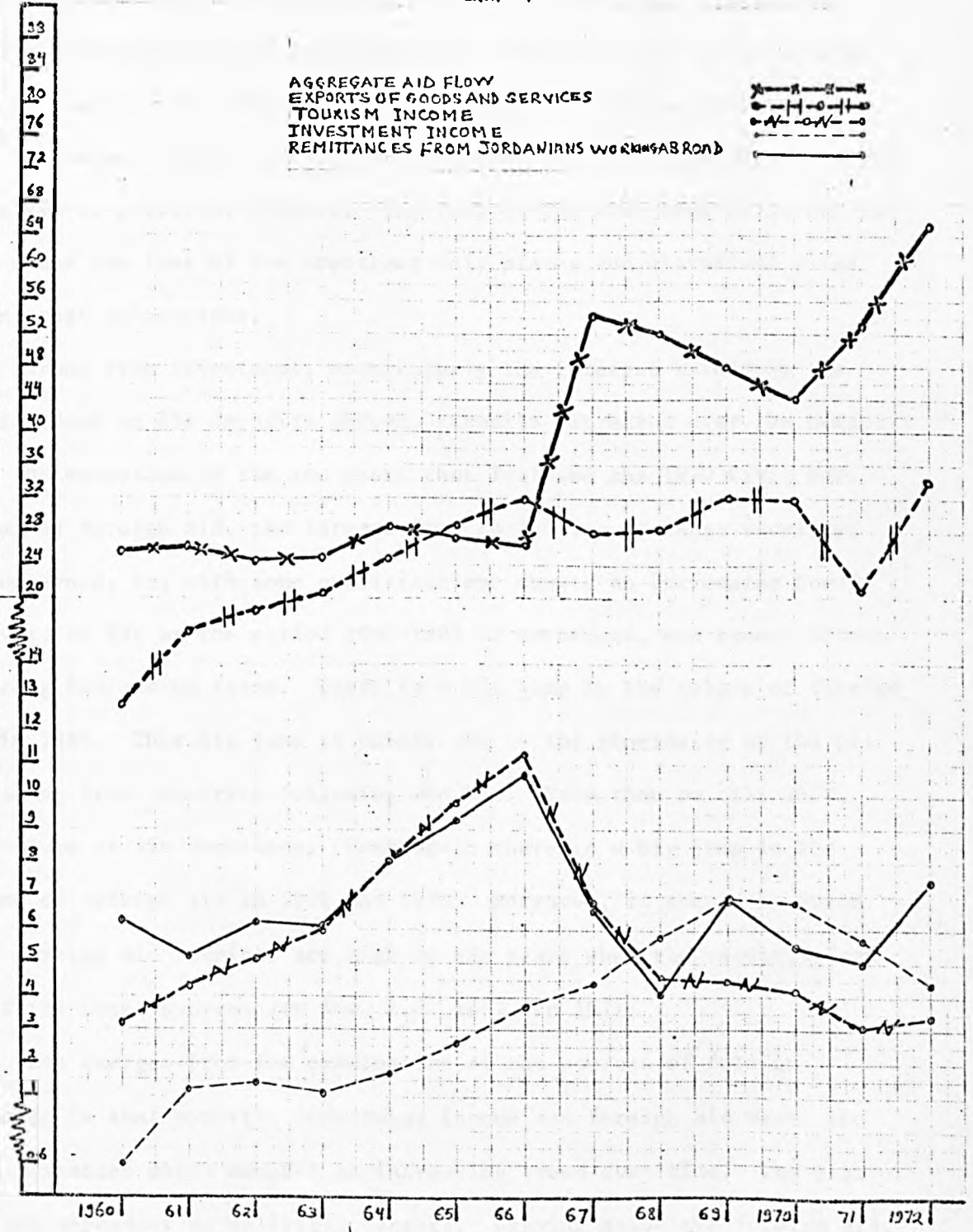
Foreign exchange earnings from tourism (V.3) exhibit a similar behaviour over time. They steadily increased till 1966. Thereafter, foreign exchange earnings from this source steadily decreased and they did not regain their 1966 peak. As is the case with the remittances from Jordanians working abroad, this source of foreign exchange is highly sensitive to political factors. The loss of the West Bank of Jordan in 1967 meant the loss of the important holy places and historical sites of interest to tourists.

Income from investment, particularly the interest earned by the Central Bank on its deposits abroad, steadily increased over the period with the exception of the two years that followed the 1970 Civil War. As far as foreign aid, the largest item in foreign exchange receipts, is concerned, it, with some qualifications showed an increasing trend. However, as far as the period 1960-1967 is concerned, one cannot detect a strong increasing trend. There is a big jump in the volume of foreign aid in 1967. This big jump is mainly due to the generosity of the oil producing Arab countries following the War. From then on till 1971, the volume of aid decreases. Once again there is a big jump in the volume of foreign aid in 1971 and 1972. Moreover, it should be noted that foreign aid receipts are high in the years when the receipts from the first three sources are low, i.e. 1967 and 1971.

What emerges from the examination of the sources of foreign exchange is that exports, investment income and foreign aid were the only variables which exhibit an increasing trend over time. The last two are dependent on political factors. Leaving aside the foreign aid, exports of goods are the only reliable source of foreign exchange earnings in the country. Political events, the 1967 War and 1970 Civil War, have affected export earnings but their effect has been temporary.

As far as Jordan's potential burden of debt service payments is concerned, one must not overlook the fact that one of the important determinant of debt service capacity is the country's ability to selectively control its total imports.[1] A rough indicator of the economy's ability to do so could be the ratio of imported consumer goods (other than food) to the total of importables. Here we assume that a developing country such as Jordan can afford to cut down, without much sacrifice, its imports of consumer goods as they can be regarded luxuries. On the other-hand, imports of food or intermediate inputs, can be regarded necessities. As far as Jordan is concerned, the ratio of imported consumer goods to total imports had averaged 53.0%, over the period 1960-1972.[2] Therefore, one can conclude that Jordan is potentially capable of drastically cutting her import bill. However, it should be noted that Jordan will still have a balance of payments deficit even if no consumer goods are imported.

To conclude the argument: So far, the debt service payments have imposed no burden on the economy. From Table 4.F it can be seen that inflow of foreign exchange exceeded the outflow in most years. The country has not come up against the foreign exchange constraint. Jordan in this respect is very different from other underdeveloped countries. Furthermore, it is also clear that Jordan has financed her debt service payments through foreign exchange receipts from aid. From Table 4.F and column 12 it can also be seen that the country has been a net lender in most years, in that its foreign exchange reserves increased over time. So there is an element

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1 See D. Avramovic, op. cit., Chapter III, pp. 13-37.
2 See Appendix III, Table 3.

TABLE 4.F

INFLOW AND OUTFLOW OF FOREIGN EXCHANGE

PERIODS	IN MILLIONS OF JORDANIAN DINARS											
	Inflow of Foreign Exchange (Major Sources)						Outflow of Foreign Exchange (Major Sources)					
	Export Earnings	Remittances from Jordanians Working Abroad	Tourism Receipts	Investment Income	Foreign Aid	Total Inflow of Foreign Exchange	Imports	Debt Service Payments	Total Outflow of Foreign Exchange	Rate of growth of 6	Rate of growth of 9	The Difference Between 6 and 9
	(1)	(2)	(3)	(4)	(5)	(6)=1+2+3 +4+5	(7)	(8)	(9)= 7+8	(10)	(11)	(12)= 6-9
1960	12.8	6.24	3.23	0.62	25.8	48.69	47.05	0.01	47.06	-	-	1.65
1961	17.0	5.25	4.34	1.19	26.1	53.88	46.63	0.03	46.66	10.7	-0.8	7.22
1962	19.1	6.20	5.05	1.37	24.5	56.22	51.80	0.05	51.85	4.3	11.1	4.37
1963	20.3	6.17	6.00	1.11	24.6	58.18	61.06	0.19	61.25	3.5	18.1	-3.07
1964	24.6	8.01	8.00	1.70	28.7	71.01	56.65	0.66	57.31	22.1	-6.4	13.70
1965	28.5	9.28	9.80	2.60	27.8	77.98	63.55	0.30	63.85	9.8	11.4	14.13
1966	32.1	10.57	11.30	3.70	26.3	83.97	76.60	0.56	77.16	7.7	20.8	6.81
1967	27.7	6.55	6.80	4.40	54.3	99.75	63.68	0.88	64.56	18.8	-16.3	35.19
1968	28.3	4.10	4.60	5.80	52.2	95.00	90.98	0.96	91.94	-4.8	42.4	3.06
1969	32.3	6.92	4.54	6.90	48.1	98.76	108.69	0.49	109.18	4.0	18.8	-10.42
1970	32.2	5.54	4.20	6.80	44.2	92.94	89.89	1.64	91.53	-5.9	-16.2	1.41
1971	20.8	4.97	3.10	5.80	53.1	87.77	93.01	2.57	95.58	-5.6	4.4	-7.81
1972	34.2	7.41	3.39	4.40	65.7	115.10	101.01	3.17	104.18	31.1	9.0	10.92

Source: (a) Appendix I,Table No.2.;   (b) Chapter I,Table No.1. AD; (c) International Monetary Fund, Balance of Payments Yearbook, (Washington, D.C.: I.M.F., n.d.) Vols. 16 and 21; (d) Appendix II,Table No. 1.

of arbitrage involved in the borrowing operations of the country
in that Jordan lends at one rate, usually the commerical rate, and
borrows at another rate, usually lower than the commerical rate.
However, we are not sure that the Central Bank is aware of this.

However, it is a mute question how far Jordan can keep on increasing
her debt. The answer does not depend on economic but on political factors.
If it is assumed that political factors will always be to Jordan's
advantage and she, as a result, will keep on receiving preferential
treatment both from the Western and Arab aid donors; then it is clear that
the country can safely keep on contracting more debts. However, if an
infavourable turn in political events, and a consequent decrease in foreign
aid is assumed then there are strong economic arguements against levering
the economy still further. The economic arguments in question are that
export earnings cover only a small proportion of total imports, and that
apart from earnings from the export of goods there are no stable sources of
foreign exchange. Just to give an idea of what the unfavourable turn of
political events might be. The establishment of a separate Palestinian
State on the West Bank - by no means a remote possibility, and a rightward
turn towards the West on the part of Syria, may lead to a decrease in the
political importance of Jordan.

II   SECTORAL DISTRIBUTION OF LOANS.

Government departments and private agencies do not compile or publish
data on the sectoral distribution of loans. Apart from the lack of data
on such distribution, the available data on loans provides nothing more than
the titles of the projects financed by donors. Unfortunately, the titles
were vague and confusing and they provide little information about the nature
of projects financed by loans. The funds for project-tied loans were
made available in the currencies of donor countries. We have expressed all

loans in terms of the United States dollars in order to arrive at the

sectoral distribution of loans.

We have classified projects into sectors by reference to the final

output of the activity in question. For example, any project linked with

development of agriculture in any respect is classified under the

agricultural sector. For example, the loan which granted for financing

the study on olives marketing was classified under the agricultural sector.

The same procedure was also applied when classifying projects in other

sectors. (See Table 4.G. p. 165).

From the table it can be seen that transport and health, between

themselves absorbed more than 70.0% of the loans. The allocation to

transport is more or less evenly divided between roads and railways

and ports and airport facilities. Most of the allocation to transport

was spent on a few projects. The following projects absorbed 56.0% of the

total allocation for transport and 33.2% of the total loan disbursements:

Aqaba Port, the Amman-Aqaba highway, the Amman-Zarqa highway, Jerusalem,

Amman and Aqaba airports and the purchase of Boeing aircraft. The same

is true for allocation to health. Funds that were spent on health came

from only two loans and were meant for two hospitals: (A Belgian-French

Company, ENI-IMPEX, gave the sum of J.D. 3.1 million for building,

furnishing and equipping the Amman Grand Hospital; the second loan, a West

German one, was about 16.3 million D. Marks for equipping the Hussein Medical

City). However, a large proportion of these amounts was spent on buying

equipment from donor countries, as loans were project - and procurement - tied.

On the otherhand, mining and manufacturing received only 1.8% of the total

loans allocation. Finally, education and social welfare also received a

very small share of the total.

TABLE 4.G.

SECTORAL DISTRIBUTION OF FOREIGN LOANS

IN THOUSANDS OF U.S. DOLLARS		
Sectors	Actual Disbursements (Absolute)	Percentages
1 - Agriculture and Irrigation	28715	5.03
1a Irrigation	3424	0.60
1b Dams	11141	1.95
1c Other Agricultural Activities	14150	2.48
2 - Transport	334133	58.72
2a Roads and Railways	160176	28.15
2b Ports & Airport Facilities	173957	30.57
3 - Mining & Manufacturing	10295	1.80
3a Mining	8622	1.51
3b Manufacturing	1673	0.29
4 - Electricity and Water Supply	16995	2.98
4a Electricity	9904	1.74
4b Water Supply	7091	1.24
5 Construction & Housing	2139	0.37
6 Communication	10016	1.76
7 Tourism	1018	0.17
8 Health	66879	11.75
9 Social Welfare	3023	0.53
10 Education	168	0.02
11 Others	95553	16.79
12 Total	568934	100.00

Source: Based on the following tables in Appendix III: 5, 5.1, 5.2, 5.3...
5.16.

GRAPH 5

SECTORAL DISTRIBUTION
OF
FOREIGN LOANS
1943 – 1972
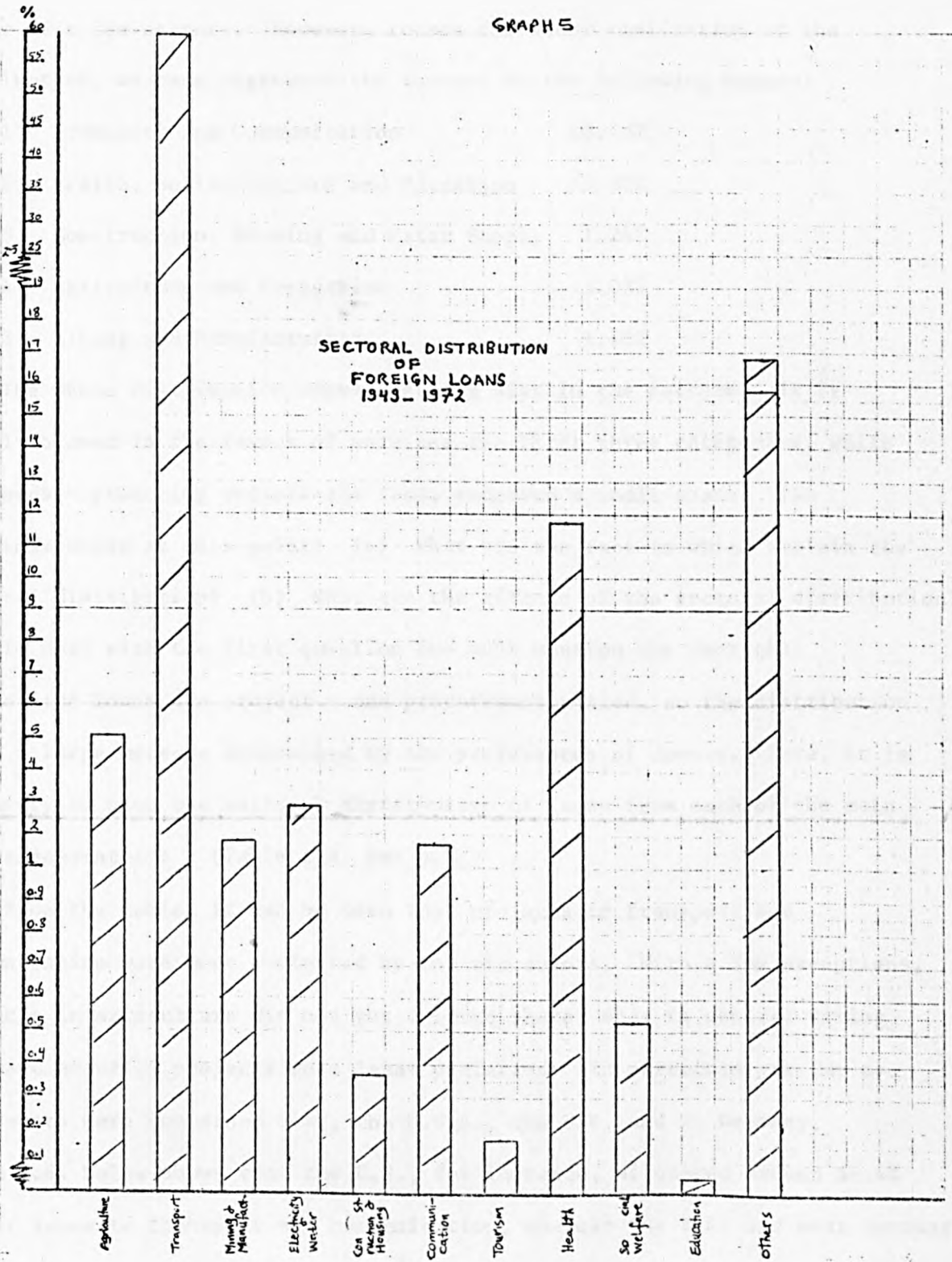
The overall picture projected by the above table, makes it reasonable to say that the distribution of loans was heavily in the favour of a few sectors. However, to see the wider implication of the distribution, we have regrouped the sectors in the following manner:

1	Transport and Communication	60.48%
2	Health, Social Welfare and Education	12.30%
3	Construction, Housing and Water Supply	1.24%
4	Agriculture and Irrigation	5.03%
5	Mining and Manufacturing	1.80%

The above distribution shows a strong bias in the pattern. It is heavily biased in the favour of services the first three categories; while the goods - producing sectors the last, received a small share. Two questions arise at this point: (a) What are the factors which explain the sectoral distribution? (b) What are the effects of the sectoral distribution?

To deal with the first question one must mention the fact that most of the loans are project - and procurement - tied, so the distribution is to a large measure determined by the preferences of donors. Here, it is necessary to give the sectoral distribution of laons from each of the main donors separately:

From the table, it can be seen that projects in transport and communication were most preferred by the aid donors. With a few exceptions, projects in agriculture did not get a large share; and, in general mining and manufacturing projects were least preferred. In particular as far as big donors were concerned viz., the U.S.A., the U.K. and W. Germany, Table 4.H. below shows that the U.S., for instance, allocated around 56.4% of her loans to transport and communication, whereas the U.K. and West Germany gave 45.0% and 82.0%, respectively.[1] On the otherhand, loan donors, such

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1 For details of projects financed by each donor, see Appendix III, Tables 5 to 5.16.

TABLE 4.H.

SECTORAL DISTRIBUTION OF LOANS FROM EACH OF THE

MAIN DONORS

PERCENTAGES								
Sectors \ Donors	U.S.A.	Britain	Kuwait	W. Germany	Saudi Arabia	I.D.A.	Eximbank	C.ITOH & Co.(Japan)
1 – Agriculture and Irrigation	11.0	29.0	19.0	–	–	50.7	–	–
2 – Transport and Communication	56.4	45.0	–	82.0	100.0	15.3	100.0	100.0
3 – Mining and Manufacturing	2.2	0.3	29.0	–	–	–	–	–
4 – Health, Social Welfare and Education	15.4	0.9	–	17.4	–	–	–	–
5 – Electricity	–	14.5	2.0	0.6	–	–	–	–
6 – Construction and Housing and Water Supply	8.1	7.5	–	–	–	34.0	–	–

Source: Based on the following tables in Appendix III: 6, 8, 9, 10 and 11.

as Saudi Arabia, the Eximbank and C.ITOH & Co., earmarked 100.0%

of their loans for projects in transport and communication. U.K.,

Kuwait and the I.D.A. were the few aid donors who did not show an overt

bias in favour of transport and communication and against agriculture and

mining. The U.K. for example, was the only Western donor that allocated

a relatively high proportion of her loans to the basic goods producing

sector viz., agriculture and irrigation (29.0%). Approximately 51.0%

of I.D.A. loans were for agriculture and irrigation and 34.0% for water

supply, whereas Kuwait gave 19.0% to agriculture and 29.0% to mining and

manufacturing. It is, perhaps, fair to say that there was an over con-

centration of foreign loans in non-traded good sectors. This becomes

significant when one comes to discuss the effect of loans on the debt-

service capacity of the economy.

Where the loans are procurement-tied, it is clear that the choice

of projects constrained by the commodities donor countries produce and

they wish to sell abroad. Transport and communication projects such as

railroads, ports and airport facilities and communication stations require

material inputs and services, which western countries are well equiped to

supply. Procurement-tied loans provide a good opportunity to aid donors

to sell goods and services to the recipient country. But this factor does

not by itself explain why projects in mining and manufacturing are neglected.

The second factor relevant in explaining the sectoral distribtuion

of loans is the prestige donors hope to get from financing particular

projects. Most of the prestige projects happen to be in the service sector.

Highways, airports, railways, jet airliners and big hospitals, are,apart

from being of economic use also monuments. As we explained earlier, the

loans spent on health came from only two sources, (two loans) and were

spent on two big hospitals, i.e., the Amman Grand Hospital and the Hussein

Medical City. The country could have benefited more of such resources, had they been used for setting up several small hospitals all over the country rather than two big ones, in Amman. However, the distribution of the above loans was meant, on the one hand, to promote the political image of the loan donors and, on the other, to strengthen the political position of the Jordanian administrative apparatus. The choice of the projects in the health sector was predominantly determined by prestige reasons.

Political ideology of loan donors is often a factor which may explain the sectoral distribution of loans. The bias against some sectors in particular mining and manufacturing sectors may be explained by the fact that donor countries are averse to granting loans to public bodies for the sectors which in their opinion should be serviced by private firms. The political commitment to a private enterprise economy generally takes the form of division of economic activities into public and private sectors, and this decision may well bias the choice against some projects.

Finally, most of the loans were given to public bodies, so the range of economic activities carried out by the public sectors itself constrains the pattern of distribution of loans. Donors were constrained in their choice by the projects drawn up by public bodies in Jordan. We think that bias in favour of transport and communication is partly explained by the fact that projects in this sector are easy and obvious public projects to think of.

To conclude this discussion on the factors which may explain the pattern of distribution of loans. In general, it should be said that there is no single factor which on its own can adequately explain the pattern of distribution. It is fair to say that donors have preferences as to the projects they wish to finance. These preferences are jointly determined

by economic, ideological and political factors. However, it is wrong
to take the actual distribution as an unambiguous and faithful guide
of donors' preferences. Donors when they are giving project tied-loans
are partly constrained by the list of projects drawn up by Jordanian
authorities. The bias against some sectors, in particular agriculture,
may be just due to the fact that Jordanian authorities have not come up
with viable projects in those sectors. Jordanian authorities within limits,
can influence the sectoral distribution of loans by compiling a list of
projects.

Furthermore on the other hand the bias against agriculture may well
be explained by the fact that agricultural extension services in Jordan
are primitive and that Jordanian government has not drawn up a catalogue
of viable projects in agriculture.

The effect of the sectoral distribution of loans can be judged in terms of two basic indices. They are: firstly, the debt service capacity of the economy and secondly, the priorities of the economy. The first may help us in finding out whether or not the distribution of loans that took place in the Jordanian economy improved the capacity of the economy to meet its foreign debt obligations. The second index may help us in finding out whether or not the loans received by Jordan were in line with the economy's investment priorities.

It appeared from the previous analysis that the distribution of loans was heavily biased in favour of the services sectors. By and large, these sectors do not directly contribute to the export earnings of the country. This particular form of distribution increases the burden of foreign debt and debt service payments.as measured by the afore-mentioned indices, i.e., debt service payments/export earnings and debt service payments/G.N.P. or G.D.P. Had the distribution of loans been directed more towards traded-goods sectors such as agriculture and mining and manufacturing, prospects of a better performance of the Jordanian economy and an increase in the probability of extracting .a surplus to service the borrowed capital could have been made possible. However, it ought to be mentioned here, that the services sectors (roads, ports and airport facilities) indirectly contribute to exports. But whether or not investment in these sectors leads to an increase in exports, crucially depends on whether or not complementary investment in traded goods sector is undertaken. The actual fact was that overall, investment patterns in Jordan - as will be discussed in the forthcoming chapter, were influenced by the donors. Therefore, the investment carried out by the Jordanian authorities was in line with that of the donors.

As far as the priorities of the Jordanian economy are concerned, they could be defined in terms of either the respective contribution of different sectors to G.D.P. or in terms of the distribution of the labour force. The agricultural sector is the largest single contributor to the national income in Jordan. It contributed about 21.5% of G.D.P. over the period 1954-1959 and 19.4% over the period 1960-1972. The mining and manufacturing sector, on the other-hand contributed to approximately 10% of G.D.P. over the period 1960-1972.

So far as the distribution of the labour force is concerned, agriculture provides employment to about a third of the population. Its contribution to total employment was 33.4% and 32.9% in 1961 and 1970, respectively.[1]

In general terms, whichever way we look at the priorities of investment, the neglect of agricultural sector cannot be justified. There may be economic arguments in favour of investment in transport and communication and health. So far as the latter is concerned it could be argued that the projects actually chosen were not in line with the requirements of the sector. Similarly, one could question the economic wisdom behind some of the projects. In particular, it is difficult to justify the purchase of Boeing aircraft on loan.

In conclusion, it can be said that loan financed projects did not make any appreciable impact on the debt service capacity of the Jordanian economy, and the distribution of loans and the projects chosen in particular sectors were not necessarily in accordance with the investment priorities of the economy.

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1   See Appendix III, Table 12.

PART TWO: THE FINANCIAL TERMS OF LOANS AND THEIR EFFECT.

A -   THE TERMS OF LOANS AND THEIR IMPACT ON THE ECONOMY.

The terms attached to loans vary from one case to another. The terms

with which we are concerned here are: (a) The rate of interest. (b) The

grace period, i.e., the time lag between when the loan is granted and

when the debt service payments start. (c) The length of loan, i.e. the

period for which loan is granted. (d) The repayment currency. These

are the financial terms on which loans are made available. Apart from

these, there are non-financial terms attached to loans, e.g.: tying loans

to specific projects and to procurements in the donors' home market, other

strings and conditions which may accompany loans. In this part, we are

solely concerned with the financial terms of the loans. We discuss the

non-financial terms in the next chapter; apart from these, we are also int-

erested in determining the element of concession involved in loans from

different sources.

Each of the terms listed above has its own significance. The importance

of interest rate is clear enough. In general sense, it is the index of

the cost of borrowing. Furthermore, the rate of interest in conjunction

with the rate of growth of the economy indicates the behaviour of the ratio

debt service payments/G.N.P. overtime. One would expect the ratio to

increase if the rate of interest exceeds the rate of growth of the economy

and vice-versa. Obviously, this statement is based on the assumption that

the rate of growth of the economy is not affected by the investment

financed by the loan.

The grace period, i.e., the number of years that elapse before the

repayment of the loans starts, draws its importance from the fact that

there is, usually, a gap between when the investment is undertaken and

when the returns from investment start accruing. One expects the time

gap to vary from one project to another. Usually, the gap is long

in the case of infra-structural projects, especially in the case of

projects connected with transport, irrigation, health and education.

This may be so for the following two reasons: Infra-structural projects

are to a large extent indivisible, and as a result it may take some time

before the services which the projects yields are fully utilized. For

example, roads and port facilities may remain under-utilized for some

time due to the lack of sufficient demand. On the other-hand, the services

provided may remain under-utilized due to the lack of ancillary or

complementary services. Again, roads and port facilities provide an

example of this. The question is how does one assess whether or not the

grace period is of adequate length? In the case of projects financed by

foreign loans and repayable in a foreign currency, the length of the

grace period should be assessed by reference to the time it takes a project

to yield benefits in the form of exportable goods and services, termed

the gestation lag here. The qualification exportable goods and services

is put in to take into account the fact that loans received as aid, with

a few exceptions, have to be repaid in a foreign currency. The criterion

suggested is based on the premise that it is the receipts from the project

which should finance the repayment of the loan which went to finance it.

In short and in general terms, the argument is that the grace period of

project-tied loans should bear some relation to the gestation lag of the

project. We have already pointed out that most of the loans went to

finance infra-structural projects, and one could argue that the desirable

grace period for most of the loans received by Jordan is a long rather

than a short one.

The length of loans derives its significance from the fact that

benefits from a project do not accrue all at once but instead they are

distributed over time. Once again in general terms, the argument is that the time over which a loan is to be repaid should bear some relation to the time period over which benefits are distributed. However, one should point out that the lengthening of loans is not an unmitigated advantage. The lengthening of loans decreases the burden of repayment only if the rate of return on the project exceeds the rate of interest. In the case where the rate of return is lower than the rate of interest the lengthening of the period of repayment actually increases the burden rather than reducing it.[1]

The following table shows the range and diversity of the terms on which loans were given to Jordan over the period under study. As can be seen from the table, interest rates on loans varied, from zero % on loans from the United Kingdom, Saudi-Arabia and Denmark, to 7.5% on commerical loans. Grace periods, also varied, from 10 years on loans from the International Development Association (I.D.A.) and some American loans, (Table 4.I see p.176), to very few years or none on some commerical loans. (U.S. aid given under the United States Public Law No. 480 (PL.480) was partly given in grants and partly in loans. We do not discuss it here since we have already done so in Chapter III). As for the maturity of loans, it ranged from 50 years on I.D.A. loans, to four years on some commerical ones. In most cases, loans had to be repaid in a hard currency. Some of the loans given in the form of commodities, but they are an exception to the rule. On overall basis, it appears at first sight that, on average, the terms of loans made by the International Development Association (I.D.A.) were the easiest. In particular, they were easier than those offered by the United States and the United Kingdom - the two main sources of loans.

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1 See J.M. Healy, The Economics of Aid, (London: Routledge and Kegan Paul, 1971), chapter 5; see also Raymond F. Mikesell, The Economics of Foreign Aid, (London: Weidenfeld and Nicolson, 1968), Chapter 4 and pp. 265-269.

TABLE 4.I.

RANGE AND DIVERSITY OF LOANS TERMS ACCORDING TO

SOURCE OF FINANCE

Loan Terms ↓ / Countries and Institutions →	U.K.	U.S.A.	W.Germany	Denmark	The Govt. of Kuwait	The Kuwait Fund	Saudi-Arabia	The International Development Association I.D.A.	The International Monetary Fund I.M.F.	Export Import Bank	ENI-IMPEX	C.Itoh & Co. (Japan)	Commercial Banks
Interest Rate	0	1.75-4.63	2.75-4.75	0	3-3.5	4	0	0.75	1.$\frac{1}{2}$	6	5.5	6	7.5
Grace Period	6-7.75	1.58-10.33	4-8.75	4.75	3-5	3.1-6	6.5	10	2	4.8	0	1.83	1.33
Maturity of Loans	28.5-28.75	19.58-40.33	19.66-30.17	19.25	17-25	11-15	14.5	50.0	5	7.8	12	9.33	4
Currency of Repayment	Sterling Pounds	U.S.Dollars and J. Dinars	D.Marks	D.Kroners or any convertable currency	K.Dinars	Sterling Pounds	U.S. Dollars	U.S.Dollars	U.S. Dollars	U.S. Dollars	Sterling Pounds	U.S. Dollars	U.S. Dollars

Source: Central Bank of Jordan, Department of Economic Research (unpublished data in Arabic).

If we take the terms of loans from commercial sources as indices
of the terms on which Jordan could have borrowed from the International
financial markets then we can say that all loans, with the exception of
those from commercial banks, involved some element of concession on one
count or the other. In general terms, it is difficult to find a
convincing economic case for Jordan borrowing from commercial banks.
The rate of interest on those was too high and the maturity period too
short. Jordan resorted to commercial banks for loans in 1971 as an
emergency measure when Libya and Kuwait stopped the annual grant they
gave to Jordan after the 1970 Civil War.

The terms of loans are too diverse to permit an easy comparison of
the concessional elements in loans. One way to do so is to reduce all
loans to a common denominator by calculating what is termed in the
literature as the "grant" or the "concessional element". The grant
element is the difference between the face value of a loan and the present
value of all future debt service payments, discounted at a certain rate
of interest.[1] The obvious problem one faces here is at what rate
should one discount the debt service payments? For the present purposes,
the discount rate should represent the marginal gain from postponing the
debt service payments by one time period, say a year. The discount
rate should in that case be equal to the rate of return on the project
financed by the loan. In general, there is no reason why the rate of
discount should be the same for all projects. Ideally, one would like to
calculate the present value of each loan by reference to the project
financed by it. But, unfortunately, the data on the rates of return
on projects financed by loans is not available. The reason for this is
that Jordanian authorities did not undertake a detailed economic appraisal

1 United Nations, Department of Economics and Social Affairs, Measurement
of the Flow of Resources to Developing Countries, (New York: U.N., 1967).
Annex 15; see also J.A. Pincus, "The Cost of Foreign Aid", Review of
Economics and Statistics, vol. XLV, 1963, pp. 360 - 367.

of projects financed by loans. Lacking any better, we use the rate of

return on government bonds (6.0%) as a proxy for the rate of return.

Table 4.J. lists the element of concession in different loans.

(See Table 4.J. p. 179).

Table 4.J. and Graph 6 show the following: (a) Most of the loans

received by Jordan involved a significant degree of concession. As one

would expect from the table listing the terms of different loans, the

I.D.A. loans had the highest grant element in them (78.0%). (b) The

next on the list are the British ones (60.0%). (c) United States loans

had, on average, a grant element of 36.2%, they ranked fifth on the list.

(d) Commercial loans did not have a grant element, and in certain cases,

the grant element was negative. Negative "grant element" implies that

the loan in question should not have been accepted by the Jordanian

government.

However, it should be pointed out that the ranking of loans here is

dependent on the chosen rate of discount. The maturity of loans, the

grace period and the rate of interest vary widely, as a result we expect

the ranking to change with a change in discount rate. Since the discount

rate used here is arbitrary one cannot attach much weight to the relative

positions of lenders when the difference in the grant element is not large.

General though it is, one conclusion one can draw from the analysis

here is that in financial terms most of the borrowing by Jordan has been

worthwhile. The qualification "in financial terms" is important because

the conclusion, at least in the case of particular loans, may well be

different when the "cost of procurement ties" is taken into account. The

terms of loans, especially bilateral ones, have become progressively harder:

shorter maturites, higher interest rates etc. So what may have been true

for the loans in the past may not be true for the loans in future. The

reason for this sceptic note is that Jordanian authorities do not undertake

a detailed analysis of the cost of loans.

TABLE 4.J.

"GRANT ELEMENT"[*] IN LOANS EXTENDED TO JORDAN

No.	Loans Classified According to Source of Fund		Value of Loans	The Grant Element	The Average of Grant Elements (%)
1	The International Development Association (In U.S.$).	a.	1,500,000	78.8	
		b.	2,516,000	78.8	
		c.	3,000,000	78.8	78.8
		d.	3,000,000	78.8	
		e.	6,000,000	78.8	
		f.	5,400,000	78.8	
2	British Loans (In Sterling Pounds)	a.	12,900,000	57.8	
		b.	800,000	58.7	60.0
		c.	900,000	58.5	
		d.	7,695,000	64.6	
3	Denmark (D.Kroners)	a.	12,000,000	47.5	47.5
4	Saudi-Arabia (U.S.$)	a.	15,000,000	47.0	47.0
5	American Loans (U.S.$) A - Dollar Loans	a.	1,640,000	55.2	
		b.	1,249,521	54.7	
		c.	6,300,000	56.4	
		d.	1,082,519	56.4	
	B - Commodity Loans (Paid in Local Currency)	a.	1,314,000	12.2	36.2
	B - Commodity Loans (Paid in U.S.$)	a.	1,695,887	26.8	
		b.	1,756,890	25.5	
		c.	1,270,561	25.3	
		d.	1,139,983	25.6	
		e.	1,671,773	24.3	
6	West Germany (In D. Marks)	a.	15,120,000	23.4	
		b.	7,750,000	22.2	
		c.	18,500,000	26.5	
		d.	73,965,000	28.0	27.4
		e.	60,000	35.5	
		f.	1,100,000	34.5	
		g.	18,500,000	35.7	
		h.	3,000,000	13.9	
7	The International Monetary Fund (I.M.F) (U.S.$)	a.	4,500,000	22.3	22.3
8	Kuwaiti Loans (In K. Dinars)	a.	1,040,000	12.1	
		b.	5,000,000	15.6	
		c.	3,000,000	11.7	
		c_1	85,000	17.4	16.7
		c_2	175,000	11.7	
		c_3	240,000	21.3	
		d.	4,600,000	27.0	
9	ENI-IMPEX (J.Dinars)	a.	3,100,000	2.5	2.5
10	C.Itoh & Co.(U.S.$)	a.	2,450,724	00	00
11	Eximbank & Boeing Co. (U.S.$)	a.	9,200,000	00	00
12	Commercial Banks (U.S.$)	a.	9,200,000	-6.6	-6.6

Source: Based on information collected from the loan agreements Jordan
        had entered into, over the period under study.
     [*] The grant element was calculated by using the following formula[1]:

$$GE = (q-i)(2,5+\frac{T}{5})(1+\frac{G}{T})$$

GE = Grant Element as percentage of the face value of a loan.
q = Discount Rate   i = Rate of Interest
T = Maturity of a Loan   G = Grace Period.
    (Gestation Period).

1 See G. Ohlin, Foreign Aid Policies Reconsidered - The Grant Element
  in Development Lending, (Paris: O.E.C.D., 1966), pp. 101-112.
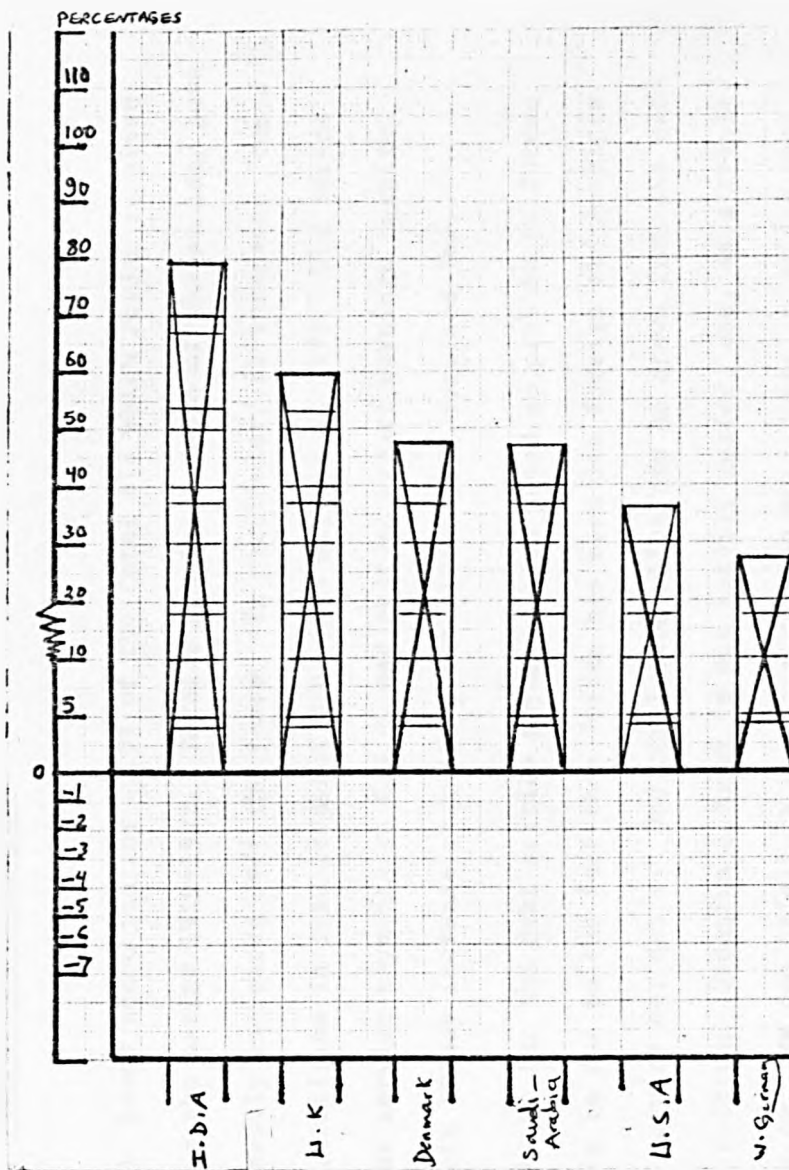
GRAPH 6

GRANT ELEMENT
IN LOANS

I.M.F.   Kuwait   ENI-EHPA   C.Itoht co(Japan)   Eximbank   Comercial Bnks
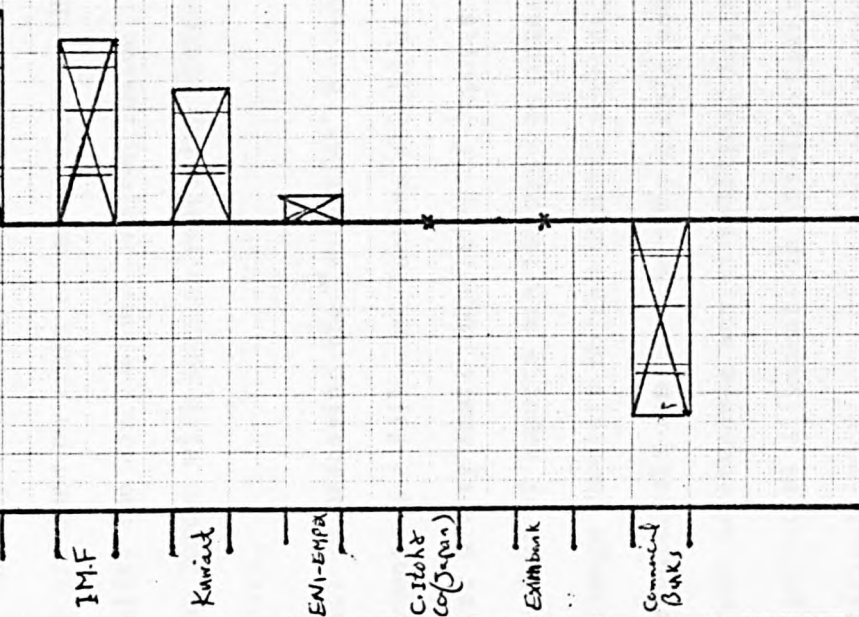
B   SUMMARY AND CONCLUSION

(i) Loans accounted for 10.0% of the total aid which Jordan received over the period 1949-1972. Total accumulated debts of the economy have steadily increased over the years. In particular, it increased from J.D. 10.8 million in 1960 to about J.D. 64.5 million in 1972. The ratios debt service payments to G.N.P. and that to export earnings despite their steady increase over the period 1960-1972, remained low.

(ii) So far the debt service payments have posed no problem to Jordan. This is due to the fact that Jordan has used its foreign aid receipts to service her debts. One conclusion which can be drawn from the data is that the Jordanian economy is not heavily geared, and, as a result, the country can safely keep on contracting more debts, provided they are provided on right economic terms. However, it is necessary to qualify the conclusion. The conclusion is valid only if it is assumed that Jordan will keep on receiving preferential treatment from aid donors.

(iii) In assessing the "potential" burden of debt and debt service payments the following factors should be kept in view. Export earnings cover a very small proportion of imports (16.8% over the period 1960-1972) and most of imports are financed by foreign aid. Apart from the foreign exchange receipts on the capital account, the export of goods (mostly agricultural) remains the only stable source of foreign exchange. Jordan is not of economic but of political importance to aid donors. A change in political alignments in the Middle East may well mean a decrease in the political importance of Jordan and a consequent decrease in the flow of foreign aid. If a turn in political events unfavourable to Jordan is assumed probable then it cannot be argued that debt service payments will

pose no problem to the country and the conclusion above has to be accordingly qualified.

(iv) An analysis of the distribution of loans showed that the distribution was heavily biased in the favour of a few sectors. Transport and health, between themselves absorbed more than 70.0% of the loans. Most of the allocation to transport and health was spent on a few projects. In contrast, only 1.8% of total loans was for mining and manufacturing and 5.0% for agriculture and irrigation. What the analysis shows is that the distribution was heavily biased in favour of the services sector and against the goods-producing sector.

(v) The pattern of distribution of loans did vary from lender to lender; but in general lenders favoured transport and communication projects. The pattern of distribution of loans is not explained by one but a number of factors. The relevant factors are, economic interest and ideological bias on the part of donors and the ability of Jordanian authorities to draw up viable projects.

(vi) Next we examined the economic effect of loan-financed projects. Since most of the loan-financed projects were in the services sectors, it could be argued that they did not improve the debt service capacity of the economy. Next question we examined was whether or not the distribution of loans was in accordance with the priorities of the economy. There, the conclusion is that the neglect of agriculture in the disbursement of loans cannot be justified.

(vii) The financial terms of loans received by the Jordanian economy have varied greatly from donors to donor and from loan to loan. Interest rates varied from nil on loans from the United Kingdom, Saudi-Arabia and

Denmark, to 7.5% on commerical loans. Grace period varied from/ten years

on loans from I.D.A. and some of the American ones, to very low, and

even nil, on some commercial loans. As for maturity dates, they ranged

from 4 years on some commercial loans, to 50 years on I.D.A. loans.

Repayment was mostly in hard currencies. On the average, the terms of

I.D.A. loans were the easiest, followed in order of easiness by those

of the U.S.A. and the United Kingdom.

However, in order to show the degree of concessions in loans to

compare the financial terms on which loans were given to Jordan, we

calculated the "grant element" in loans, i.e., the difference between

the face value of a loan and the present value of all future debt

service payments. The result showed the following: (a) Most of loans

received by Jordan with the exception of commercial loans involved a

significant degree of concession. (b) The I.D.A. loans had the highest

grant element in them (78.0%), followed directly by those from Britain

(60.0%).

(viii) Finally, one could say that "in financial terms" most of the

borrowing by Jordan has been worthwhile. The qualification "in financial

terms" is important because the conclusion, at least in the case of

particular loans, may well be different when the "cost of procurement

ties" is taken into account. The term of loans, especially bilateral

ones, have become progressively harder: shorter maturities, higher

interest rates etc. So what may have been true for the loans/the past

may not be true for the loans in future. The reason for this sceptic

note is that Jordanian authorities do not undertake/detailed analysis of

the cost of loans.

CHAPTER V

THE NON-FINANCIAL TERMS OF LOANS AND THEIR POSSIBLE EFFECTS

PART ONE: TYPES AND EFFECTS OF LOAN TYING

A- TYPES OF LOAN TYING:

In the previous chapter we discussed the financial terms of the loans given to the Jordanian economy, i.e., interest rates, grace period, gestation period and the repayment currency in which loans are to be settled. In this chapter we discuss the non-financial terms of loans, i.e., the tying of loans to projects and restrictions on the source of procurements. Though this chapter is specifically concerned with strings attached to loans, we also discuss, wherever it is relevant, the strings attached to the grants received by Jordan. It is worth noting that the tied aid given to Jordan is not by itself of great importance but the implications of it are. Foreign aid has increasingly taken the form of repayable double-tied loans. Further, these loans represent a financial obligation on the economy of Jordan and should be paid back in due time. In this chapter we also discuss not only the ties attached to aid but also the relations between the donors and Jordan in a wider context.

Foreign aid is known to have many dimensions, and the aggregate volume tells little about the effect of aid until we know its composition and terms. Most of aid received by Jordan was bilateral, and no doubt strings are attached to it, which affected both economic and political policies of the country. The political and economic objectives of the ruling elite in Jordan have been influenced by those of the donors. The Parliamentary speeches of the 25 prime ministers who took office between 1951-1972, give an idea of these political and economic objectives. Freedom of enterprise and opposition to Communism were emphasised as principal objectives by all of them. In general terms, these objectives are no different from those of the donors.[1]

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1 See H. Khair, Collections of Jordanian Ministerial Speeches, (Amman: The Jordanian Press, n.d.), (In Arabic); on the question of opposition to Communism, see the above reference for the following speeches and messages: Premier Haza Majali, pp. 100-102 and King Hussein, pp. 132 and 133. See also King Hussein's message to Premier Suliman Nabulsi in, Documents on International Affairs, op.cit., pp. 261-264, 1967; on the question of free enterprise ideology, see the following speeches in H. Khair, op.cit.,: Premier Bahjat Talhouni on his government's economic policy, p.165, Premier Wasfi El Tal, p. 173 and finally, Premier Saad Joma's speech, p.183.

Economic strings that accompanied foreign aid to Jordan (particularly

loans), were mainly of two kinds, i.e., tied to projects and tied to

projects and procurements in the donors' home markets. Generally speaking,

most loans offered to the Jordanian economy were double-tied loans with

the exception of few ones given by Kuwait, Saudi-Arabia, the World Bank

and the United Nations. The latter loans were project-tied loans. It is

worth noting in this respect, that the restrictions (strings) attached

to the loans given to Jordan took the form of "formal restrictions",

i.e., they were inherent in the loan agreements which Jordan entered into.

Apart from these formal restrictions, there were also what economists have

called "informal restrictions". "Informal restrictions" take the form of

promise by Jordan (recipient) to follow certain policies, e.g., such as

import liberalization. In actual fact, these informal restrictions took

the form of an "understanding" between donors and the Jordanian government.

These were accompanied by a tacit warning, to Jordan, about consequences,

if evasion of informal restrictions occur. That means any departure

from 'de facto restrictions would be considered as short-sighted on the

part of the Jordanian government, and may cause difficulties in the

continuing or even the giving of aid.[1]

The other types of restrictions were the "formal restrictions". These

restrictions were inherent in the loans agreements which Jordan entered

into. They required Jordan to abide by clauses put down by the donors.[2]

Examples of such formal restrictions will be examined along with the

discussions of the effects of loans restrictions on the Jordanian economy.[3]

Generally speaking, one can say that aid to Jordan, and particularly loans

was tied to projects and to projects and procurements in the donors' home

market.

1   See J. Bhagwati, "The Tying of Aid", in J. Bhagwati and Richard S.
    Eckaus, Foreign Aid - Selected Readings, (Middlesex: Penguin Books Ltd.,
    1970), p.239.
2   J. Bhagwati, op. cit., p. 239.
3   See Appendix III.a. for exerpts from the loan agreements Jordan entered
    into, over the period of our study.

B- EFFECTS OF LOAN TYING

At this point, we will try to analyse the possible effects of loans conditions on the Jordanian economy. But it is important to note here that since restrictions on loans were both formal and informal, there arises a difficulty of assessing the effects of the latter, i.e., informal restrictions. The difficulty is due to the fact that it is difficult to acquire a precise knowledge of informal restrictions except in a few instances. In contrast, formal restrictions are available in documents (loans agreements) form.

To get to the effect of "informal restrictions" attached to the aid to Jordan, one would do well to recall the case of the U.S. aid to Jordan previously mentioned in passing. When the United States budgetary support was the dominant aid to Jordan, i.e., in the late 1950's and the early 1960's, the United States expressed her desire that utilization of U.S. grants should be for procurements in the U.S. market.[1] This is an instance of informal restrictions, apart from formal restrictions and the aim of these was to ensure a market for the commodities produced in the United States' market. It practically affected the Jordanian import policy.[2] These restrictions compelled Jordan to make a specific list of goods which could be imported only from the United States. The list included the following goods: passanger cars, trucks, radio sets, records, gramaphones, sulphur, refrigerators, airconditioners, heaters, canned cheese, lubricating oil, wheat, flour, butane, gas cookers, toilet soap, weapons and hunting guns. The Jordanian Licensing authority compiled this list in consultation with the U.S. Aid Mission in Amman. It is worth

1   The International Monetary Fund, The Middle East Department and The Exchange Restrictions Department, Jordan, (Washington, D.C.:I.M.F. March 28, 1962).

2   For a discussion and examples on how tied aid creates an atmosphere of adaptation in trade, see S.J. Anjaria and Anthony Lanyi, Aid Tying Some Implications For Recipients and Donors, I.M.F., Exchange and Trade Relations Department, (Washington, D.C.: I.M.F., April 14, 19/1)

noting that the U.S. Aid Mission, in recommending the list of restricted commodities took care that demand for the goods in question was highly income-elastic, and thus ensuring an increasing demand for the commodities imported. The aim behind this list was to ensure that the U.S. aid, at least a part, comes back to the U.S. in the form of payment for commodities produced in the U.S. These forms of restrictions would mean a decrease in the real value of aid if prices of those items (tied commodities) are higher in the donor's market than in the World market.

The donor country is not necessarily the cheapest source of commodities in question and even in cases where the donor country is the cheapest source, the recipient country may have to pay higher prices because restrictions on procurements give the supplies in the donor country a monopolistic advantage. One can also add that there are two types of goods, those whose prices are generally quoted and publicly known and those whose prices are not. The second category normally includes capital goods, unless the recipients are experienced in World trade, then they would not know the prices of commodities and thus they are liable to overcharging. However, as we will examine the effects of tied loans on prices later on in this chapter, our discussion here is therefore brief.

Turning to the effect of the "formal restrictions" attached to the aid received by Jordan, one could examine the effects of project-tied loans as well as the effects of project- and procurements-tied ones (double-tied loans). As we mentioned earlier, both kinds of tied loans were given to Jordan but the second type, i.e. project - and procurements - tied loans were predominant. At the outset, one ought to mention the fact that project-tied aid does not normally affect the cost of loan to the economy - its principal effect is on the allocation of resources.[1] On

1 On the question of project-tied aid, see Albert O. Hirschman and Richard M. Bird, _Foreign Aid - a Critique and a Proposal,_ (Princeton: Princeton University Press, July 1968), No. 9, p.6.

the otherhand, procurement-tied loans do not affect the resource

allocation, but they affect the real value of aid. The latter may

imply a divergence between the nominal and the real value of aid. So

in the case of double-tied loans one has to examine both the divergence

between the real and nominal value of loans and the effect on resource

allocation.

I - THE EFFECT OF PROJECT-TIED LOANS

Here, we discuss the economic effects of project tied loans in

terms of the structural changes that took place in the Jordanian economy.

If one were to look at developments in the Jordanian economy, one would

see that the service-producing sectors, viz., public administration and

defence, transport, ownership of dwellings, trade and banking and other

services, accounted for a very large proportion of the total value added.

In particular, they accounted for 64.2% and 66.5% of G.D.P., respectively

over 1960-1969 and 1970-1972. In the forthcoming discussion, we will

try to explain the ways in which the basic structural change took place

within the Jordanian economy and the relevance of project-tied aid to

such changes.

Most of aid in Jordan is allocated to the service sector. The

increase in income as a result of investment in the services sector

lead to an increase in demand for outputs of both the services sectors

and the goods-producing sectors (material-producing sectors). In general,

one can say that the elasticity of supply is low in the goods producing

sector. The implication is that while all the extra demand for services

is supplied by imports, only a part or none of the extra demand for goods

is satisfied through domestic sources. The implication is that every

investment in the services sector further biases the structure of the

economy towards the services sector. This is especially true in the case

of underdeveloped countries like Jordan which do not suffer from a

shortage of foreign exchange.

This pattern of development could be seen in Jordan. There was a persistent disequilibrium in the balance on visible trade. The service sector accounted for a very high share of G.N.P. and its share actually increased. As far as the Jordanian economy is concerned, the service sector doesn't produce internationally traded goods. A large service sector means that a large proportion of income is derived from activities which do not directly contribute to exports earnings. Moreover, these activities increase imports, in the sense that they generally utilize imported inputs and that a part of income generated in the service sector is spent on imported consumer goods. In otherwords, two separate factors worked jointly to bring about the aforementioned structural changes in the economy of Jordan. For the sake of clarity one factor may be called the "structural factors" and the other could be called the "precipitating factors". Factors that are inherent in the economy of Jordan itself viz., a relatively low resource endowment and low technical and administrative know-how, have created rigidity in the supply side of the material - or goods - producing sectors, in contrast to the services sectors. On the other hand, "precipitating factors" are those related to both the economic policies undertaken at home as well as to the aid policies of foreign donors.

To start with, the availability of foreign exchange via aid flows, the absence of a monetary policy (lack of foreign exchange controls and instruments of foreign exchange policy), the absence of a policy of selective imports restrictions, and finally, the biased distribution of foreign loans to certain sectors (projects) which has not been corrected by a countering bias in the distribution of investment from other sources by the government - all have worked together in precipitating an imports-surplus that made the economy dependent on it. Thus the growth of the goods - producing sectors has been slower and lower than that of the services-producing sectors.

With regard to the effect of donors' policies, it can be argued that as loans were restricted to specific projects or sectors (the service sector), funds were distributed in a manner liable to increase the inelasticity of supply of the economy, initially caused by the low level of development. The services sector which was favoured by investment from donors, developed and income was also generated. The demand thus created was met by imports. This was solely because the elasticity of supply is lower in goods-producing sectors than in services-producing ones, and the latter do not produce commodities that can meet the increased demand, i.e., demand for internationally traded goods.

However, to test the argument that imports surplus has influenced the structure of the economy in the manner previously described, a simple correlation exercise could be done. Correlation co-efficients were found between the share of the imports-surplus in gross national income, on one hand (V_1), and on the other, the share of services in gross domestic product (V_2), and the share of agriculture, mining and manufacturing in gross domestic product, (V_3). The results were as follows: (a) there was a positive correlation co-efficient between V_1 and V_2 (0.643); (b) there was a negative correlation co-efficient between V_1 and V_3 (-0.694).

The negative correlation co-efficient between the share of the import-surplus in G.D.P. and the share of goods-producing sectors in G.D.P., i.e., agriculture, mining and manufacturing points to the effect of the biases and preferences of donors in favour of the services sector and against the goods-producing sectors. Incomes in the services sector increased and consequently demand for imports also rose. On the other hand, the goods producing sectors remained underdeveloped through both the lack of investment and the imports of foreign goods. However, the above results seem to strengthen our argument that the import-surplus (made possible through aid), has biased the structure of the Jordanian economy in favour of the services sector. A similar exercise was carried out by Fanny Ginor

who found that these correlations were more pronounced for the group

of 20 developing countries with imports-surplus in comparision with the

rest of the 46 developing countries included in the sample.[1]

To shed further light on the effect of project-tied loans on the

previously-mentioned structural change in the economy, we should consider

the following: The project-tied aid policy has caused what is called

"a price-reduction effect". Jordan, as a recipient country, one could

argue, has a demand schedule for investment projects in her economy that

is related to the cost of those projects. If we assume that the "price

per project" is measured in terms of the contribution which Jordan has

to make to the project; then one would imagine that, as less of the cost

is met by Jordan (or, in other words, as more of the cost is met by the

donor), then the more attractive the project from the Jordanian point

of view. The contribution on the part of donors to the total or partial

cost of specific projects within the services sector in Jordan (through

project-tied loans) has acted like a reduction in the price of the aided

projects (not to forget its income effect) and thereby helped bias the

choice in favour of the services sector, and away from the goods-producing

sectors.

Supposing that aid were offered on a programme basis, i.e., not tied

to specific projects, and assuming the existence of an efficient

administration in Jordan, one would expect foreign aid to create an income

effect which would enable Jordan to increase her demand for projects in

different sectors, rather than increasing demand for projects, in the

services sector.[2]

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1   Fanny Ginor, "The Impact of Capital Imports on the Structure of
     Developing Countries", Kyklos, Vol. 22, 1969, pp 104-123.

2   See Richard M. Bird, "The Influence of Foreign Aid on Local Expenditures",
     Social and Economic Studies - Institute of Social and Economic Research,
     Vol. 16, No. 2., June 1967, pp. 206-210; see also Mark A. Haskell,
     Federal Grants-in-Aid: Their Influence on State and Local Expenditures",
     Canadian Journal of Economics and Political Science, Vol.XXX, Feb-Nov.
     1964, pp.585-591. On the latter, R. M. Bird had based his article.

II THE EFFECT OF DOUBLE-TIED LOANS

At this stage of our analysis, we ought to turn to the discussion of the effects of double-tied loans (the predominant kind of loans given to Jordan) on the economy. In order to do this, it is vital to give examples from accessible agreements that are relevant to this kind of tied loans. For this purpose, we have selected a representative sample which covers three agreements and three types of donors. Type A Agreement represents a donor giving project - and procurement-tied aid with no interest charges, e.g.: the agreement between the Government of the Hash e mite Kingdom of Jordan and the Danish Government for loan signed on June 20, 1966. Type B Agreement represents a donor outside the commerical category offering double-tied loan with interest charges, e.g.: Agreement between the U.S.A.I.D. Mission in Jordan and the Government of Jordan - A.I.D. Loan No. 278-H003, Jordan: Damiya Junction - North Shouna Road Reconstruction, September, 1965. Type C Agreement represents a donor offering double-tied finance with interest charges more or less at par with the cost of borrowing in the World money markets, e.g.: the agreement between the Royal Jordanian Airlines, Government of the Hashemite Kingdom of Jordan, the Boeing Company and Export-Import Bank of the United States.[1]

Excerpts from the loan agreements in the sample (see Appendix III.a.) show the following common factors: (a) emphasis is put upon tying loans to specific projects and to procurements in the donor's home market; (b) the imports financed by loans have to be shipped in vessels sailing under the donor country flag[2]; and (c) violations of agreement or default on debt service payments by Jordan, would cause the suspension of loan disbursements, and make outstanding debts immediately due.[3]

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1 Excerpts from those agreements are in Appendix III.a.

2 Agreement Type A. op.cit., Article VI; Agreement Type B. op.cit., Article V, Section 5.2. and Article 100, Section 100.1; Agreement Type C., op.cit., Article X-A.

3 Agreement Type A. op.cit. Article XI; Agreement Type B. op.cit., Article 103, Section 103.2; Agreement Type C. op.cit., Article VIII, Section B.

In the following discussion, we will examine closely the effect on
the Jordanian economy of the three common factors in tied-loan agreements.
On the question of double tying of loans to projects and procurements in
the donors' home market, one could say the following: by offering double-
tied loans, donors have had, to a certain degree, the upperhand in selecting
projects that fitted their objectives. Accordingly, bearing in mind the
low level of development, Jordan has, by accepting double-tied loans,
substituted the donors' investment patterns (preferences) for her own.
In the first place, goods-producing sectors were allocated a small
percentage of loans (as we indicated earlier), while some of the infra-
structural projects got the Lion's share. The following projects are a
few examples of potential projects the Jordanian economy does have their
raw material and human inputs, yet they failed to acquire a place on the
donors' list of investment preferences: ceramics, glass ware, potash
fertilizers from the Dead Sea, phosphate fertilizers, coloured stones,
souvenirs and handicraft industries and finally, hides and skins. In
contrast, Ground Satellite Station and other communications projects,
purchases of Boeing jet plans, Amman Zarqa Highway and Hittiah Aqaba
Rail Road, are examples of projects which do not produce material output
or exportable goods which figured prominantly on the donors list of
preferences.

Donors' ideological biases against public ownership of goods-
producing projects, have affected Jordan's pattern of investment, in
the sense that some of the infra-structural projects were given undue
priority over other projects. As it is mostly western capitalist
countries that give aid to Jordan, it is naturally in their interest to
keep the Jordanian economy following the system of free enterprise.
Furthermore, investment in infra-structural projects demands imports
that can only be attained from the donors' markets. We do not, however,
intend to imply here that those type of infrastructural projects are not

necessary. Their importance is beyond doubt, but they should come at a later stage, after other projects such as agricultural projects and other goods-producing ones. It is beyond sound economics to purchase new Boeing aircraft, using $18.4 million of money borrowed on commercial terms, while the country could comfortably continue to utilize its already underutilized commerical fleet. Had the same borrowed money been spent on agricultural or mining projects, such as potash and phosphate fertilizers, the economy could have easily produced internationally traded goods, sufficient enough to pay for part of imported food products, fulfil the debt obligations, and may even have saved some foreign exchange.

It is worth noting that investment patterns in Jordan were influenced in the early stages of foreign aid. When the first Development Board, a planning body, was established in Jordan in 1950, it consisted of nine members, three of whom were representatives of U.N.R.W.A., that of the United States Operation Mission (Point Four) and a full-time British Secretary-General. The other six were leading government officials. They were the Jordanian Prime Minister, the Minister of Economy, the Minister of Agriculture and Public Works, the Acting Director of Lands and Surveys and the Under-secretary of Finance. In a situation when the Board is headed by Cabinet Ministers, who are not technically competent to either draft or supervise development programmes, the foreign advisors would normally take the lead, spurred on by the fact that their countries are the suppliers of funds. As the Mission from the International Bank for Reconstruction and Development (I.B.R.D.) stated: "the Board's authority to prepare plans for specific projects and to supervise their execution is limited to projects financed from funds made available to the Board ....., but in practice the Board's activities have been limited to supervising the expenditures of the United Kingdom Development loans."[1]

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1 International Bank for Reconstruction and Development (I.B.R.D.), the Economic Development of Jordan, (Baltimore: John Hopkins Press, 1957), p. 426.

Another revealing fact was: "the minutes of three years' meetings reveal

not a single important exchange of views about the economic development

of Jordan in general, or about the respective roles of the various agencies

represented on the Board".[1] The conclusion of the World Bank report says

further: "..... the Board ought to be responsible for all negotiations

regarding the allocation and distribution of foreign aid funds and the

procurement and assignment of exports obtained under foreign technical

assistance programs.[2]

The practices of loan donors in tailoring projects which suit their

investment preferences is dealt with not only by the World Bank report,

but also by writers such as Loren Adler: "the scarcity of Jordanian

planning experts plus the overwhelming dependence of the country on outside

aid (predominantly from the U.S.) creates a situation in which much of

the initiative towards planning springs from the foreign agencies, and

indeed much of the actual work of planning appears to be done by them."[3]

Pakistan is a similar example. Hamza Alavi and Amir Khusro said:

"it is the I.C.A. which lays down the priorities in the plan, and the

Planning Board reduced to little more than an adjunct of the I.C.A.

Mission."[4]

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1   International Bank for Reconstruction and Development, op. cit., pp.426-
     427; The first Development Board in Jordan functioned from 1952 to 1957,
     while the second has been functioning since 1957. Recently it was renamed
     "The National Planning Council".

2   Ibid., p. 429.

3   Loren Tedsell, "Planning for Technical Assistance: Iraq and Jordan,
     The Middle East Journal, Vol. 15, 1961, p.401.

4   Hamza Alavi and Amir Khusro, "The Invisible Hand in Economic Policy,"
     in R.I. Rhodes ed., Imperlialism and Underdevelopment: A reader,
     (New Yorks Monthly Review Press, 1970), p. 74.

The mechanism of project selection in recipient countries has been, in certain cases, institutionalised by donors. The policy statement of the British Ministry of Overseas Development (O.D.M.), clearly indicates the legitimacy of taking the initiative in project selection in British-aided countries: "Until now this initiative has usually laid with the developing country itself. We intend, in future, to make a more deliberate effortsto select, in agreement with the recipient country, the field of activity or projects on which our aids should be concentrated."[1] Practices of this Ministry and its affiliated agencies varied from one recipient to another. In Jordan, Britain played a big role in the selection of British-financed projects: "Britain, through MEDD (the Middle East Development Division), plays a much more significant role. The combined importance of the main donors is much greater than in both Turkey and Iran, since Jordan has very limited domestic resources (limited still further as a result of the Six-Day War). But while Britain is now only third among donors, its influence on policy is greater than its aid ranking would suggest. The influence stems directly from MEDD's old-established position in Jordan, and the long period when British aid was paramount."[2] The work of British Middle East Division is summarised as follows: "taking the three countries together (Turkey, Iran and Jordan) most of MEDD's time on aid management work is thus devoted to project preparation, selection, supervision and evaluation, involving either capital or technical assistance or both."[3] It is now rare for MEDD to be presented with a project request out of the blue. More often than not it will have

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1 Parliamentary Papers (House of Commons and Command), "overseas Development: The Work of the New Ministry," Session 27, October 1964-8 November, 1965. Comnd. 2736, Para. 112.

2 Andrzej Krassowski, "The Middle East Development Division," Journal of Administration Overseas, Vol. XlV, No. 1. January, 1975, pp. 13-14.

3 Andrzej Krassowski, op. cit., p.14.

hinted its interest in certain projects ....."[1]   British interference

in selecting projects is very common: "of the three countries, Jordan

has much the simplest procedures. Nearly all projects submitted, both

capital and technical, will have been inspired, worked out, or given

preliminary clearance, by MEDD advisors in the normal course of their

discussions with the National Planning Council and the Ministries."[2]

The practices of other donors, such as the United States, has been rather

similar to those of the United Kingdom, if not more dictatorial.

At this point, it seems fair to say that lack of motivation and

efficiency on the part of the economic and the administration apparatuses

in Jordan has played into the hands of the donors: it has increased their

capacity to take initiative in project selection, increased their

professional authority and finally, helped them deform Jordan's investment

preferences in such a manner that allowed the achievement of their

objectives. Hence, donors had used their double-tied loans effectively

in shaping the pattern of economic development in Jordan.[3] Had there

been an identity between Jordan's economic preferences and those of the

donors, one would not have raised objections to such imposition of pref-

erences by the aid donors. But as they diverge, any imposition of donor's

preferences would do more harm than good to the economy of Jordan.[4]

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1 Andrzej Krassowski, op. cit., p.15.

2 Ibid., p. 16.

3 On the experience of Pakistan in this respect, see Hamza Alavi and
   Amir Khusro, op.cit., p. 73.

4 On the question of tied-aid, see H.W. Singer, "External Aid:
   For Plans or Projects?," Economic Journal, Vol. 75, 1965, pp.539-545;
   See also Albert O. Hirschman and R. Bird, op. cit., p. 12.

One possible corollary to this imposition, is that firstly, the selected projects have a high :import- content, and secondly, the choice of technique in the recipient country tends to be alien to what resources there are in the country.[1]

Though data on capital inputs and the value of outputs of industrial establishments are lacking in Jordan, there are other indicators that could be of use in telling us how far the policies of both donors and recipients could affect the choice of technique used in production. Moreover, it must be kept in mind that, as loans are double-tied and donors have had the initiative in tailoring projects and policies for recipient countries, imported items for those projects tend to reflect the resource endowment of the donor countries.

Jordan is a labour-surplus economy. The high rate of population growth is one of the constant problems Jordan faces, and she has not yet devised a comprehensive policy to tackle it. There is no comprehensive survey of the distribution of the labour force in Jordan. Yet, from the very few partial surveys on labour distribution, summarised in the following table, developments in labour inputs absorbed by both the service- and material producing sectors of the economy, can be observed.

TABLE 5

SECTORAL DISTRIBUTION OF EMPLOYED LABOUR FORCE

PERCENTAGES

POPULATION CENSUS (1961)			ESTABLISHMENT SURVEY (1970)		
SERVICE-PRODUCING SECTORS	GOODS-PRODUCING SECTORS	TOTAL PERCENTAGE *	SERVICE-PRODUCING SECTORS	GOODS-PRODUCING SECTORS	TOTAL PERCENTAGE
38.7	54.1	92.8	43.9	42.1	86.0

Source: Appendix III, Table 12.

* The difference between these figures and 100%, is the percentage of labour force seeking work.

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1   See J. H. Adler, "Multilateral Aid," in Ronald Robinson ed., International Co-operation in Aid - Impressions and papers of the Fifth Cambridge Conference on Development Problems, 4-17 September 1966, op. cit., 1969; See also Dr. Mahbub Ulhag, "Tied Credits - A quantitative Analysis," in J.H. Adler ed., Capital Movements and Economic Development, (New York: St. Martin's press, 1967), p. 327.

The above table shows jobs in the services sector increased

from 38.7% in 1961 to 43.9% of the total in 1970, while jobs in the goods-

producing sectors, shrank from 54.0% in 1961 to 42.1% of the total in 1970.

In a way, the data shows the effect of tied aid. Jordan was forced to

set up specific projects, import certain specific commodities from the

donor country, and adopt policies, whereby Jordanian importers could easily

acquire foreign exchange to pay for imports. Therefore, this form of

tied aid has affected the choice of techniques, for it encouraged imports

with high-capital-to-labour ratio, hence rendering the absorptive capacity

of projects low, as far as labour inputs are concerned.[1]

So far we have examined the effect of donors' policies on the choice

of techniques in recipient countries. We should not, however, overlock

the effect of the domestic policies of the Jordanian Government. The

investment policy, whether formulated by the government departments in

Jordan or inspired by donors, has had, an effect on the selection of

projects with low absorptive capacity of labour inputs. Because aid is

project-and procurement-tied, it can be manipulated by donors who cover

the import cost of projects, i.e., the cost of projects in foreign exchange.

The project selection policy of Jordan, however, tends to be determined

by the donors' aid policy which encourages projects of high-import content.

(Intensive in foreign exchange).

In the period 1955-1972, Jordan enacted three laws on investment

which set out incentives and means by which investors could be encouraged

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1 Juliet Clifford, "The Tying of Aid and the Problem of 'Local Costs,"
   Journal of Development Studies, Vol. 2. January, 1966, No. 2. p.156;
   L. Pearson and his Commission had indicated how tied aid makes recipient
   economies adopt techniques alien to their countries resources. L. B.
   Pearson, Chairman, Partners in Development, (London: The Pall Mall Press
   Limited, 1969), p. 176.

to invest in projects of high-import-content. These laws lead to a

high capital-to-Labour ratio. The three investment laws were: The

Encouragement of Foreign Investment Law of 1955, the Encouragement of

Investment Law No 1 of 1967 and the Encouragement of Investment Law

No 53 of 1972. The latter has superseded its predecessors. The basic

clauses related to our discussion of the effect of the domestic policies

of the recipient country on the choice of techniques, are: (a) Import

taxes and duties: fixed assets and their necessary parts are exempt from

customs duties, imports fees and all other additional charges; (b) The

acquisition of foreign exchange: all facilities were given to the

encouraged projects for acquiring the foreign exchange needed for

imported inputs (1955 Law). It is interesting to say that the 1967 and

1972 Encouragement of Investment Laws made foreign exchange acquisition

subject to the Central Bank's Foreign Exchange Regulations, which have

not, so far, infringed investors' freedom in acquiring the needed foreign

exchange; (c) Taxes on income and profits: net profits of encouraged

projects are exempt from income taxes and the social services tax for a

period of six years (Investment Law of 1967 and of 1972). The exemption

could apply for nine years if the project is a public shareholding, or is

located outside the municipality of Amman (Articles 16,17, and 18 of 1972

Investment Law). After expiry of the period, a further exemption of only

25% of net profits may be granted for 3-4 years (Investment Law of 1972);

(d) Taxes on property: land and buildings used in encouraged projects

are exempt from all taxes on property for a period of five years (Article

20, Investment Law of 1972). This exemption could apply for seven years

if the project is a public shareholding or is located outside Amman

municipality (Article 20, Investment Law of 1972).

The preceding government regulations by themselves, 'ceteris paribus', encourage potential investors to invest in projects of high-import-content and low Labour-capital ratio. It was not surprising, however, that open unemployment rose from 7.3% in 1961 to 14% in 1970.[1] Disguised unemployment, on the other hand, was even higher in both urban and rural districts.

When the actual distribution of loans to sectors of the economy was discussed earlier in Chapter IV, it was found that donors had a high preference for infrastructural projects, with inputs tied to their home markets. However, the biases of donors towards double-tied aid, coupled with Jordan's irrational economy policies, gave rise to a situation where the choice of projects and their techniques was alien to the country's resources.[2]

In examining the adverse effects of double-tied aid, one encounters the problem of the high cost of tied commodities. It is not being repetitive, however, to recall that loans made to Jordan during our period of study were double-tied formally and informally. Jordan had to buy from the high-cost sources, not because the needs of the economy demanded it, but because aid was project- and procurement-tied. It has been argued that tied goods tend to be costlier than those in free World market.[3] A.W. Lewis ascribes such a price limitation to the limitation of freedom to purchase in the open World market. When a case of double-tied aid arises, he argues, then the borrower's ability to negotiate prices of wanted supplies is diminished. Moreover, there may be cases where the recipient country finds itself forced to purchase from a single seller,

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1 See Appendix III, Table 12.
2 See the effect of tied aid on the choice of technique in recipient countries in K.B. Griffin and J.L. Enos, "Foreign Assistance: Objectives and Consequences," Economic Development and Cultural Change, Vol. 18 and supplement, 1969-1970, p.323.
3 See K.B. Griffin, "Foreign Capital, Domestic Savings and Economic Development, "Bulletin of Oxford University Institute of Economics and Statistics, Vol. 32, May 1970, No.2, p.109.

or a cartel of small sellers, and it may have to pay exorbitant prices -

much higher than if aid was not tied.[1]

A further effect of tied loans is a commitment, on the part of

Jordan, to buy items with 'follow up' potential, i.e., Jordan has to

make purchases of costly inputs, for instance, spare parts for machinery

and equipment bought initially from the donors.

However, if consideration is given to the effect of double-tied

loans and the rates of interest paid on them, it may well turn out that

the "real" rate of interest on some loans exceeded the commercial rate

of interest. Furthermore, high prices paid for tied commodities mean

a further need for loans and consequently higher levels of debt and

debt service payments. On the other hand, higher rates of interest on

debts would increase the pressure on debt service payments.[2]

What evidence is there that Jordan has paid higher prices for the

commodities procured under tied aid, one may ask? As far as the prices

paid for specific items of equipment or other commodities procured under

tied aid are concerned, there is no detailed information on them. The

reason is that the Jordanian authorities do not ask for bids before

purchasing commodities in the international market. Had this been

practiced in Jordan, data on international market quotations could have

been available, thus allowing us to compare them with quotations from

the sources of tied goods. So it is difficult to find out how much Jordan

has been overcharged. Here, one can make use of the available data on the

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1 See W.A. Lewis, op.cit., p. 141; see also D.T. Lakdawala, "Foreign Capital and Economic Development," The Indian Economic Journal, Vol XV, Jan. - March, 1968, No. 3, p.338; Dr. I.G. Patel, "How to Give Aid - A Recipient's Point of View," in Ronald Robinson, op.cit., pp.88-95.
2 See United Nations, Debt Problems of Developing Countries, (New York: U.N., 1972), TD/118/supp.6, Rev. 1, pp.3-5.

experiences of other underdeveloped countries. On prima facie grounds

there is no reason to believe that Jordan's experience is different from

that of other underdeveloped countries.

A quantitative analysis carried out by Dr Mahbub Ul Haq on the

economy of Pakistan, has given facts and figures that strengthen the

theoretical literature on the question of effects of double-tied aid upon

prices of tied commodities.[1]   By using a sample of 20 projects financed

by tied aid, he found that on average prices for the commodities procured

under tied aid were 51% higher than those on the open World market. It

would not be irrelevant to mention that, as far as Yugoslavia is concerned,

prices of goods imported through suppliers' credit were 20% higher than

those on free World markets.[2]   Besides, UNCTAD studies estimate the direct

cost of tied aid to particular developing countries as follows: 10-15 per

cent in Iran, 20 per cent in Tunisia and 12.4 per cent in Chile.[3]   On the

basis of other studies undertaken by UNCTAD, it was concluded that prices

of items imported under tied aid were at least 10-20 per cent higher than

what they would have been in the absence of tying.[4]

In view of the above mentioned cases, it seems not beyond doubt that

there is a degree of overcharging on commodities purchased by the tied

aid, and this applies no less to Jordan. Here, one should quote Article 100,

Section 100.2 of Agreement Type B (The U.S. agreement) with Jordan:

"...Prices for Eligible Items which are procured in bulk within the United

States shall not exceed the market price prevailing in the United States at

1 Mahbub Ul Haq, op.cit., pp. 352-359.
2 Professor I. Kravis and Associates, Yugoslav Experience with Suppliers'
   Credit, (New York: U.N., n.d.), TD/13/C.3/78;   see also other studies
   in J. Bhagwati, op.cit., pp. 266-270.
3 UNCTAD, The Costs of Aid-Tying to Recipient Countries, (New York: UNCTAD,
   21 Nov. 1967), TD/7/supp. 8.
4 UNCTAD, Problems and Policies of Financing, (New York: U.N., 1968), Vol. IV,
   p.78; see also L. Pearson, op.cit., p.172.

the time of purchase. The provisions of this Section 100.2,...shall not
apply to architectural, engineering, management or such professional
services as A.I.D. may specify in writing." One would not expect prices
of those American commodities to be lower than those on the free World
market for the following simple reasons: the knowledge of suppliers in
the United States that aid is tied to the U.S. market, is used by them to
adopt a monopolistic position that breeds monopolistic prices and over-
charges. The fact that the U.S. specified that, "reasonable prices shall
normally approximate the lowest competitive price..."[1] in the U.S., does
not necessarily mean that prices of tied items would be low, or lower than
those in World markets. U.S. suppliers could well collude together - a
possibility which is not unlikely. The United States suppliers treat tied
commodities in the same way as they treat commodities sold on the American
domestic market, and, as a result, the F.o.b. prices of tied commodities
are equal to those charged at home. It is, however, known in business
that F.o.b. prices for sales overseas tend to be lower than the domestic
prices. In this sense, tied aid means an extra cost which could be avoided
had the aid not been tied. It would not be irrelevant to mention that, as
far as Pakistan is concerned: "the U.S. prices are generally 40-50 per cent
higher than international prices in the case of most items of iron and
steel procured from the United States."[2] One can also add that there are
two main types of goods, those whose prices are generally quoted and
publicly known and those whose prices are not. The second category
normally includes capital goods. Bearing in mind the lack of experience
in business affairs on the part of Jordanian officials, there is always a

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1 Type B Agreement, op.cit., Article 100, Section 100.2.
2 Mahbub Ul Haq, op.cit., p.331; see also J. Bhagwati, op.cit., pp-252-270.

possibility of Jordan paying higher prices as a result of the lack of

information and expertise. One should note that the same provisions,

i.e., Article 100, make exceptions to price limits on certain commodities

and professional services, e.g., architectural, engineering...etc. Thus

prices for these commodities would be higher than those prevailing on

the U.S. market, and in most cases higher than those on the World market.

Article 100, Section 4 in Agreement Type B says that Jordan should

buy certain commodities (those estimated to cost more than $5000) from the

small suppliers in the U.S. market. It is often argued that tied aid is

considered by donors to be a prop for less efficient producers.[1] In fact,

by accepting the restrictions in Article 100, above, Jordan has given

away her freedom of selecting offers from low cost suppliers in the

American market itself.

Another common factor in Jordan - donors loans agreements is the

restrictions of shipment of tied items on only donors' vessels: this is

part of the price overcharges resulting from tied aid practices.[2] This

brings us back to Ul Haq's study. He showed that there existed instances

of higher freight charges under United States tied aid. He found that,

with regard to tied aid from the Eximbank, the difference between the

lowest quotations from the United States and the lowest quotations on

international bidding was 113%.[3]

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1 See J.H. Adler, Comments on Dr Haq's paper, op.cit., p. 354; see also
  S.J. Anjaria, Adaptation Used by Recipient Countries to Absorb Tied
  Non-Project Foreign Aid, International Monetary Fund, Exchange and Trade
  Relations Department (Washington, D.C.: I.M.F., Oct. 24, 1972), p.5.
2 Agreement Type A (Danish Agreement), op.cit., Article VI; Agreement Type
  B(U.S.A.), op.cit., Article V, Section 5.2; Agreement Type C, op.cit.,
  Article 100, Section 100.1.
3 Dr. Mahbub Ul Haq, op.cit., Table 3, p.331; see also J.H. Adler's
  Comments on Dr. Haq's paper, op.cit., p. 354.

However, there have been several instances where the source of procurement has been shifted from the high-price market of the creditor countries to lower price free international ones. Pakistan was capable of, doing so by threatening to seek finances for projects from other sources.[1] As for Jordan, she cannot follow this example, i.e., bargaining with donors: firstly the sources of foreign finances at the disposal of Jordan are limited to few bilateral sources; secondly, Jordan's delicate political position warrants compliance with certain donors' terms. Accordingly, diversification in sources of credit and procurement, though economically desirable may not be politicallyfeasible. Thirdly, donors formally insist on limiting tied resources to specific projects, and to precurements in their own home markets. Fourthly, the Jordanian government does not normally invite tenders and furthermore, donors do not encourage calling of tenders. Fifthly, the economic as well as the administrative leadership in Jordan, have not been aware of the economic repercussions of tied aid practices.

The third common factor in the three types of double-tied loan agreements was the clause relating to violations of agreement and default on debt service payments. Agreements have explicitly postulated that any case of violation or default will render outstanding debt due immediately.[2] Such restrictions would place Jordan, or any other recipient in similar circumstances, in a difficult situation. As development is not a very smooth process, fluctuations and interruptions frequently occur, and, at certain points, they could be intense and beyond the capacity

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1 Dr. Mahbub Ul Haq,op.cit., p. 332.
2 Agreement Type A, op.cit., Article XI; Agreement Type B, op.cit., Article 103, Section 103.2; Agreement Type C, op.cit., Article VIII, Section B.

of the economy to control. Still, Jordan would be, according to the loans agreements above, liable to be faced with aid suspension and an instant demand for meeting due obligations if any violations were to occur.

Moreover, conditions are sometimes more stringent. A default means not only the default of a particular agreement, but also default of any other aid agreement signed between Jordan and any of the donor's agencies.[1]   So far, we have not come across any such instance.

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1 Agreement Type B, op.cit., Article 103, Section 103-2-d.

PART TWO:

A - <u>FURTHER CONDITIONS AND EFFECTS</u>:

So far we have examined conditions and strings officially

attached to the loans given to the economy of Jordan. Yet, this

analysis has not served its full purpose. There were other kinds

of restrictions and ties in particular loan agreements: some

agreements have demanded that Jordan keep records of cost of projects

and maintenance charges incurred during operations.[1]   It could be

argued that by giving tied loans with their ancillary conditions,

donors can be certain that aid "is not dissipated in bribery and

corruption or spent on useless projects."[2]   Conditions conducive

to the fulfilment of those objectives and any supervision of aid

disbursements, aimed at guaranteeing proper use of funds, are not

considered, in our view, as an unwarranted violation of Jordan's

independence. By stating this, we assume that donors are more keen

on proper utilization of resources than some members of the economic

and administrative leadership in Jordan. Under this assumption, any

sound control on the use of funds by donors is ultimately to Jordan's

economic advantages.

On practical grounds, as far as the situation in Jordan was concerned,

there had been cases of collaboration between certain donors and some

members of the economic administration which resulted in the waste of

resources. No cases of waste of economic resources have yet been

revealed publicly, in or outside Jordan, so that the reputation and

integrity of the parties involved may be preserved. Yet, there is

evidence from remarks made by Jordanian officials, on the one hand, and

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1 Agreement Type B, <u>op.cit.</u>, Article 101, Sections 5, 6 and 7.
2 Juliet Clifford, <u>op.cit.</u>, p.161.

officials of donor countries, on the other. Premier Samir Pasha Rifai,

for instance, spoke of the inefficient utilization of U.S. aid. In

Hamilton Armstrong's report on Lebanon, Jordan and Iraq, submitted to

the U.S. Senate House, it was reported that "among former Jordanian

officials with whom I talked were the recent Premier, Samir Pasha Rifai,

a former minister of economy, a former minister of public works, etc.,

they spoke of delays and inefficiencies which they had noted in Point 4..." [1]

As an Under Secretary in the Ministry of Economy, Mr Hamad Farhan

complained that: "the U.S. funds were not being spent in Jordan to the best

effect, specifically that road costs were 4 times as much per mile as they

normally were in Jordan, and that water had been provided by a contractor

at $3.50 per cubic meter, as much as petroleum." [2]   The U.S. Mission

ascribed the causes of high cost of building roads to applying American

techniques and methods in road-building in Jordan. [3]   The two preceding

statements, nevertheless, refer to inefficient practices and waste of

resources. The United States' reply to Mr Hamad Farhan's complaint show

two points: the technology applied to road-building in Jordan was alien

to the economy's resources, and an element of increase in road-building

cost was introduced in the economy, via aid practices.

To cite but a few of the examples of collaboration between donors' aid

administration and Jordan's economic and administrative leadership regarding

waste and leakage in foreign aid, one cannot ignore what an American aid

official had observed during his work in administering U.S. aid in Jordan. [4]

Examples of economic waste, cited in his book, even though it is difficult

for us to check their validity in Jordanian records, still speak for

themselves. There were several cases of misuse of aid resources,

1 Hamilton A., op.cit., p.21.
2 Sam Pope Brewer, New York Times, August 26, 1956, quoted in Hamilton F.
   Armstrong, op.cit., p.20.
3 Hamilton F. Armstrong, op.cit., p.20.
4 Thomas S. Loeber, Foreign Aid: Our Tragic Experiment, (Toronto: George
   J. McLeod Ltd., 1961), pp. 27-73.

particularly in the agricultural and transport projects under the U.S. aid programme. In the agricultural sector, some aid resources were used for the development of private agricultural holdings of Jordanian officials.[1]   Besides, there was constant backing of such projects from donors, despite noticeable misuse of funds. For instance, project code no. 052 (well-drilling and ground-water development) was a prominent example, where a 5 million dollar bill was disbursed with "literally nothing at all in the field of water resources development."[2]

In the transport sector, where the aid donors overinvested, the Railway case was an example of a misuse of aid with fictitious appointees and padded payrolls.[3]   The U.S. Mission also contributed to the waste of resources in the transport sector when in 1959, "it supplied five locomotives for it at a cost of $100,000 /piece, in spite of the some 20 others that could have easily been repaired and put back into service."[4]

Further examples of resource waste and leakage are overpricing of contracts, particularly in highway-building. However, figures on leakage and waste of foreign funds cannot be given a definite estimate. Still Loeber pointed out on one occasion that: "it seems likely to amount to many millions per year."[5]   On another occasion, he made a more definite estimate: "if we calculate that two-thirds of all the money stolen from the Jordanian government is of American origin, this conclusion is unavoidable."[6]

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1   Thomas S. Loeber, _Foreign Aid: Our Tragic Experiment_ ,(Toronto: George J. McLeod Ltd., 1961), p.26.
2   Ibid., p.29 and p.70.
3   Ibid., p.71.
4   Ibid., p.71; see further examples of misuse of economic resources in road construction, ibid., pp.70-73.
5   Ibid., p.72.
6   Ibid., p.73; see the experience of Pakistan with the United States Mission in Hamza Alavi and Amir Khusro, op.cit., pp.62-78; see also the experience of India in S. Chandrasekar, _American Aid and India's Economic Development_, (London: Pall Mall Press, 1965), pp.177-205.

In fact, this official estimate of resource waste adds further strength to our findings in Chapter II, i.e., there has been under-recording as well as under-stating of aid flow figures to the Jordanian economy. However, it can be realised that tied aid to Jordan and its ancillary conditions did not allow a proper utilization of resources, as was alleged by some defenders of tied aid.

Economic leadership, was well as administration, is a vital element in any developing country for the harnessing of its economic resources for development. As a matter of priority, a good civil service is an important part of the infrastructure, for producing several outputs in the economy and determining their quality. It is no longer the function of civil servants to be confined to the classical assignment of keeping law and order. It has extended to the initiation of and participation in economic activities that are vital for raising the standards of the community. It is not, however, surprising that economists argue that a good civil service is "a prerequisite of rapid growth."[1]

The following table constructed from information on Jordanian public figures, is quite interesting. It shows that of the 14 ministers who were at the head of the Ministry of Finance, only two had a B.A. degree in economics or business administration. The Ministry of National Economy was no better off. Four of the 17 ministers were qualified in economics. Bearing in mind that, in Jordan, it is ministers rather than their subordinates who take decisions, the situation shows the weakness of the economic apparatus. It seems plausible to say that one of the vital elements for the harnessing of development effort in Jordan is administrative reform that would help put to work a mechanism of selecting civil servants on the basis of their merit, rather than personal connections.

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1 W.A. Lewis, op.cit., pp.97-100; see also discussion on the need for a competent civil service in S. Chandrasekar, op.cit., p.199.

TABLE 5.A.

ECONOMIC LEADERSHIP IN JORDAN

1945-1972

Qualifications	Economic Institutions			Total (Numbers)
	Ministry of Finance	Ministry of Agriculture	Ministry of National Economy	
1 - University Level				
a-B.A. degree in Law	3	4	5	12
b-B.A. degree in Political Science	-	-	1	1
c-B.Sc. degree in Science	3	1	2	6
d-B.Sc. degree in Engineering	-	3	-	3
e-B.Sc. in Medicine	-	-	1	1
f-B.A. degree in Arabic	1	-	-	1
g-B.A. degree in Economics or Business	2	2	4	8
2 - Below University Level				
a-Diploma in Agriculture	-	1	-	1
b-Law	1		2	3
c-General	4	6	1	11
Total (Numbers)	17	16	14	47

Source: Constructed from information on Jordanian personalities in N. Higazi and M. Atalah, Jordanian Personalities, (Amman: The National Press, n.d.) (in Arabic).

Further conditions and ties were also inherent in W. German loan

agreements. West German loans were tied to both projects and procure-

ments. They put stringent conditions about fund procurements which

prohibited procurement of funds in the Soviet-administered sector of

Berlin, or in any country of the Eastern bloc, and gave procurement in

West Berlin priority over procurement in any other German districts.

They even put prohibitions on services produced by German-sponsored

projects, i.e., goods purchased from Communist countries must not be

transported on Hittiah Railway (a German-sponsored railway).[1]

There were other conditions officially attached to U.S. loan

agreements which influenced policies in Jordan by withholding or releasing

from time to time "letters of commitment", that entitled Jordan

to purchase on credit from the U.S. market: "to obtain disbursements,

Borrower may from time to time request A.I.D. to issue letters of

commitment to one or more banking institutions in the United States

designated by Borrower and satisfactory to A.I.D., committing A.I.D. to

reimburse such bank or banks for payments made, through letters of credit

or otherwise, to borrower...,Banking charges incurred in connection with

letters of commitment and disbursements shall be borne by the Borrower

and may be financed hereunder."[2]

Besides, there were interferences in the market mechanism. Certain

U.S. loan agreements put restrictions on the employment of personnel in

the United States — financed projects. Appointment of personnel must be

approved by the A.I.D. Agreement Type B says that the employment of

personnel shall be "subject to all applicable United States Legislation and

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1 National Planning Council, "German Aid and Loans as on Dec. 31, 1968."
   unpublished report – in Arabic.
2 Type B Agreement, op.cit., Article IV, Section 4.1.

such requirements, including security clearances and limitations on the

employment of third country nationals, as A.I.D. may from time to time

promulgate or specify."[1] This kind of donors' interferences in the

Labour market tended to affect the allocation of human capital in the

economy. It could be argued that they retarded best utilization of

available human resources. Further, by the imposition of U.S. Employment

Legislation, Jordan's judicial sovereignty was interfered with.

Restrictions on Jordan's freedom of purchase and manoeuvre were laid

down in commercial loan agreements (Type C). For example, insurance

proceeds used for repurchases, when an aid-financed item is damaged, should

cover comparable types of goods from the donor's market. These ties tend

to limit Jordan's chances to free herself, when the occasion arises, from

other conditions laid down in such agreements, and, therefore, renders

Jordan's chances of correcting unfavourable clauses in agreements, a remote

possibility. Insurance proceeds, after settlement with the creditors in

full, shall go, "to purchases by the borrower of a new aircraft of

comparable type manufactured and purchased in the United States..."[2]

Jordan accepted ties which contributed to increasing the actual rate

of interest and, therefore, reducing the real value of the loans. For

example, Jordan is obliged to pay banking charges incurred by the donor in

connection with letters of commitment, as well as commission paid to brokers,

sales agents of suppliers and allowances to purchasing agents or importers.[3]

Similarly, Type C Agreements obliged Jordan to pay the lenders any charges,

taxes, penalties, out-of-pocket expenses, legal fees or payments incurred

by the lender in connection with the execution, issuance, delivery or

registration of the agreement.[4]

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1 Type B Agreement, op.cit., Article 100, Section 100.7.
2 Type C Agreement, op.cit., Article V, A.5.
3 Ibid., Article IV, Section 4.1 and Article 102, Section 102.2.
4 Ibid., Article V, B.9 and Article X, C and E.

Also there are some donors, particularly the United States, who
demand that aid-financed items are marked according to their origin as well
as advertised through the Jordanian media.[1]   This restriction, in fact,
reflects political bias as well as "a taste of nationalism" on the part
of the donor.

Finally, the frequent emphasis of donors on reserving the full right
of issuing "binding instructions", without regard to the wishes of the
Jordanian government reflects   an unequal relationship between donors
and recipient.[2]   Bearing in mind the small number of the elite
governing Jordan and the relative centralization of command, "binding
instructions" by the donors are bound to make the job of this ruling class
difficult, particularly if such "binding instructions" were conveyed by
donor's officials of a lower rank.[3]

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1 Type B Agreement, op.cit., Article 101, Section 101.3 (on disseminating
  information and identification of the location of any projects financed
  by A.I.D.); see also Type C Agreement, op.cit., Article V, A5 (on
  prohibiting the use of financed aircraft in Communist countries or any
  country defined in Section 620 -1f, of the Foreign Assistance Act of 1961,
  as amended); see Hamza Alavi and Amir Khusro, op.cit., (on the experience
  of Pakistan).
2 Type B Agreement, op.cit., Article 100, Section 100-1, 100-2 and 100-7;
  and Article 102, Section 102.2.
3 See Albert O. Hirschman and Richard Bird, op.cit., p.13 (discussion of
  similar conditions where a "typical colonial situation" develops between
  donor and recipient as a result of such aid relationship.

B - <u>SUMMARY AND CONCLUSION</u>:

Foreign aid is known to have many dimensions, and the aggregate volume tells little about the effect of aid until we know its composition and terms. Most of aid received by Jordan was bilateral, and no doubt strings are attached to it, which affected both economic and political policies of the country.

(i) Economic strings that were attached to the loans offered to Jordan over the period of our study were mainly of two kinds, i.e., tied to projects and tied to projects and procurement in the donors' home markets. Strictly speaking, most loans given to Jordan were double-tied loans with the exception of/few ones given by Kuwait, Saudi-Arabia, the World Bank and the United Nations. The latter were project-tied loans.

(ii) In trying to find out the effect of restrictions on the utilization of loans on the economy, we encountered a difficulty. This difficulty concerned the assessment of the effect of the "informal restrictions". It is owing to the fact that it is difficult to acquire knowledge about them, for they were not written in the agreements. Yet, we managed to cite an instance of "informal restrictions". The case in point was the restriction imposed by the United States. In offering budgetary support to Jordan, the United States informally expressed her desire that utilization of budgetary support should be for procurement in the U.S. market. The Jordanian government compiled a list of commodties which could be imported only from the U.S. market. This type of restriction would have meant a decrease in the real value of aid particularly if prices of the identifiable items (tied commodities) were higher in the U.S. market than in the free world market.

(iii) Turning to the effect of the "formal restrictions" attached to the loans received by Jordan, we examined the effect of both project-tied loans and the effect of double-tied ones (tied to projects and to procurement). Both types of tied loans were given to Jordan, but the second type was predominant.

A - The principal effect of project-tied loans was on the allocation of resources. The project-tied aid affected the structural changes that took place within the Jordanian economy, i.e., the service-producing sectors in the economy developed at the expense of the goods-producing ones. There appeared to have been two factors which contributed to the structural development of the economy. "Structural factors", i.e., factors that are inherent in the economy of Jordan itself. A relatively low resource endowment and a low technical and administrative know-how, created rigidity on the supply side of the goods-producing sectors in contrast to that of the services' sectors. On the other hand, "precipitating factors" are those related to the policies followed by the Jordanian government and the donors.

With regard to the effect of donors' policies, it was found that as loans were restricted to specific sectors or projects (the services sectors), funds were distributed in a manner liable to increase the inelasticity of supply of the economy, initially caused by the low level of development. Income in the services sectors was generated and demand grew for outputs of both the services sectors and the goods-producing ones. The demand thus created was not met by domestically-produced commodities but by imports. This was due to the fact that the elasticity of supply is lower in goods-producing sectors than in services-producing ones, and the latter sectors do not produce commodities that can meet the increase. demand.

A positive correlation co-efficient was found between the share of the imports surplus in G.N.P. and the share of the services in gross domestic products (+ 0.64), and a negative correlation co-efficient between imports surplus and the share of agriculture, mining and manufacturing in G.D.P. (-0.69). The negative correlation co-efficient points to the effect of the biased investment preferences of donors. Income derived from the favoured sectors increased and consequently, demand for imports rose, while the goods-producing sectors were discouraged through both the lack of investment and the inflow of highly competitive imports.

To shed further light on the effect of project-tied loans on the previously-mentioned structural change in the economy, we observed the following: project-tied loans have caused "a price reduction effect", as well as an "income effect". Donors' tied disbursements, which covered a large part of the costs of projects in the services sectors, have reduced the government's share of the cost (price) in those projects, and enabled it to develop more of them. Accordingly, the projects affected by price reduction, i.e., services projects, were developed at the expense of high-price goods-producing sectors.

B - In order to find out the effect of double-tied loans (the predominant kind of tied loans given to Jordan) on the Jordanian economy, it was vital to give examples from accessible loan agreements. For this purpose, we selected a representative sample of loans agreements. Excerpts from the agreements showed three common factors: (i) emphasis was put on tying loans to specific projects and to procurement in the donors' markets. (ii) imports financed by loans had to be shipped in vessels sailing under the donor country flag. (iii) Violations of agreements or default on debt by Jordan, would cause the suspension of loan disbursement, and make outstanding debt immediately due.

On the question of double-tying loans, we observed the following:
Double-tied loans, coupled with the incompetence of the economic
apparatus in Jordan, has given donors the upper hand in selecting
projects that fitted their objectives.   Accordingly, bearing in mind
the low level of development, Jordan has by accepting double-tied loans
substituted the donors' investment pattern (preferences) for her own.

One effect of the imposition of the donors' investment preferences
on Jordan was that the selected projects were of high import-content.
Besides, the policies of donors and those of the leadership in Jordan led
to the adoption of techniques which tended to be capital-intensive and
they did not take into consideration Jordan's resources endowment.   The
available data on the distribution of employed labour force show a
reduction in job opportunities in the goods-producing sectors and an
increase in open unemployment from 7.3% in 1961 to 14.0% in 1970.
Furthermore, investment policies were adopted which granted Jordanian
importers of capital goods the free access to foreign exchange without
taking into consideration the compatibility of these imports to the
economy's resources.

In examining the effects of double-tied loans, we encountered the
problem of the high cost of tied commodities. The lack of detailed data
on the prices paid for aid-sponsored commodities, and the absence of
international tenders precludes a quantitative estimate of the extent to
which Jordan has been overcharged. We drew a parallel between the
experience of other developing countries and Jordan's, for the terms of
tied-aid were similar. From the cases studied, it was found that there
was a degree of overcharging on commodities purchased on tied aid and this
applied no less to Jordan.   Certain donors, such as the U.S.A., have made
Jordan, through double-tied loans, give away the freedom of selecting
suppliers in the U.S. market. This confers a monopolistic advantage on

the U.S. firms. Furthermore, donors such as the U.S., have indulged in tied-aid practices for securing demand for their less efficient industries. Double-tied aid thus worked, partly, as a vehicle to stimulate the demand for their products. Finally, restriction of shipment of tied commodities on only donors' vessels was another factor that reduced the real value of the tied aid.

(iv) Further conditions and effects: There were additional strings and conditions concerning execution and operation of projects financed by aid. There would not be an objection to these restrictions as unwarranted violations of Jordan's independence, if they were properly used for securing efficiency in aid utilization. What actually happened in Jordan was collaboration between certain donors and some members of the administration and the economic leadership in Jordan, which caused a waste of resources and misutilization of funds.

Certain donors, particularly West Germany and the U.S., had laid down in their loan agreements political strings which curtailed Jordan's freedom of trade and co-operation with the Eastern bloc countries.

Loan agreements involved certain strings - accepted by Jordan - that tended to increase the actual rate of interest and consequently reduce the real value of aid. Jordan was burdened with the obligations to reimburse to donors charges, taxes, penalties, out-of-pocket expenses, legal fees, any other fees or expenses related to the execution, issuance, delivery or registration of loan agreements, and banking charges and commissions to agents.

There were interferences in the market mechanism. Appointment of personnel in the United States-financed projects must be approved by the U.S. A.I.D. Mission. This interference in the Labour market tended to retard the best utilization of human resources. Furthermore, there was an imposition of U.S. employment legislation on Jordan. This restriction limited the Jordanian sovereignty.

CHAPTER VI

PART ONE: JORDANIAN ECONOMIC PERFORMANCE

In the previous chapters, particularly Chapter III, we dealt

with, among other things, the objectives behind aid to Jordan. It was

argued that, as Jordan did not represent an economic stake for donors,

aid had been significantly determined by the geopolitical features of

Jordan.[1] It could be said that the main purpose of aid was not to

further the economic development of the country. Judging from the

complex political factors and motives behind aid to Jordan, one can say

that the rate of growth attained throughout the period under study was

rather a by-product than a direct effect of foreign aid.

In this chapter, we will try to establish the possible effects of

aid on the rate of growth, domestic savings, investment and consumption.

But prior to such investigation, the performance of these variables will

be examined separately in the first part of this chapter. Thereafter, we

will try to establish the possible impact of foreign aid on these

variables.

A - NATIONAL INCOME

Growth in national income is considered as a significant, though

not conclusive criterion of economic development. The development of an

economy entails transformations and shifts in its structure. These

transformations are affected both by internal and external factors, or

both, and yet, their positive impacts on the economy depend largely on

the character of these changes. An economy can be transformed by an

increase in the size of government services and other service sectors

(i.e., a swelling in the administration and security sectors) at the

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1 See Chapter I and Chapter III.

expense of goods-producing ones. Such transformations, one could argue,

do not necessarily imply an increase in the ability of the domestic

economy to generate a steady growth in income overtime. During the

period under consideration, Jordan's Gross National Product increased

unevenly. Gross Domestic Product, for example, increased by an average

rate of 9% over 1954-1959, whereas Gross National Income recorded, on

average, a 9.2% increase per year during the 1960's and 9.7% over

1954-1972. However, this rate of growth varied from year to year owing

to fluctuations in agricultural output.

TABLE 6

RATES OF GROWTH IN GROSS NATIONAL INCOME

1954 - 1972

ANNUAL AND AVERAGE PERCENTAGES			
Period	Rate of Growth %	Period	Rate of Growth %
1954	–	1964	17.0
1955	5.0	1965	12.4
1956	36.6	1966	3.0
1957	2.3	1967	11.0
1958	10.0	1968	-4.2
1959	28.5	1969	18.5
1960	7.0	1970	-5.0
1961	20.3	1971	6.3
1962	3.0	1972	7.0
1963	5.2		
Average % 1954-1959	13.7		
Average % 1960-69	9.3		
Average % 1970-72	2.77		
Average % 1954-1972	9.7		

Source: (i) For data prior to 1960, see: Porter, R.S. Economic Trends in Jordan, 1954-1959, (Beirut: Middle East Development Division, July 1961).

(ii) For data pertaining to the period 1960-1972, see: Jordan Department of Statistics, The National Accounts, 1967-1972, (Amman: Department of Statistics Press, May 1973).

With a 3% average increase in population, income percapita was thus
increased by 6.2%. It increased from a level of J.D. 37.7 in 1954 to
J.D. 102.2 in 1972. If 1954 is taken as a base year, G.N.P. per capita
was 160.2 and 271.0 in 1960 and 1972 respectively.

If one wants to look into the composition of the economy's
aggregate value added during the period understudy, one ought to refer to
the sectoral breakdown of Gross National Income, as it appears in the
National Income Accounts. However, the increase in aggregate value added
from a level of J.D.m. 106.0 in 1960 to J.D. 252.0 m. in 1972 was the
outcome of the following sectoral distribution, as shown in Table 6.A.
(see p.223).

A basic structural change was the increasing share of the Service-
Producing Sectors in the aggregate value added at the expense of the
material-producing ones.[1] On the otherhand,the contribution of the
agricultural sector declined from an average of 21.5% during 1954-59 to
17.3% over 1970-1972. Bearing in mind the high degree of influence of
aid-financed government expenditures on the economy, one could argue that
the aid played a major role in biasing the structure towards the service
sector. Such structural changes may not imply an increase in the ability
of the domestic economy to generate a steady growth in income overtime.

B - GROSS DOMESTIC CAPITAL FORMATION.:

Maintaining the increase in the levels and rates of growth of both
gross income and percapita income in the face of high increases in
population warrants a high rate of investment. Indeed, Jordan's rate of
capital formation was substantial, for it averaged 16.5% and 17.1% of

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1 See a distinquished analysis of this similar economic phenomenon in
   Egypt in Mabro, Robert. The Egyptian Economy, 1952-1972, (Oxford:
   Clarendon Press, 1974), pp. 164-192.

TABLE 6.A.

SECTORAL BREAKDOWN OF GROSS INCOME

1954 - 1972

Sectors	Average Percentage Contribution to the Economy's Aggregate Value Added				
	1954-1959	1960-1969	1970-1972	1960-1972	1954-1972
Agriculture and Forestry	21.5	20.0	17.3	19.4	13.2
Mining and Manufacturing	11.0*	9.7	10.5	9.9	6.8
Construction	3.4	5.2	4.5	5.0	3.4
Transport	12.1	9.8	8.1	9.4	6.4
Trade	20.1**	20.8	19.3	20.4	14.0
Electricity and Water Supply	-	1.0	1.4	1.1	0.7
Banking	-	1.5	2.0	1.6	1.1
Ownership of Dwellings	5.1	7.4	7.0	7.3	5.0
Public Administration	21.0	16.0	19.2	16.7	11.4
Other Services	6.4	8.8	10.9	9.3	6.4
Average Percentage Contribution to G.D.P. of:					
a - Service Producing Sectors	64.5	64.2	66.5	64.7	64.6
b - Material Producing Sectors	35.5	35.8	33.5	35.3	35.4
	100.0	100.0	100.0	100.0	100.0

Source: Based on the following tables in Appendix I: 1, 15 and 16.

* Including Electricity and Water Supply.

** Including Trade and Banking Sector.

G.N.P. over 1960-69 and 1960-1972 respectively.[1] It is also worth

noting, at this point, that construction absorbed, on average, more

than half of gross investment. (It averaged 63.7% during the 1960's

and 60.7% over 1960-1972). The largest proportion of investment

was utilized in the construction of roads, port faciltiies

and non-residential buildings. (See Table 6.B. p.225).

As can be seen from data on percapita income and on domestic

savings presented in Table 6.C. this high level of capital formation could

not have possibly been sustained without the substantial inflow of foreign

aid.

<u>TABLE 6.C.</u>

<u>PERCAPITA G.N.P. AND AVERAGE RATIOS OF GROSS INVESTMENT</u>
<u>AND DOMESTIC SAVINGS TO GROSS INCOME. 1954 - 1972</u>

	AVERAGE PERCENTAGES DURING THE FOLLOWING PERIODS:				
	1954-59	1960-69	1970-72	1960-72	1954-72
Ratio of the following to G.N.P:					
1 - Gross Domestic Capital Formation	13.3	16.5	18.9	17.1	15.9
2 - Domestic Savings: a - Definition No. 1*	-18.0	-4.7	-6.2	-5.0	-9.1
b - Definition No. 2**	-8.3	-3.3	-3.4	-3.4	-4.9
Percapita G.N.P. (In J. Dinars)	45.6	85.2	99.3	88.5	74.9

Source: Table No. 1. Appendix IV.
*Domestic Savings = Net investment - (m-X); ** Domestic Savings = Total Current Income - Total Current Expenditures. (Total Current Income is net of receipts from abroad).

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1 See Appendix IV, Table 1; and Table 6.C. below.

TABLE 6.B.

THE CONTRIBUTION OF CONSTRUCTION TO GROSS DOMESTIC CAPITAL FORMATION-

ANNUAL AND AVERAGE PERCENTAGES

1959 - 1972

	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	Average 1960-69	1970	1971	1972	Average 1970-72
Non-Residential Buildings	54.6	43	32.8	36.6	45.2	35.7	33.8	28.8	19.1	25.9	18.2	37.3	27.4	17.4	31.0	25.3
Public Construction and Works.	34.9	22.8	25.1	34.5	31.6	19.5	32.3	41.2	52.4	36.2	24.7	15.5	20.2	19.6	34.0	24.6
Total	89.5	65.8	57.9	71.1	76.8	55.2	66.1	68.0	71.5	62.1	42.9	52.8	47.6	37.0	65.0	49.9

Source: Jordan Department of Statistics, The National Accounts, 1967-1972, (Amman: Department of Statistics Press, May 1973).

This is further substantiated by Table 6.D. It shows the contribution of foreign aid to gross domestic investment and the contribution of aid to the government to the public fixed capital formation.

As can be gathered from the table, foreign aid, on average, was twice the level of investment over the period 1954-1972. Besides, public receipts of aid also exceeded public investment. So the inflow of foreign aid permitted a rate of investment in excess of the rate of domestic savings.[1]

TABLE 6.D.

THE RELATIONSHIP AMONG AGGREGATE FOREIGN AID, GOVERNMENT
RECEIPTS OF FOREIGN AID AND CAPITAL FORMATION.

1954 - 1972

AVERAGE PERCENTAGES				
Period	%Δ In Gross Domestic Capital Formation (G.D.C.F.)	Aggregate Foreign Aid As % of G.D.C.F.	Govt. Receipts of Foreign Aid As % of	
			Public Fixed Formation	Capital Gross Fixed Capital Formation
1954 - 1959	23.0	225.0	372.3	139.5
1960 - 1969	20.0	139.3	274.0	106.4
1970 - 1972	16.3	162.3	361.3	135.3
1960 - 1972	9.0	144.6	294.0	113.1
1954 - 1972	14.3	170.0	318.7	121.4

Source: Appendix IV, Table 2.

C - Domestic Savings:

It is commonly acknowledged that data on domestic savings in underdeveloped countries is highly unreliable. There is as yet very little knowledge about the savings behaviour in those countries. Jordan is no exception to this rule.

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1 It will be shown later in this chapter that whereas investment recorded high rates of increase, domestic savings were negative.

As it was stated earlier, the Jordanian national accounts did not provide the time series of domestic savings which could be used for our study. Therefore, we were compelled to build our own series from available statistics. To do so, we have adopted two approaches which would allow us to arrive at a time series for domestic savings. Firstly, we deducted from net investment those figures purporting to be the balance on current account. (Net investment - (X-M).[1] Secondly, as national accounts in Jordan allowed for a division of current receipts and expenditures of both public and private sectors, it is possible to arrive at domestic savings by using the following formula: Domestic savings equal to total current receipts of private and public sectors (receipts from abroad are deducted from total receipts) minus total current expenditures of private and public sectors. Through these two approaches, we arrive at the following figures for domestic savings. (See Table 6.E.and Graph 1, pp. 228-229).

The approaches show that the Jordanian economy was "dissaving" during most of the period, as shown in the table. The second approach has enabled us to point out the dominant role which the public sector played in making the economy dissave.[2]

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1 This approach is similar to those adopted by : (a) Gunnar Myrdal, Asian Drama - An Inquiry into the Poverty of Nations, (London : Allen Lane Penguin Press 1968), Vol. 1, pp. 529-535; (b) Ansur Rahman, "The Welfare Economics of Foreign Aid," Pakistan Development Review, Summer 1967; and "Foreign Capital and Domestic Savings: A Test of Haavelmo's Hypothesis with Cross-Country Data, "The Review of Economics and Statistics, Vol.1., 1968, pp. 137 - 138; (c) K. B. Griffin and J. L. Enos," Foreign Assistance: Objectives and Consequences," Economic Development and Cultural Change, Vol. 18 and Supplements, 1969-1970, pp. 313-327.

2 An analysis and interpretations of the possible causes of such negative savings are given in the second part of this chapter. There we also analyse the connection between domestic savings and foreign aid.

TABLE 6.E.

DOMESTIC SAVINGS, 1954 - 1972

(IN J. D. MILLIONS)

Period	Approach 1	Approach 2		
	Domestic Savings (1)	Private Savings (2)	Public Savings (3)	Total D.Savings (4)=(2)+(3)
1954	-7.2	3.80	-6.60	-2.80
1955	-12.7	-0.90	-6.70	-7.60
1956	-3.3	12.10	-8.30	3.80
1957	-14.3	5.80	-10.30	-4.50
1958	-16.9	3.70	-15.20	-11.50
1959	-21.2	-1.66	-11.82	-13.48
1960	-12.4	2.01	-12.46	-10.45
1961	-7.3	8.79	-12.61	-3.82
1962	-7.5	7.45	-8.08	-0.63
1963	-16.9	1.17	-13.47	-12.30
1964	-0.1	15.51	-10.72	4.79
1965	-0.2	15.27	-9.77	5.50
1966	-8.5	3.59	-6.79	-3.20
1967	-3.2	21.40	-20.61	0.79
1968	-8.4	18.05	-32.94	-14.89
1969	-1.3	42.77	-40.83	1.94
1970	-8.1	32.87	-37.78	-4.91
1971	-10.4	22.90	-32.18	-9.28
1972	-26.7	29.86	-39.85	-9.99
Average 1954-1972	-9.82	12.87	-17.74	-4.87

Source: Appendix IV, Table 3.

DOMESTIC SAVINGS

GROSS DOMESTIC CAPITAL FORMATION

GROSS DOMESTIC CAPITAL FORMATION
1954-1972

DOMESTIC SAVINGS : 1954-1972
APPROACH No. 1 ------
APPROACH No. 2 ———

GRAPH 1

J.D.M.

228·A
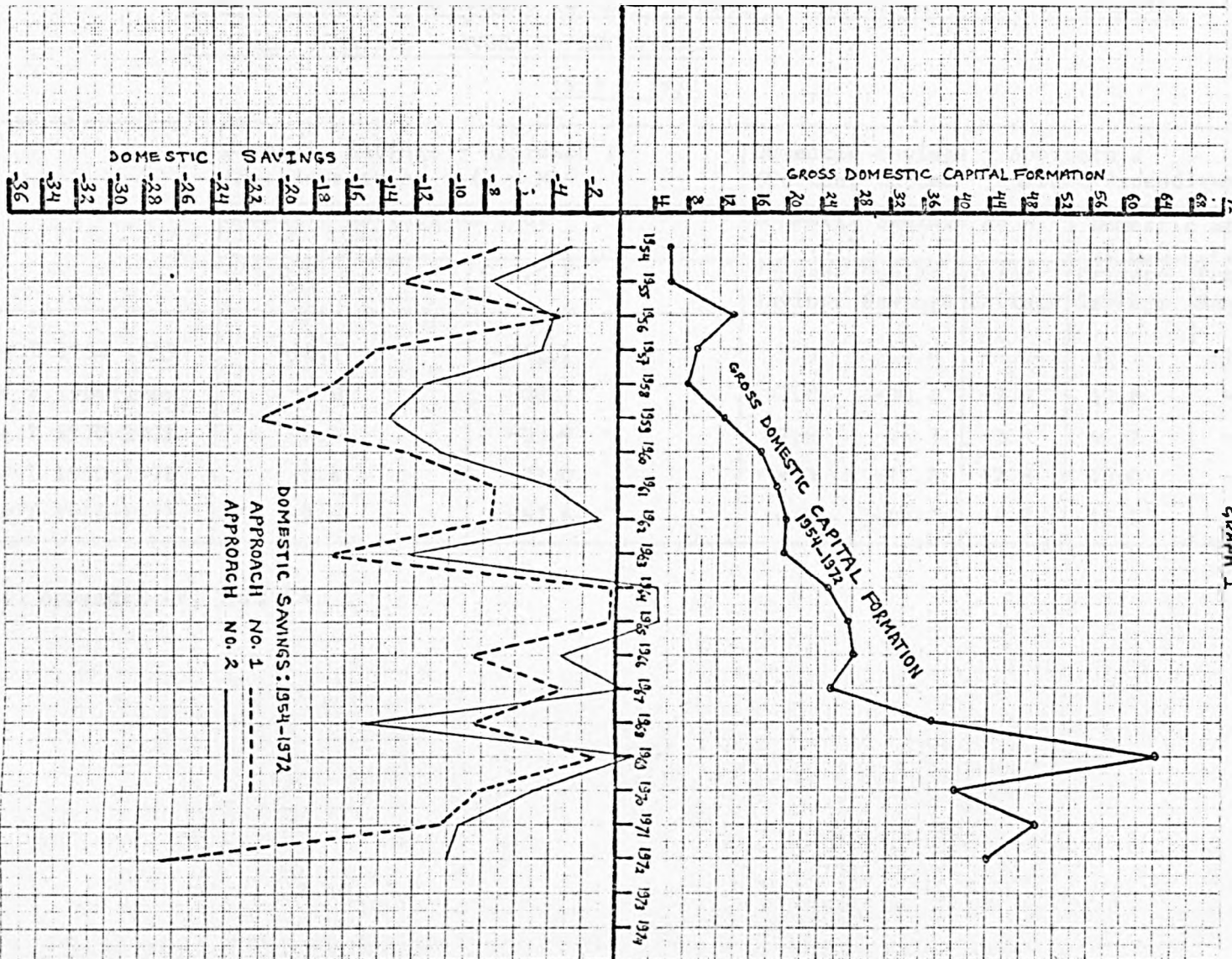
TABLE 6.F

DOMESTIC SAVINGS AS RATIOS TO GROSS DOMESTIC PRODUCT AND TO GROSS DOMESTIC

CAPITAL FORMATION - AVERAGE PERCENTAGES.

1954 - 1972

Periods	Domestic Savings - Approach 1 (Net Investment - (X - M))		Domestic Savings - Approach 2 (Current Income - Current Expenditures)					
	Domestic Savings As % of		Domestic Savings as % Of G.D.P.			Domestic Savings as % of G.D.C.F.		
	G.D.P.	G.D.C.F.	Private Savings	Public Savings	Total Savings	Private Savings	Public Savings	Total Savings
Average % 1954-1959	-18.7	-147.1	5.9	-14.6	-8.7	38.7	-112.1	-73.7
Average % 1960-1969	-5.0	-30.1	7.8	-10.4	-2.6	42.8	-58.0	-15.2
Average % 1970-1972	-6.6	-33.9	12.8	-16.3	-3.5	65.2	-83.1	-17.9
Average % 1960-1972	-5.4	-31.0	9.0	-11.8	-2.8	48.0	-63.8	-15.8
Average % 1954-1972	-9.6	-67.6	8.01	-12.7	-4.7	45.1	-79.0	-33.9

Source: Appendix IV, Table 4.

The persistant disequilibrium in the government budget was, no doubt, reflected in the high figures of government dissavings. Actually, government dissaving averaged according to approach II–12.7% and -79.0% of G.D.P. and G.D.C.F. respectively during 1954-1972. Private savings, on the other hand, averaged 8.0% and 45.0% during the same period. However, the most notable feature (See Table 6.F. p.229), was that foreign aid enabled Jordan to sustain a high rate of investment over the period and that the rate of domestic savings did not follow this upward trend in the rate of investment. In fact, dissaving was a permenant feature of the period, and neither serious fiscal nor monetary corrective measures were taken to rectify such bleak performance, which was not even made known to the country.

D - AGGREGATE CONSUMPTION:

As can be guessed from the figures of savings,the aggregate consumption increased at a rapid rate over the period. As shown in the following table, aggregate consumption in 1972 was more than four times that of the base year (1954=100). The same also holds for the components of consumption. However, the public consumption in 1972 was more than five times the 1954 level. Percapita consumption was more than twice the 1954 level. The following table,as well as,Graph No. 2. shows the behaviour of consumption over the period 1954 - 1972. (Table 6.G. see p. 231).

The notable point, as far as consumption is concerned, is that it remained at a high level and it in most years exceeded both G.N.P. and G.D.P. Table 6.H. shows the behaviour of consumption.

TABLE 6.G.

INDICES OF CONSUMPTION AND COMPONENTS

1954-1972

1954 = 100				
Periods	Aggregate Consumption	Private Consumption	Public Consumption	Percapita Consumption,
1954	100	100	100	100
1955	104	103	107	101
1956	118	117	123	111
1957	135	132	144	123
1958	157	148	188	138
1959	191	192	186	162
1960	195	195	197	158
1961	221	226	205	176
1962	221	226	212	173
1963	253	257	241	189
1964	263	272	236	189
1965	296	304	269	204
1966	317	330	274	210
1967	347	349	339	233
1968	359	338	428	234
1969	392	362	490	242
1970	384	364	452	228
1971	416	403	459	241
1972	443	423	510	247

Source: Appendix IV, Table 5.

GRAPH 2

231·2

INDICES OF CONSUMPTION AND COMPONENTS
1954 — 1972

AGGREGATE CONSUMPTION o—o—o—o
PRIVATE CONSUMPTION ----------
PUBLIC CONSUMPTION —*—*—*—
PERCAPITA CONSUMPTION ————————

520
480
420
380
340
300
260
220
180
140
100

1954 1955 19/56 19/57 19/58 19/59 19/60 19/61 19/62 19/63 19/64 19/65 19/66 19/67 19/68 19/69 19/70 1971 19/72
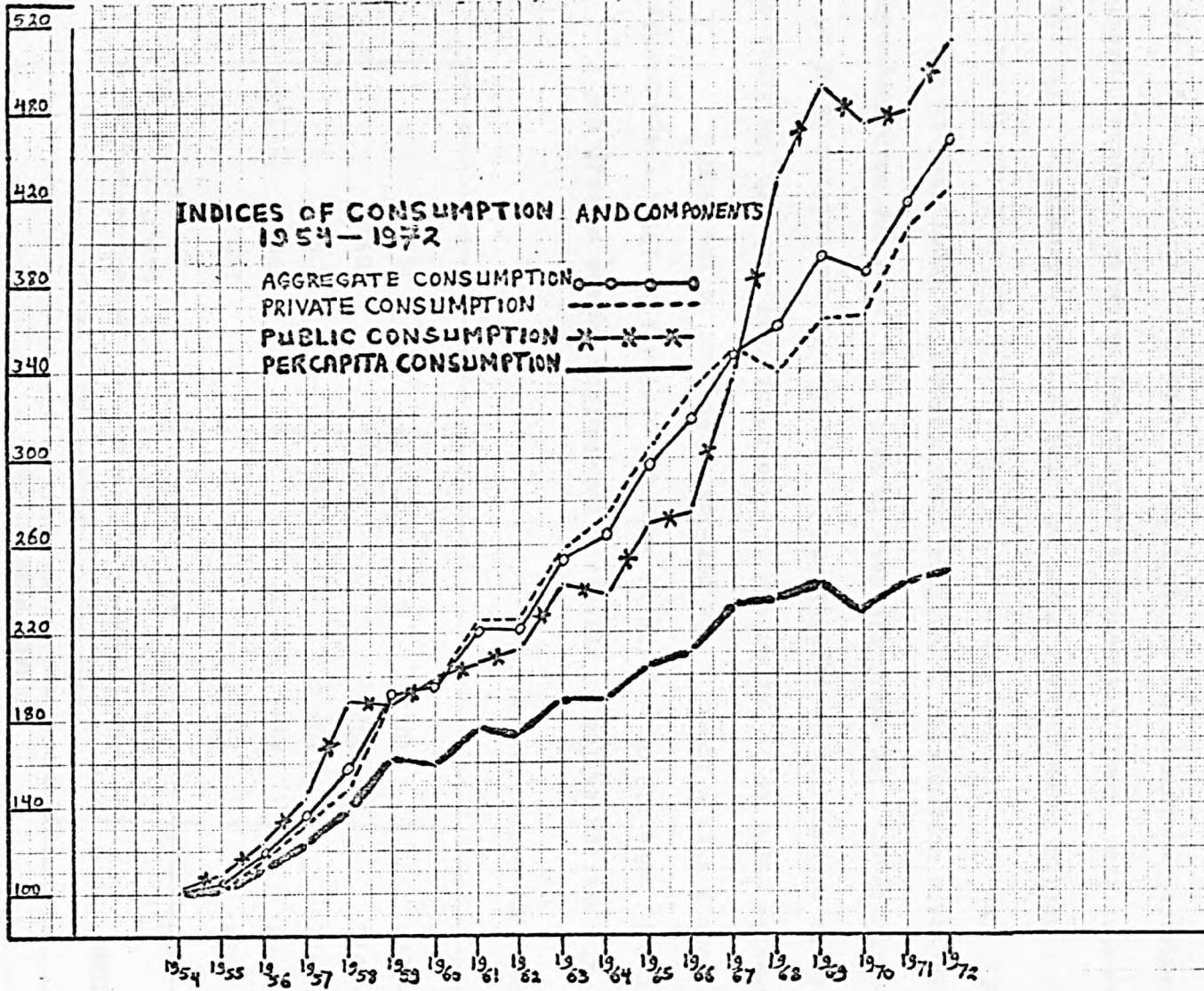
TABLE 6.H.

RATIOS OF AGGREGATE CONSUMPTION EXPENDITURES
TO GROSS NATIONAL PRODUCT AND GROSS DOMESTIC
PRODUCT, 1954 - 1972

AVERAGE PERCENTAGES		
PERIODS	AGGREGATE CONSUMPTION AS % OF:	
	G.N.P.	G.D.P
1954-1959	112.0	118.8
1960-1969	102.2	109.4
1970-1972	103.2	109.2
1960-1972	102.4	109.4
1954-1972	105.4	112.3

Source: Appendix IV, Table 6.

The average ratios of aggregate consumption demand to both G.N.P.
and G.D.P. were 112.0% and 118.8% over the period 1954-1959, respectively.
They were a little lower in the periods subsequent to the 1950's.
Perhaps it ought to be emphasised at this point that although the level of
aggregate consumption is significant by itself, its composition is of no
less importance. The available data in Table 6.I. show the main components
of aggregate consumption as well as their respective importance in the
total. The six main components of private consumption included in the
table constituted on average 86.8% of total private consumption. The six
components are: Food, transport, clothing and footwear, housing, furniture
and domestic equipment and expenditures of Jordanians abroad. As private
consumption was on average 76.3% of aggregate consumption during 1959-1972,
its components are relevant to the/discussion of the consumption performance
and also to the relationship between consumption and foreign aid.[1]

1 (a) For a detailed view of the share of components of consumption
expenditures in the total consumption, see Appendix IV, Table 5.

   (b) The composition of government expenditures was discussed earlier in
Chapter II. Therefore, we are inclined not to repeat it at
this point of our study.

TABLE 6.I.

MAIN COMPONENTS OF PRIVATE CONSUMPTION

1959 - 1972

	IN MILLIONS OF JORDANIAN DINARS													
Period	Private Consumption	Main Components of Private Consumption						Ratios of Main Components of Private Consumption to Total Private Consumption						Private Food Consumption to Total Consumption Expenditures
		Food	Transport	Clothing, Textile and Footwear	Housing	Furniture and Domestic Equipment	Expenditures of Jordanians Abroad	Column $2 \frac{o}{o} 1$	Column $3 \frac{o}{o} 1$	Column $4 \frac{o}{o} 1$	Column $5 \frac{o}{o} 1$	Column $6 \frac{o}{o} 1$	Column $7 \frac{o}{o} 1$	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)							
1959	87.1	49.4	8.9	8.9	6.6	3.8	1.9	56.7	10.2	10.2	7.6	4.4	2.2	43.9
1960	88.5	48.3	9.3	8.6	7.5	3.6	2.2	54.6	10.5	9.7	8.5	4.1	2.5	41.8
1961	102.8	59.7	9.8	9.8	8.4	3.6	2.4	58.1	9.5	9.5	8.2	3.5	2.4	45.6
1962	102.4	56.0	10.7	9.6	9.0	4.3	3.4	54.7	10.4	9.1	8.8	4.2	3.3	42.6
1963	116.8	60.6	12.0	11.5	9.9	6.0	3.2	51.9	10.3	9.8	8.4	5.1	2.7	40.4
1964	123.5	62.9	14.9	11.7	9.9	6.0	3.6	50.9	12.1	9.5	8.0	4.8	2.9	40.3
1965	138.0	71.4	12.5	14.9	10.7	6.9	4.3	51.7	9.0	10.9	7.7	5.0	3.1	40.8
1966	149.6	71.8	13.2	15.6	10.8	8.3	5.2	48.0	8.8	10.4	7.2	5.5	3.5	38.3
1967	158.6	88.0	16.5	12.0	11.3	5.0	5.3	55.5	10.4	7.6	7.1	3.1	3.3	42.9
1968	153.4	73.4	14.6	12.4	11.6	5.4	7.0	47.8	9.5	8.1	7.6	3.5	4.6	34.6
1969	164.5	80.4	16.0	15.6	12.1	7.9	8.0	48.9	9.6	9.5	7.4	4.8	4.9	34.7
1970	165.1	83.5	15.6	13.0	12.8	9.5	9.4	50.6	9.4	7.9	7.8	5.8	5.7	36.8
1971	183.0	88.0	16.0	13.9	13.7	9.0	7.7	48.1	8.7	7.6	7.5	4.9	4.2	35.8
1972	192.0	93.0	16.5	14.5	14.2	10.0	8.5	48.4	8.6	7.5	7.4	5.2	4.4	35.5
Average 1959-72	137.5	70.4	13.3	12.3	10.6	6.4	5.2	51.9	9.8	9.1	7.8	4.6	3.6	39.6

Source: Appendix IV, Table 7.

GRAPH 3

AGGREGATE PRIVATE CONSUMPTION EXPENDITURES
PRIVATE CONSUMPTION EXPENDITURES ON FOOD
PRIVATE CONSUMPTION EXPENDITURES ON TRANSPORT
PRIVATE CONSUMPTION EXPENDITURES ON CLOTHING, TEXTILE & FOOTWEAR
PRIVATE CONSUMPTION EXPENDITURES ON HOUSING
PRIVATE CONSUMPTION EXPENDITURES ON FURNITURE & DOMESTIC EQUIPMENT
EXPENDITURES OF GOVERNMENTS AGENCIES
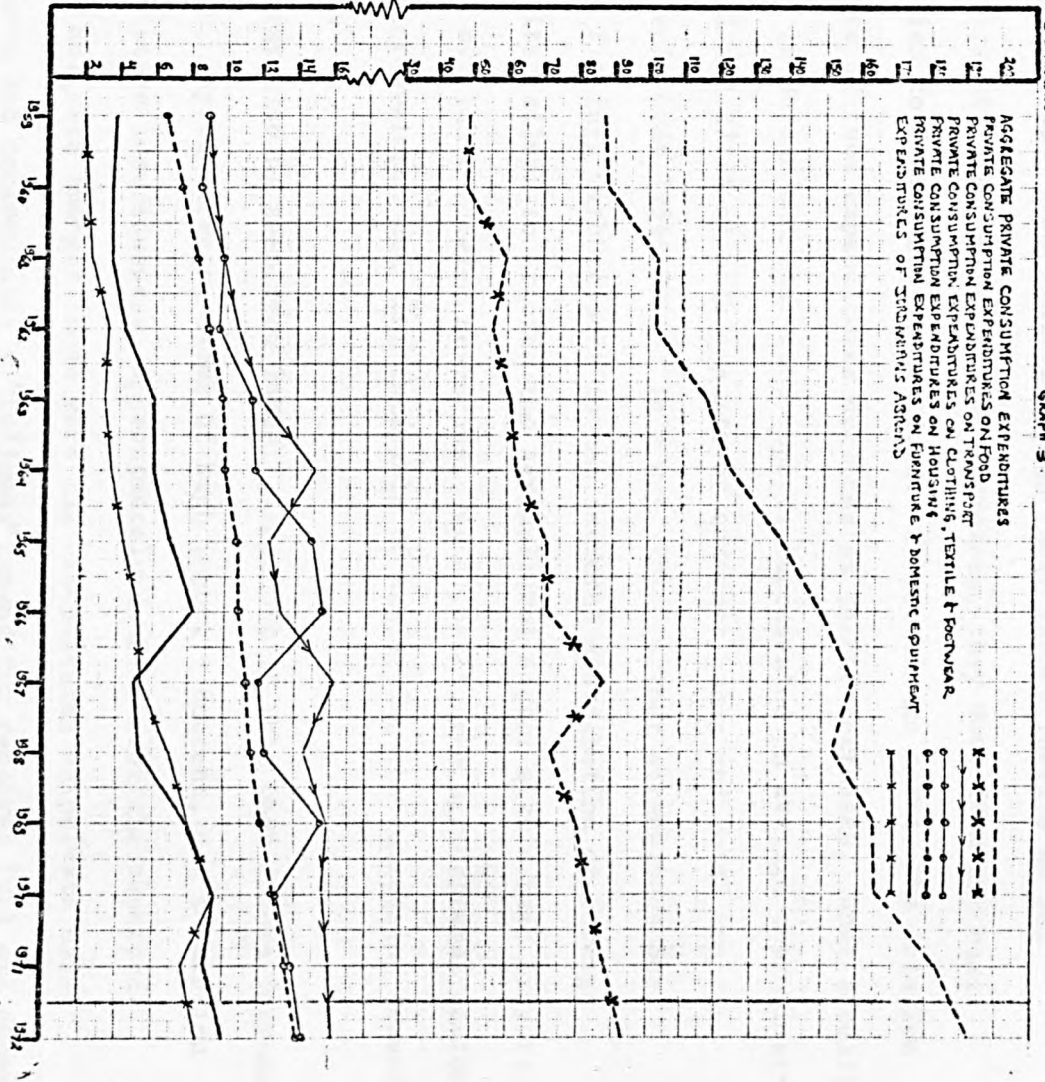
As can be gathered from Table 6.I and from Graph No. 3, expenditure
on food constituted by far the largest part of both total private
consumption and aggregate consumption expenditures, (they averaged 51.9%
and 39.6% respectively over 1954-1972). The qualitative pattern of
consumption behaviour of the average family in Jordan tends to be in line
with Engel's Law. Poor families spend their income largely on the
necessities of life, but as income increases, they move from the basic
necessities to dearer and better food. In percentage terms, the relative
importance of food expenditures declines as income increases. What actually
happened in Jordan was that food imports represented on average approximat-
ely 35.2% and 27.3% of both imports of consumer goods and total imports
respectively over 1954-1972.[1] In a way, this further strengthens our
previous findings with respect to the sectoral distribution of foreign
aid and its failure to provide the agricultural sector with a fair proportion
of total available foreign resources. As a result, the agricultural sector rem-
ained underdeveloped and thus incapable of satisfying the increasing demand
for food,

It can also be seen from Table 7, Appendix IV that when income increased
in Jordan, expenditures on items of high import - content, not to mention
their relative luxuriousness, approximately doubled over the observed
period. Notable amongst those were the expenditures on private cars,
spare-parts and consequently a "followup" demand for repairs, fuel and other
imported auxiliaries.[2]

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1 See Appendix IV, Table 14.

2 See the "Transport" item in Table 7, Appendix IV; see it also in Graph No. 3.

Private expenditures on furniture and household equipment also reflect an expanding demand for imported consumer durables such as radio and television sets of a wide variety, refrigerators, cooling systems, metal and plastic household equipments, furniture and varieties of electrical appliances. On the other hand, private expenditures on clothing, textile and footwear represented 9.1% of total private consumption. Needless to say, the large volume of ready-made imported clothes and luxury fabrics implied a decrease in the protection accorded to infant industries. Besides, these imports drained the foreign exchange obtained from exports of goods and services.

Finally, housing and expenses of Jordanians abroad represent the two other main items of private expenditures.

With regard to the composition of public consumption discussed in earlier chapters, defence and the maintenance of internal security absorbed by far the largest proportion of government expenditures over the period 1950-1972 and the preceeding periods. It absorbed more than half of total public expenditure.[1]

We do not want to give the impression, however, that rising consumption percapita in Jordan and in low percapita income countries is an objectionable target. It was only when we had examined the composition and rate of increase of consumption, the negative domestic savings and the high ratio of foreign savings in domestic capital formation, that the real objection was made. In other words, the desirability of enhancing the rate and level of consumption in Jordan, or in any less-developed country, is beyond objection, provided that increases in income are rationally devided between consumption and savings, on one hand, and between different income groups, on the other.[2]

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1 See Chapter II, Table 2.H as well as the section related to sectoral distribution of government expenditures.

2 Unfortunately, data or comprehensive studies on the distribution of income or wealth in Jordan are not available nor any other data on the actual consumption behaviour of different income groups in the economy.

In the later part of this chapter, we examine the possible impact
of foreign aid on growth, investment, domestic savings and consumption.

PART TWO: THE IMPACT OF FOREIGN AID FLOW ON SELECTIVE MACRO-
ECONOMIC VARIABLES

A - A THEORETICAL DISCUSSION:

The pioneer literature on the impact of foreign aid on the
economic growth and savings of recipient countries,was in favour
of aid. It was maintained that aid contributes to the development
of recipient economies. Relying on the Harrod-Domar model,
economists tended to the view that the rate of growth in recipient
countries is enhanced by the aid they acquire. If the rate of growth
of a certain country is 'r', the proportion of income saved and
invested is 'S', the capital output ratio is 'C' and the aid
received is 'f', then the rate of growth 'r' is given by the
following equation: $r = (S + f)/C$. Hence, foreign aid supplements
domestic savings and fills the gap between what the country saves
domestically and what savings ratio is required to attain a certain
planned rate of growth.

Some modifications and additions on earlier models were made by
subsequent literature. Accordingly, development is considered to be
hampered not only by the low ratio of savings or investment to
national income but also by the capacity of the economy to translate
production into foreign exchange necessary for acquiring imports
(viz., foreign exchange gap). In other words, development could not
only be retarded or enhanced by investment (or savings) but also by
the capacity of an economy to import.

Problems may, therefore, arise because of inadequate supplies of
certain foreign commodities, in particular imported capital goods.
Thus foreign aid (or foreign savings) is considered by this school of

thought as good as domestic savings though under certain conditions
it is valued higher than domestic savings, as it supplements the
economy's foreign exchange reserves.

Notwithstanding the several modifications on earlier models,
almost all share the view that foreign resources can supplement the
inadequate domestic savings, fill the foreign exchange gap and
therefore, significantly contribute to the economic growth of recipient
countries.[1]

The above ideas on aid and growth were hotly debated, and critics
tended to take the opposite view. The theoretical literature of those
who reject the idea that aid contributes to growth is focussed on the
negative effects of aid on savings, growth and other macro-economic
variables and on its social and political repercussions. We are
inclined to say that foreign aid can be utilized for enhancing the
economic and social development of recipient countries.

Colin Clark's study of population and growth - a study representing
one type of rejectionist literature - shows that savings decrease when
capital flow is higher and vice versa.[2] Md. Rahman used statistical
evidence to support his view that domestic savings is inversely related
to foreign aid flow. By running a least square regression of the savings
ratio to G.N.P. on the ratio of capital inflow to G.N.P. for 31
developing countries for the year 1962, he obtained the following

1 The H.B. Chenery and A. Strout model is a prominent study and
   representative of this school of thought. See H.B. Chenery and A.
   Strout, "Foreign Assistance and Economic Development," American
   Economic Review, Sept. 1966, pp.679-733.
2 C. Clark, Population, Growth and Land Use, (New York: St. Martin's
   Press, 1967), p.267.

estimates:[1]

$$\frac{S(t)}{Y(t)} \underline{\text{(Domestic Savings)}}_{\text{GNP}} = a + b \frac{H(t)}{Y(t)} \underline{\text{(captial inflow)}}_{\text{GNP}}$$

$$\frac{S(t)}{Y(t)} = 0.1427 - 0.2473 \quad \frac{H(t)}{Y(t)}$$

A similar statistical exercise was carried out by K. Griffin and

J. Enos. They examined the effect of foreign aid by using cross-

sectoral studies of several countries as well as time series for

single ones. With regard to their cross-sectoral study of 32 countries

over the period 1962-1964, the following relationship between domestic

and foreign savings was found, (savings were deflated by G.N.P.):

$$\frac{S(d)}{Y} \underline{\text{(Gross Domestic Savings)}}_{\text{GNP}} = 11.2-0.73 \frac{Sf}{Y} \underline{\text{(Foreign savings)}}_{\text{GNP}}$$
$$(0.11)$$
$$R^2 = 0.54$$

The negative relationship between domestic savings and aid was

interpreted as follows: an extra dollar aid increases consumption by

75 cents and investment by only 25.[2] When performing similar tests

for thirteen American and Middle East/$^{\text{ern}}$countries and a single test for

Columbia, they came up with similar results.[3]

---

1 Rahman, Md.A."Foreign Capital and Domestic Savings: a Test of Haavelmo's Hypothesis with Cross-Country Data, "The Review of Economics and Statistics, Vol. L, 1968, pp. 137-138.

2 Griffin, K.B. and Enos, J.L. "Foreign Assistance: Objectives and Consequences," Economic Development and Cultural Change, Vol. 18 and Supplements, 1969-1970, pp. 313-327; see also Griffin, K.B. "Coffee and Economic Development of Columbia," Bulletin of the Oxford University Institute of Economics and Statistics, May 1968, pp. 109-110; and Underdevelopment in Spanish America, an Interpretation, (London: George Allen & Unwin Ltd., 1969), Chapter III.

3 The regression equation for the American and Middle Eastern countries was: $\frac{Sd}{Y} = 16.1-0.82 \frac{Sf}{Y}$; $R^2 = 0.71$; As for Columbia, the equation was: $\frac{Sd}{GDP} = 21.50-0.84 \frac{Sf}{GDP}$; $R^2 = 0.43$; Ibid., pp.321-322.

The findings of negative relationship between domestic savings

and foreign aid were not confined to Rahman and Griffin-Enos Studies.

Thomas E. Weisskopf and Nathaniel Leff studied the same relationship

for a sample of 44 developing countries over the period 1953-1966.

Weisskopf identified the behavioural savings function for those

countries as related not only to income but also to capital inflow.[1]

S (Domestic savings) = a + 0.183 Y (GDP) - 0.227 F (Net foreign capital
                               (t=65.9)   (t=5.3)

inflow) + 0.176 E (Exports).   This exercise has supported the
          (t=4.6)

hypothesis that the impact of foreign aid flow on 'ex ante' domestic

savings in the examined developing countries is significantly negative

and approximately 23% of aid substitutes for domestic savings.[2]

As for N. Leff, he ran a regression for Brazil for the period

1940-1960 where domestic savings were found to be determined by the level

of income in the previous year (Y_{t-1}) and the current volume of net

foreign capital inflow ($NFCI_t$). The relationships were as follows:[3]

$$DS_t = 1.78 + 0.1545\ Y_{t-1} - 0.1560\ NFCI_t\ ,\ R^2 = 0.839$$
$$\quad\quad\quad (0.02)\quad\quad\quad (0.33)$$

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1 T.E. Weisskopf, "The Impact of Foreign Capital Inflow on Domestic
   Savings in Underdeveloped Countires, " Journal of International
   Economics, Vol. 2, No. 1, Feb. 1972, p.25.

2 Ibid., p.37; He also examined the previously cited relationship with
   respect to the Israeli economy and found the following:
   S = 88.3 + 0.125Y - 0.886F + 0.621E, R^2 = 0.999. All the parameters
   were significant at the 5% level. See a paper by Weisskopf, T.E. which
   was prepared for the Second World Congress of the Econometric Society,
   Cambridge, England, Sept. 1970: "The Impact of Foreign Capital Inflow
   on Domestic Savings in Underdeveloped Countries." Quoted by K.B. Griffin,
   "Foreign Assistance: Objectives and Consequences: Comments," Economic
   Development and Cultural Change, Vol. 20, No.1, Oct. 1971, p.157.

3 N.H. Leff, "Marginal Savings Rates in the Development Process: the
   Brazilian Experience," Economic Journal, 78, 1968, pp. 610-623.

Other writers observed similar results, but their interpretation
was different. The negative association between savings and capital
inflow was regarded as an indicator of inefficient transformation of
aid flows into increased investment.[1]

Tests were also carried out on the impact of aid on the overall
rate of growth by several writers and the results were sometimes
positive and sometimes negative. Proponents of aid found that aid
could be utilized by recipient countries as a basis for a significant
acceleration of investment and growth. They regarded it as being
capable not only to accelerate the rate of investment during the "take
off" period, but to supply, or facilitate the creation of, the basic
prerequisites for the transition to self-sustained growth. Those
prerequisites are: skills, adoption of modern technology, development
of institutions and changes in the composition of output and employment.[2]

According to aid supporters, the rate of growth of any economy
receiving aid would rise by the amount of aid multiplied by the capital
output ratio. In the absence of aid, the rate of growth would be equal

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1 H.B. Chenery and N.G. Carter, "Foreign Assistance and Development
  Performance, 1960-1970," The American Economic Review, Vol. 63, No.2,
  May 1973, pp. 459-468; See also the following works on the negative
  relationship between domestic savings and foreign aid: (a) H.B. Chenery
  and P. Eckstein, "Development Alternatives for Latin America," Journal
  of Political Economy, July/Aug. 1970, pp. 975—976 and Table A-2,
  Appendix; (b) H.B. Chenery with H. Elkington and C. Sims, "A Uniform
  Analysis of Development Patterns," Economic Development Report,Nos. 148
  and 158, Center for International Affairs, Harvard University; and
  "Targets for Development," Economic Development Report, No.153; (c)
  Kaj Areskong, External Borrowing: Its Role in Economic Development,
  (Praeger Publishers, 1969); (d) K.B. Griffin, "Foreign Capital,
  Domestic Savings and Economic Development," Bulletin of Oxford
  University Institute of Economics and Statistics, May 1970; and (e)
  see Professor Henry C. Wallich discussing the case of Puerto Rico in
  J.H. Adler, Capital Movements and Economic Development, (New York:
  St. Martin's Press, inc., 1967), p.237.
2 H.B. Chenery and A.M. Strout, "Foreign Assistance and Economic Develop-
  ment," The American Economic Review, Vol. LVI, No.4, Part 1, Sept.
  1966, pp.679-733.

to only the proportion of a country's income saved multiplied by the

incremental capital-output ratio.[1] When the relationship between economic

growth and foreign aid was examined for several underdeveloped countries,

the regression co-efficient for aid, as an independent variable, was

positive and high. This, however, supports the hypothesis that foreign

aid flows are correlated with economic growth.[2]

We are inclined to say that foreign aid can contribute to the

socio-economic development of recipient countries. Whether this actually

occurs is something related to the manner of utilization of foreign and

domestic resources. If they are utilized in a manner which makes them

contribute towards increasing output, domestic savings then aid enables

the economy to sustain a steady growth. However, when aid is solely or

predominantly used to finance the current expenditure of the government, it

cannot be said to contribute to the development of the economy.

Those who held the opposite view about aid, claim that the tests

and studies carried out on aid to recipient countries show no support

for the view that aid encourages growth. Examination of the rates of

growth of G.N.P. and the levels of foreign aid showed cases of no close

association between the two variables. Other cases showed negative

relationships between them. When regressing the average rate of growth

of G.N.P. on aid as a proportion of G.N.P., K. Griffin found the

following: $\dot{Y} = 4.8 + 0.18 \frac{A}{Y}$; $R^2 = 0.33$. However, when the relationship

between the rate of growth in percapita G.N.P.-with one year lag - and

1 See R. J. Ball, "Capital Imports and Economic Development: Paradoxy
   or Orthodoxy?," Kyklos, Vol. XV, 1962, pp. 610-621; see also H.B.
   Chenery and A. Strout, op. cit., pp. 679-733.

2 See the following works pertinent to this issue: (a) H.C. Chenery and
   P. Eckstein, op. cit., pp. 966-1006; (b) Sherman Robinson, "Sources
   of Growth in Less Developed Countries: A Cross-Section Study,
   "Quarterly Journal of Economics, Vol. LXXXV, Aug. 1971, pp. 391-408;
   (c) G.F. Papanek, "The Effect of Aid and Other Resource Transfers on
   Savings and Growth in Less Developed Countries," Economic Journal,
   No. 327, September, 1972; and "Aid, Foreign Private Investment, Saving
   and Growth in Less Developed Countries," Journal of Political Economy,
   Vol. 81, No. 1. Jan./Feb. 1973, pp.120-130; (d) H.B. Chenery and
   N.G. Carter, op. cit., pp. 459-468.

foreign aid was investigated, the result was negative:

$$Q_{t+1} = 12.5 - 0.047 \ A_t, \quad R^2 = 0.62.[1]$$ Similar tests were also

carried out by other writers and they gave similar negative associations.[2].

B - TESTING THE FOREIGN AID IMPACT.

At this juncture, we shall attempt to find out, by providing

quantitative evidence, the relationship between the inflow of foreign aid

to Jordan, domestic savings, and growth in income. Besides, the association

between Consumption, Gross Domestic Capital Formation (G.D.C.F.) and foreign

aid flow will also be examined. Our approach to such exercise depends on

the following:

We give importance to the fact that, in order to judge the real

contribution of foreign aid to the economy of Jordan, we should consider

its effects on domestic savings. At the sametime, we also recognise

the fact that the change in domestic savings signifies and manifests the

degree to which the Jordanian economy has made serious efforts towards

domestic development and growth. Of course, we do not overlook or deny

the several other effects of foreign aid on the economy yet a positive

impact by aid on domestic savings lies in the fact that it gives the

development process an endogenous character. It lays the foundation for

the process of a sustained domestic development. A development that will

1 K.B. Griffin and J. L. Enos, "Foreign Assistance: Objectives and
   Consequences," op.cit., p. 318.

2. Replying on Griffin-Enos paper, Mikellman preferred aid figures deflated
   by imports rather than by G.N.P. as Griffin did. His analysis resulted
   also in a negative association between rate of growth of income and
   foreign aid. See K. B. Griffin and J. L. Enos, "Foreign Assistance:
   Objectives and Consequences: Comments," Economic Development and
   Cultural Change, Vol. 20, No. 1. October, 1971, pp. 144-147.

mainly depend on domestic resources.

Foreign aid flows are identified in the same manner as those in previous chapters, viz., the actual disbursements of aid. On the other hand we also take into account other definitions of aid.adopted by certain writers. By doing this, we hope to throw further light on the findings.[1]

We relied on the time series approach as data on annual aid disbursements were constructed in the earlier chapters of our study; the data on foreign aid and other macro-economic variables are pertaining to the period 1954-1972.[2] The definitions used for domestic savings are the same as used earlier, viz., (1) domestic savings as a remainder from deducting net investment from the balance on current account. (2) Domestic savings as a remainder from deducting total current expenditures from total current receipts.

We will try to test the hypothesis that:(a) the level of domestic savings in Jordan is related not only to the level of national income, but also to the level of foreign aid; (b) the level of consumption in Jordan is related not only to the level of disposable income but also to the volume of foreign aid; and (c) Gross Domestic Capital Formation (G.D.C.F.) has not only been associated with income but also with foreign aid.

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1 Md. Rahman, K. B. Griffin and J. Enos, M. Kellman, E. Weisskopf and N. H. Leff used the balances on current account as synonymous with aid flows.

2 The year 1954 was taken as a starting year in the time series because National Accounts in Jordan were not available in the periods preceeding this year.

TABLE 6.J.

SUMMARY TABLE ON THE IMPACT OF FOREIGN AID FLOW ON DOMESTIC

SAVINGS, GROWTH IN INCOME, INVESTMENT AND CONSUMPTION.

Formula	Foreign Aid Flow Definition	Definition of Domestic Savings	Intercept a	Regression Co-efficients of Explanatory Variables							R^2	D.W.	T. Values							Time Series or Cross Country	Years
				V_1	V_2	V_3	V_4	V_5	V_6	V_7											
A — With regard to the impact of foreign aid On Domestic Savings: a.1 $D_{s_t} = a+b Y_t + c A_t + d X_t$	Imports of Goods and Services Minus Exports of Goods and Services (Current Balance) (M-X)	Current Expenditures Minus Current Receipts (Public and Private Sectors)	8.73	0.148 (0.08)	-0.61 (0.17)	-0.05 (0.39					0.49	1.76	1.85	3.55	0.133					Time Series (T.S.)	1954-1972
a.2 $\frac{D_{s_t}}{Y_t} = a+b \frac{A_t}{Y_t}$	Deficit on Current Account (M-X)	Net Investment Minus Deficit on Current Account	17.32	-1.08 (0.13)							0.779	1.32	7.7							T.S.	1954-1972
a.3 $\frac{D_{s_t}}{Y_t} = a+b \frac{A_t}{Y_t}$	Actual Disbursements	Net Investment Minus Deficit on Current Account.	8.87	-0.77 (0.31)							0.26	1.8	2.47							T.S.	1954-1972
B — With regard to the impact of foreign Aid on growth in income: b.1 $\% \Delta G.D.P. = a+b \frac{D_{s_t}}{G.D.P} + c \frac{A_t}{G.D.P.}$	Actual Disbursements	Current Expenditures Minus Current Receipts	-0.59	0.82 (0.44)	0.53 (0.54)						0.17	2.1	1.8	0.98						T.S.	1954-1972
b.2 $\% \Delta G.D.P. = a+b \frac{D_{s_t}}{G.D.P.} + c \frac{A_t}{G.D.P.}$	Actual Disbursements	Net Investment Minus (M-X)	2.5	-0.32 (0.38)	0.38 (0.61)						0.04	2.37	0.85	0.62						T.S.	1954-1972
b.3 $Y_{Pr_{t+1}} = a+b A_t$	Actual Disbursements		18.8	-0.37 (0.18)							0.21	2.6	2.0							T.S.	1954-1972
b.4 $\frac{Y_t}{Pr}$ or $\frac{A_t}{M}$	Deficit on Current Account		155.2	-1.38 (0.43)							0.37	0.45	3.17							T.S.	1954-1972
b.5 $\% \Delta G.D.P. = a+b \frac{D.S.}{G.D.P.} + b \frac{Grants}{G.D.P.} + \frac{Loans}{G.D.P.} + \frac{Expeditures on Education}{G.D.P.} + \frac{Exports}{G.D.P.} + \frac{V.A.Manuf.}{G.D.P.} + \frac{V.A.Agricul.}{G.D.P.}$	Actual Disbursements	Current Expenditures Minus Current Receipts	65.3	0.15 (0.54)	-0.72 (0.67)	-3.3 (1.48)	-7.3 (7.68)	-3.4 (1.48)	1.18 (1.85)	1.85 (0.9)	0.68	1.95	0.24	1.0	2.2	0.94	2.3	0.6	2.0	T.S.	1954-1972
b.6 $\% \Delta G.D.P. = a+b \frac{D.S.}{G.D.P.} + b \frac{Grants}{G.D.P.} + \frac{Loans}{G.D.P.} + \frac{Exp.on Educ.}{G.D.P.} + \frac{Exports}{G.D.P.} + \frac{V.A.Manuf.}{G.D.P.} + \frac{V.A.Agriculture}{G.D.P.}$	Actual Disbursements.	Net Investment Minus (M - X)	61.59	-0.10 (0.37)	-0.73 (0.65)	-3.4 (1.48)	-6.8 (7.47)	-3.4 (1.49)	1.18 (1.84)	1.95 (0.64)	0.68	1.9	0.25	1.11	2.28	0.91	2.27	0.64	3.01	T.S.	1954-1972
b.7 $\% \Delta G.D.P. = a+b \frac{D.S.}{G.D.P.} + c \frac{A}{G.D.P.}$	Actual Disbursements	Current Expenditures Minus Current Receipts	-0.54	0.815 (0.44)	0.53 (0.54)						0.17	2.1	1.8	0.98						T.S.	1954-1972
C — With regard to the impact of foreign aid on Gross Domestic Capital Formation (G.D.C.F.): C.1 $GDCF_t = a+b A_{t-1} + c \Delta GDP.$	Actual Disbursements		-13.5	1.16 (0.09)	0.42 (0.09)						0.92	1.96	12.0	4.0						T.S.	1954-1972
D — With regard to the impact of foreign aid on Aggregate Consumption: d.1 $C_t = a+b A_t$	Actual Disbursements		32.8	3.8 (0.42)							0.83	1.11	9.0							T.S.	1954-1972
d.2 $C_t = a+b A_{t-1}$	Actual Disbursements		29.6	4.19 (0.55)							0.78	1.2	7.56							T.S.	1954-1972
d.3 $C_t = a+b(GNP-T) + c A_t + d_t$	Actual Disbursements		31.7	-0.03 (0.05)	0.41 (0.17)	10.8 (0.60)					0.996	2.7	0.06	2.3	17.9					T.S.	1954-1972
d.4 $C_t = a+b(GNP-T)_{t-1}$			20.7	1.078 (0.04)							0.972	2.79	23.4							T.S.	1954-1972

Source: Based on Tables, 10,11,12 and 13 in Appendix IV.

Key to Notations: D.S. = Domestic Savings
Y_t = Current Gross National Income
Y_t = Current Gross Domestic Income
M = Imports

A_t = Current Aid Flow
X_t = Exports
GNP = Gross National Income
GDCF = Gross Domestic Capital Formation

GDP = Gross Domestic Income
Y_{Pr} = Annual Rate of Growth of percapita Income
pop = Population (Nos.)
C = Aggregate Consumption Expenditures
t = Time
(GNP-T) = Disposable Income.

* Figures in Parentheses = Standard Errors.

In trying to assess the impact of foreign aid on growth in income,
we adopted both an aggregative and a disaggregative approach to aid.
Foreign aid was thus disaggregated into its basic components viz.,
unrequited transfers and loans. Finally, our approach in testing the
impact of aid on savings, growth and other macro-economic variables
tends to differ from the previously discussed approaches in two main
respects: (1) we used time series whereas others tended to rely mainly
on the defective cross-country analysis; (2) we used actual foreign aid
disbursements besides other definitions of aid. Thus we tried to
maintain a close-to-reality picture as well as a double check on the
outcomes.

C - THE RESULTS

I   Having assessed the impact of foreign aid on domestic savings, we
obtained the following results:See Table 6.J. p.246).

(a) The regression results show that domestic savings in Jordan are
related not only to the level of income but also to the volume of
foreign aid (or the net inflow of foreign aid).

(b) The impact of foreign aid on domestic savings (in both definitions)
was negative. Domestic savings were inversely associated with aid flow.
(Equations a.3 and a.1 in Table 6.J. p. 246)

(c) When both domestic savings and aid flows were deflated by income,
the impact of aid on savings was negative and highly significant.
(Equation a.2. Table 6.J).

II   As far as the impact of foreign aid on growth in income is
concerned, we obtained the following results:

The response of the rate of growth in income to a unit change in the
level of foreign aid (aggregated) was positive but insignificant.

(Equations b.1 and b.2., Table 6.J.);

When foreign aid was disaggregated and some other variables were

added to the equation, the association between the rate of growth in

income and aid components was different. On the one hand, the response

to a unit change in unrequited transfers as well as to a unit change

in loans was nagative.   On the other hand, the regression coefficient

was significant only in the case of loans;

The response of percapita income to a unit increase in aid flow was

negative and highly significant. At the same time, the impact of aid

on the rate of growth in percapita income was also negative and

significant.   (Equations b.3. and b.4 in Table 6.J.);

The rate of growth in national income was substantially and positively

associated with the growth in the value added in agriculture (Equations

b.5. and b.6. in Table 6.J.);

The impact of foreign aid to the public sector (i.e. Public unrequited

transfers and loans) on the rate of growth in income was positive but

insignificant. (Equation b.7. in Table 6.J.).

III   The impact of foreign aid on Gross Domestic Capital Formation (G.D.C.F.):
To test the hypothesis that foreign aid to Jordan can contribute

significantly to investment, a regression was run taking G.D.C.F. as the

dependent variable. From the estimated equations, we obtained the

following: G.D.C.F. in Jordan appeared to have been related to not

only to the level of national income but also the level of foreign aid;

In almost all the equations used, the impact of foreign aid on G.D.C.F.

was positive and significant. Furthermore, it transpired that when

foreign aid was lagged by one year, it contributed to investment by an

amount greater than itself.   In turn, this finding gave support to the

above hypothesis. (Equation c.1 in Table 6.J.);   when certain

explanatory variables were added (imports for instance), the result was

that G.D.C.F. appeared to have had a high positive and significant marginal

response to a unit change in imports. The regression co-efficient for

imports was even higher than that of both gross national income and Δ

in gross domestic income,   changes in the levels of gross domestic

income have had significant impact on G.D.C.F.

IV   As to the impact of foreign aid on aggregate consumption, we

obtained the following results: (a) the marginal response of aggregate

consumption to changes in levels of foreign aid was positive and very

significant. (Equations d.1., d.2. and d.3 in Table 6.J.); (b) the impact

on consumption of disposable income, lagged by one year, was positive and

very significant. (Equation D.4. in Table 6.J.)

The previous tests came up with results showing a positive but

insignificant impact of foreign aid on the rate of growth in income and a

negative impact on domestic savings. On the otherhand, G.D.C.F. and

consumption were positively and significantly associated with foreign aid.

It is worth noting, at this stage, that criticism was made by a

few writers on the accounting convention whereby, figures for domestic

savings were drived. Gustav Papanek, for instance, tested the relationship

between foreign aid and domestic savings and arrived at negative

association between the two variables. For him, this negative statistical

relationship could be ascribed, in part, to the accounting convention,

i.e., calculating domestic savings as the remainder from substracting foreign

aid flow from investment. He claimed that this accounting convention is

quite appropriate to the extent that foreign aid is either (a) used for

investment or (b) a claim on past or future savings. If aid were used for

supplementing investment in the recipient country, then, he argued, one

would need to substract aid from total investment to arrive at a figure

representing the contribution of domestic savings to capital formation. Furthermore, if aid were used for consumption, one would obtain inappropriate results by following conventional procedures. In spite of this, Papanek finally admitted the fact that statistics on domestic savings is deficient in developing countries even when more sophisticated calculations are used. In fact, he used the conventional approach in his studies of the relationship between foreign aid and development.[1]

However, despite the partial effect of the above-mentioned accounting convention on the definition of savings, our calculation of domestic savings was based on two approaches viz., firstly, the remainder from deducting the deficit on current account from investment, and secondly, the difference between current income and current expenditures of both private and public sectors. Using the second approach as a check on the first, we obtained similar results.

D - INTERPRETATION OF RESULTS:

The possible means whereby foreign aid to Jordan could have negatively affected domestic savings, thereby positively favouring consumption, are as follows:

Regarding the composition of foreign aid to Jordan, we found that unrequited transfers constituted an average of 91.4% of the total aid flow, whereas the remainder took the form of loans.[2] As the destination of such transfers was the government budget, they constituted an integral part of the public revenues (income) out of which expenditures were financed.

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1 Gustav Papanek, "The Effect of Aid and Other Resource Transfers on Savings and Growth in Less Developed Coutnries," Economic Journal, Vol. 822, September, 1972, pp. 934-950.

2 See Chapter II, Table 2.C.

Earlier, we gave statistical data on the use of the funds available to
the government. It showed that the economy, and particularly the public
sector, was suffering from an irrational allocation of funds both at the
aggregate and the sectoral levels, i.e., allocation of revenues between
current and development expenditures and of resources in the different
sectors in the economy, respectively. At the aggregate level, we found
that current public expenditures consititued 79% of the aggregate budget
expenditures, therefore leaving only 21% for development expenditure.
At the sectoral level, we found an irrational scale of priorities.

Defence and the maintenance of internal security absorbed by far
the largest proportion, infact more than half, of government expenditures
over the period 1950-1972. (It averaged 54.44%).

Expenditure on "Fiscal administration" alone was the third in terms
of its share in total government outlays (it averaged 12%). "Social
services" sector, on the other hand, ranked fourth (11%). So, national
security, social services and fiscal administration, on average, absorbed
more than three quarters of aggregate government expenditure. At the
same time, the vital material producing sector got a mere 1.5% of the
total. Needless to say, at the moment, those expenditures generate income
and high proportion of it tended to go to consumption.[1]

The flow of such foreign transfers to the government budget altered
the composition of government expenditures in that it enabled the
government to finance a large current expenditure. Furthermore, there was
a constant expansion of current public consumption. Most of the government
expenditure went towards the maintenance of a large bureaucracy and army.

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1 See Chapter II for a discussion of the sectoral distribution of government
 expenditures over the period 1950-1972; see also Table 2.H, in the same
 chapter.

TABLE 6.K.

INDICES OF SALARIES; WAGES AND ALLOWANCIES IN THE

PUBLIC SECTOR 1951-1972 (CHAIN INDICES)

Period	1	2	3 = 1+2	4	5	6=3+4+5
	Salaries and Allowances		Salaries and Allowances of Army and Public Security	Salaries, Wages and Allowances	Pension and Comp-satory Payments	Aggregate Total
	Army	Public Security				
1951	67	216	88	353	100	126
1952	456	100	333	90	102	234
1953	109	98	108	131	111	111
1954	100	102	101	116	103	103
1955	102	104	102	119	148	106
1956	146	115	143	107	141	135
1957	94	114	95	126	106	101
1958	129	174	133	111	108	128
1959	108	108	108	112	203	110
1960	102	101	102	105	207	104
1961	102	101	102	113	153	105
1962	102	101	102	111	135	105
1963	112	106	112	114	115	113
1964	98	100	98	105	127	101
1965	101	115	103	109	109	105
1966	77	73	76	84	86	78
1967	168	158	167	168	76	161
1968	146	100	14C	85	120	124
1969	118	115	118	141	119	122
1970	80	116	83	129	102	94
1971	102	67	102	93	134	100
1972	116	112	119	103	95	111

Source: Appendix IV, Table 7.

The table above shows a high rate of increase of each item in relation to its position in the previous year. The increase in salaries, wages and allowances was particularly significant in the case of those of civil servants. Remunerations of army and public security personnel increased at an average rate of around 18.7% during 1950-1972. On the other hand, civil servants' remunerations recorded an average increase of 21.3% over the same period. In absolute terms, the sum total of salaries, wages and allowances in 1972 was more than twenty times the 1950 level.[1]

Viewing foreign aid as part of its regular disposable income, the Jordanian government through its policies maintained a high level of consumption. Deficit was a more or less permanent feature of the government budget.

At the same time, and as was explained earlier, foreign transfers via the government budget generated incomes for the public employees most of which was spent on consumption.

One cannot overlook, at this stage, the other factors which gave strength and momentum to the savings behaviour of the public sector. Regarding the composition of government revenues, we found: _Firstly_, foreign revenues exceeded their domestic counterpart, almost during the whole period of our study. _Secondly_, the government maintained a tax revenue system alien to any self-help policy. The government tax policy did not put amongst its aims the mobilization of domestic resources and

1 For a detailed figure on wages, salaries and allowances in the public sector, see Appendix IV, Table 8.

the gradual decrease of dependence on foreign financing.

Indirect taxes constituted an average of 89.9% and 58.8% of both

tax revenues and domestic revenues respectively in 1946-1972. The ratio

of tax revenues to both G.D.P. and G.N.P. was low and remained relatively

stable. The ratio of direct taxes to G.N.P. was very low and even

negligible. Above all, the ratio of domestic revenues to total revenue

was low and did not show any increasing trend.[1]

Thirdly, the utilization of domestic resources through the

introduction of new taxes, the reform of existing tax laws or the

improvement of the tax administration, was handicapped by the influence

of pressure groups in the system.

Taxation is potentially an appropriate tool for increasing domestic

savings and investment out of domestic resources. The obstacles in

Jordan to the use of such tool and the lack of desire,on the part of the

governement, to tackle such obstacles, were contributing factors towards

the dissaving taking place in the public sector. However, in circumstances

where foreign savings could be drawn upon with some degree of accessibility -

which was occurring in Jordan - an atmosphere of dependence and a lack

of readiness for change would prevail. Hence, a persistent dependence

on foreign savings for financing government expenditures and investment.[2]

Fourthly, the inflow of foreign aid (to the government budget) on a

regular basis had some distinctive effects: ' An inflated government

budget created a built-in inflexibility whereby it was difficult to reduce

government expenditures (current and development) without adverse socio-

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1 See analysis of the revenue and expenditure sides of the government
   budget in the first chapter.

2 See Appendix IV, Table 9, on the connection between foreign aid to the
   public sector and government budget components.

economic results. As aid was given mainly for political objectives, it created within the Jordanian public sector an atmosphere of laxity in which policies needed for reshaping the source and use of resources were shelved and even blocked. Actually, opportunities existed for introducing tax reforms in Jordan, yet they were not taken up for the same reasons as above. During my term of work with the Central Bank of Jordan,I participated in several efforts to introduce some change in the prevailing tax structure. Emphasis was laid on the improvement of tax administration as well as the introduction of new taxes. Reforming income tax and introducing inheritance and capital gains taxes were amongst the top priority measures. Studies were carried out and recommendations were submitted but they did not go further than recognition of receipt. At certain times, even this response was withheld.

Immediately after the September 1970 Civil Strife in Jordan, I submitted a proposal of economic reform. A parallel was drawn with the experience of Nigeria after her Civil War. Amongst the displayed facts, attention was drawn to the large funds tied to land and land speculation, the high percentage of property income in total income and the meagre contribution and management of direct taxation. The draft was submitted to the authorities in the Central Bank and I received their remarks and notes that were saturated with exclamation marks labelling the tax reform proposals.

Further, a study was carried out by the Department of Economic Research in the Central Bank (March 1971) on the inheritance tax wherein the introduction of such a tax was proposed. The usual reply was given and a political row took place in Parliament. A further attempt was made by researchers in the Bank; the same tax was proposed and a recommendation sent to the Ministry of Finance accompanied by a proposed Law. It

suffered the fate, i.e., negligence and blockage.

Not only foreign aid helped creating an inflexibility in the

government-budget, but also

it helped the public sector to sustain tremendous increases in government

expenditures. At the same time, it enabled the government to tolerate

a tax system whereby tax revenues were not only kept stable but also

reduced at certain periods. For instance, public expenditures in 1972

were hundred times higher than in 1950. At the same time, the share

of tax revenues in total domestic revenues was reduced appreciably in

the years 1954, 1956, 1957, 1962, 1964, 1967, 1969 and 1971.[1]

Fifthly, lack of real progress towards an ultimate peace in the

Arab-Israeli conflict coupled with intermittent eruptions of wars and

internal instability, burdened the government with an extraordinary

defense and other current expenditures besides losses in domestic revenues.

It is worth noting that the public sector was the largest employer

in the economy of Jordan, expenditures were encouraged by the inflow of

foreign aid, and finally, current expenditures consistituted by far the

largest proportion in total government expenditures. To the recipients

of such current expenditures - normally consumers with high propensities

to consume - they formed an integral part of their disposable income,

whereupon a substantial percentage of it went to consumption.[2]

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1 See Appendix II, Table 5 on government revenues and expenditures; see
  also Appendix IV, Table 8 on the reductions in the ratios of domestic
  revenues to total government expenditures.

2 When regressing consumption expenditures on G.N.P., we found the
  propensity to consume in Jordan to be close to unity. $C = 10.9 + 0.966$ G.N.P.
  $$R^2 = 0.98; \text{ T.value} = 38.6; \qquad (0.29)$$
  D.W. = 2.0. As for the marginal propensity to consume, the slope from
  regressing change in consumption (C) on change in G.N.P. (G.N.P.),
  indicated a marginal propensity higher than the average: $\Delta C = -1.41 + 1.11$
  Δ G.N.P. $\qquad R^2 = 0.50; \text{ T.value} = 3.7; \text{ D.W} = 2.9 (0.29)$

Thus private consumption was increased as a result of public expenditure.

A precipitating factor that lead to such an increase in total consumption was the adoption of liberal trade and foreign exchange policies by the government. Those policies were intended to satisfy the political and economic motives of aid donors. It is worth noting, as well as recalling, that foreign aid to Jordan was mainly destined to the public sector. Thus the new foreign exchange was added to the economy's stock of foreign reserves. On the other hand, the adoption and implementation of a liberal trade policy was made possible by the availability of such foreign exchange.[1]

A quick glance at the composition of private consumption, the proliferating business in imported luxuries in Jordan and the functional classification of imported commodities will give evidence, suggesting the causes behind the tremendous increases in private consumption at the expense of savings and investment.

The following table brings to light the ratio of consumption goods to that of total goods as well as it shows the degree to which the domestic economy met total demand for consumption. Firstly, imports of consumer goods, on average, constituted 60.6% of total imported goods over 1958-1972. Imports of capital goods, on the other hand, were stable as they averaged 30.7% over 1958-1969. In the subsequent phase, i.e., 1970-1972, those imports dropped to reach an average of 28.4%.

However, the overall average share of capital goods was reduced from an average of 30.7% in 1958-1969 to 30.0% in 1958-1972, Secondly, the performance of the domestic economy in terms of its share in satisfying consumption demand could also be easily seen from the table. It is shown that imports of consumer goods retained, on average, their share in total consumption demand and thus maintained a high average of about 39% over 1958-1972

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1 See Appendix IV, Table 9, Foreign Trade deficits and the relationship between Foreign aid and trade are shown in this table.

TABLE 6.L

THE FUNCTIONAL BREAKDOWN OF IMPORTS, RELATIVE SHARE OF COMPONENTS AND RATIO OF IMPORTED CONSUMER GOODS TO TOTAL CONSUMPTION, 1958-1972.

(RATIOS AND AVERAGES)

The Following Items as % of Total Imports	PERIODS															Average 1958/ 1969	Average 1970/ 1972	Average 1958/ 1972
	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972			
Imports of Consumption Goods	68.8	67.7	66.7	65.9	61.2	64.6	64.9	61.7	61.9	53.8	51.1	51.2	58.3	58.0	63.8	60.6	60.4	60.6
Imports of Capital Goods	26.5	24.8	25.2	23.6	27.9	29.3	27.2	31.4	30.0	36.4	40.5	37.6	33.4	27.8	25.5	30.7	28.4	30.0
Imports of Raw Materials	7.6	7.4	8.2	10.5	11.0	6.1	7.8	7.0	8.4	9.8	8.3	11.2	8.3	14.2	10.7	8.7	11.2	9.4
Ratio of Imports of Consumer Goods to Total Consumption Expenditures	39.5	38.5	40.8	35.6	39.4	40.8	36.4	36.4	40.9	31.1	42.9	46.9	39.6	37.8	38.5	39.1	38.6	39.0

Source: (i) Data pertaining to the period 1958-1970 are from: Jordan Department of Statistics, Flow of Goods in the Jordanian Economy, (Imports), (Amman: Department of Statistics Press, April 1970).

  (ii) Data pertaining to the period 1971-1972 are from an unpublished report - Department of Statistics, (In Arabic).

  (iii) Jordan Department of Statistics, The National Accounts, 1967-1972, (Amman: Department of Statistics Press, May 1973).

It seems rather necessary, at this stage, to recall a point previously examined in Part 1 of this chapter, i.e., private consumption expenditures on items of high import and luxury content approximately doubled over 1954-1972.

Actually, this acceleration in private consumption demand could not be financed without adverse repercussions on domestic savings and investment. It can be also said that this high increase in demand for consumption could not have been met by imports, had the resources (Foreign as well as domestic) been allocated more favourably towards goods-producing sectors in the economy.

The above analysis shows that the feeble point in this respect was not due to only the acceleration of aggregate consumption. It was also due to the failure of domestic savings to help capital formation leaving, however, to foreign aid the job of continually bridging the gap between investment and savings.

The sources from which Specialized Credit Institutions in Jordan were obtaining funds for conducting their credit operations and the operation rules of these institutions were not conducive to savings in the private sector. Besides, they were not also conducive to savings on the part of the other credit beneficiaries. (i.e., the sectors dependent upon those Specialized Credit Institutions). In the first place, those institutions were established either by the government or through joint co-operation with aid donors. Their funds were thus acquired from the government budget and from aid agencies taking, however, the form of repayable loans or outright grants.[1] The acquisition

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1 There were five Specialized Credit Institutions during our period of study, namely: The Industrial Development Bank (1957 -), The Agricultural Credit Corporation (1960 -), The Municipal and Village Loans Fund (1957 -), The Housing Agency (1966 -) and The Jordan Co-operative Organization (1967 -).

of government funds (originally from foreign savings) by those institutions, coupled with finance from foreign sources, stopped them from seriously attempting to look for domestic funds either within the sectors they served or in other sectors of the economy. (e.g., through floating bonds in the market).

Further adverse repercussions occurred as a result of policies conducted by the above-mentioned institutions. One would not only expect the savings intentions of those institutions to be negatively affected, but also the savings intentions of the private sector dependent upon such a source of finance. A prominent persisting phenomenon was the recurrence of a lack of enforcement of credit settlements by such institutions as well as a lack of proper vetting of the credit-candidate projects, both of which have created a sense of laxity and dependence on the part of the benefited sectors.[1]

The Agricultural Credit Corporation (A.C.C.), an important specialized credit institution dealing with agriculture, is, in this respect, a prominent case which demands close examination. The laxity in collecting accumulated overdue debts through postponments and sometimes, exemptions resulted in the ratio of unsettled overdue debt to total debt averaging almost 50% during 1960-1971.[2] In fact, this situation could have easily limited this institution's functioning capacity, had foreign resources not been available. Foreign funds constituted a percentage ranging from 83.7% to 93% of the corporation's total funds.[3]

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1 It was commonly apprehended in Jordan that most credit approval and extention decisions by such institutions were largely dependent on personnel connections more than on the merits and the economic feasibility of credit-candidate projects.

2 Barkawi, N.W. The Agricultural Specialized Credit Institutions in Jordan, (Amman: Central Bank, 1974), p. 41. (In Arabic).

3 Ibid., p. 26.

A study carried out by the Central Bank of Jordan calculated the cost to the Agricultural Credit Corporation of each unit of credit (Dinar) given to borrowers and found that it involved a high degree of concession. Whereas the share of each unit of credit in the total adminstrative costs averaged 8 Piasters (8% as the J. Dinar equals 100 Piasters), the average interest charged on money lent was 6%. On the other hand, such costs could have been much less, had the Corporation reduced its administrative costs. (They averaged 74.4% of the total operational costs of the Corporation over 1964-1971).[1]

However, the availability to the Corporation of foreign savings as the main source of financing, inhibited the mobilization of the domestic financial resources. Firstly, the Corporation was made not to observe basic articles of its law, which authorised it to float its own bonds for raising funds.[2] Secondly, the Corporation, like other similar Corporations and institutions in the economy, did not even bother to draw on resources accumulated with the banking institutions, (The Central Bank, for instance).[3] Earlier we said that the availability of foreign savings to the specialized credit institutions, could be expected to have effects on savings in the sectors benefiting from them. Their intentions to save may have been negatively affected in view of the following:

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1 Barkawi, N. op. cit., pp. 35-36

2 Article 5, section 3 of the Corporation's Law No. 12 of 1963 authorises raising domestic funds through such channels.

3 Article 40 of the Central Bank's Law No. 23 of 1971 authorises the bank and makes its resources accessible to the needy specialized credit institutions. The A.C.C. eventually did not use such privilege nor did it rely on domestic Commercial Banks.

(a) resources put at the disposal of borrowers at lower rate of interest than those prevailing in the economy; (b) the relaxation in the vetting process of credit-candidate projects [1]; and (c) the laxity in deferring part or the whole of obligations due and, at certain times, outright exemptions from obligations.

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1 Technically, the A.C.C. Law provides guidlines and vetting rules, yet practice does absolutely diverge from the Law guidlines.

E - SUMMARY AND CONCLUSION:

1 - During the period 1954-1972, Gross National Product (G.N.P.) and percapita income attained rates of growth averaging 9.7% and 6.7% respectively.

2 - A basic structural change was the increasing share of the service - producing sectors in the country's total income. It averaged 64.6% over 1954-1972.

3 - Gross Domestic Capital Formation (G.D.C.F.) maintained a high rate of growth as well as high ratios to G.N.P. It recorded an average of 17% of G.N.P. over 1960-1972. Investment in construction absorbed more than one half of total fixed capital formation. It averaged 60.7% over 1960-1972, Roads, Port facilities and non-residential buildings were the main beneficiaries.

4 - High rates of growth in income and high rates of investment far exceeding domestic savings would not have been possible without the inflow of foreign aid. Foreign aid, on average, was twice the level of investment over the period 1954-1972.

5 - The figures of domestic savings calculated by two different approaches, showed that the economy dissaved during the period of study. The most notable feature was that foreign aid enabled Jordan to sustain high rates of investment, whereas domestic savings did not follow this spurt in investment.

6- Aggregate consumption increased at a very high rate during the period. The 1972 level was approximately four times the 1954 level, Percapita consumption was also double the 1954 level. The following points are to be noted with respect to the behaviour of consumption in Jordan: (a) Consumption was at a level which exceeded both G.N.P. and G.D.P. during the

period; (b) Private expenditures on consumption constituted an average of 76.3% of aggregate consumption over 1954-1972; (c) Food consumption expenditures constituted an average of 51.9% and 39.6% of both private consumption expenditures and aggregate consumption expenditures respectively over 1954-1972. It was also found that private consumption expenditures on items of high import-content with a "follow up" demand on their imported auxiliaries, doubled over the period under observation. This qualitative pattern of consumption behaviour was in line with Eagle's Law; (d) public consumption was characterised by the dominance of defence and security expenditures. They averaged more than one half of total public expenditures.

7 - With regard to the impact of foreign aid flow on domestic savings, the following results were obtained: (a) The regression results suggested that domestic savings in Jordan were related not only to the level of income but also/the level of foreign aid; (b) the impact of foreign aid on domestic savings was negative.

8 - With regard to the impact of foreign aid on growth, the following results were obtained: There was a positive, though insignificant, impact of foreign aid on the rate of growth in income. When foreign aid was disaggregated, the regression equations suggested a negative response of the rate of growth to a unit change in either unrequited transfers or loans. The regression co-efficient was significant as far as loans were concerned. The response of percapita income to a unit change in foreign aid was negative and highly significant. The rate of growth in income was substantially and positively associated with the growth in the value added in agriculture. Finally, the impact of foreign aid to the public sector on the rate of growth in income was positive but insignificant.

9 - With regard to the impact of foreign aid on Gross Domestic Capital Formation (G.D.C.F.), the following results were obtained: G.D.C.F. is

related not only to the level of income, but also the level of foreign aid. The impact of foreign aid (using both current and lagged figures) on G.D.C.F. was positive and highly significant. G.D.C.F. showed a positive and significant response to changes in imports.

10 - As to the impact on aggregate consumption, the following results were obtained: The marginal response of aggregate consumption to changes in foreign aid was positive and very significant. The impact of disposable income, lagged by one year, on consumption was positive and very significant.

11 - The possible ways whereby aid could have affected domestic savings were the following:

With, an average, 91.4% of foreign aid in outright grants to the government, the government was able to maintain an irrational allocation of funds, at the aggregate level as well as at the sectoral level. Firstly, current public expenditures averaged 79.0% of aggregate expenditures. Secondly, an irrational allocation of funds occurred at the sectoral level; national security, social services and fiscal administration, on the average, absorbed more than three quarters of aggregate government outlays. On one hand, these expenditures were a part of the total consumption, and on the other, they were apt to generate income for recipients, supplement their disposable income and a large proportion of it went to consumption.

The flow of foreign unrequited transfers to the government budget altered the composition of government expenditure. Furthermore, there was a constant expansion of current public consumption. Most of the government expenditure went towards the maintenance of a large bureaucracy and army. When foreign transfers were considered by the government as part of its regular disposable income, the government increased its consumption demand, and deficit in the government budget was the outcome (government dissaving).

The factors that gave momentum to such dissaving in the public

sector were found to be closely related to the inflow of foreign aid.

In circumstances, such as those prevailing in Jordan, where foreign

savings could be drawn upon with some degree of certainty, an

atmosphere of dependence and lack of readiness to utilize domestic resources

(taxes in particular) prevailed. The obstacles to the use of taxes

as appropriate tools for increasing domestic savings and investment, and

lack of desire, on the part of the government to tackle these obstacles,

all contributed to the dissaving taking place in the public sector.

Lack of real progress towards an ultimate peace in the Middle East,

coupled with intermittent eruptions of wars and civil strife, burdened

the government with extraordinary consumption expenditures besides losses

in domestic revenues.

Foreign aid generated income, via the government budget, in sectors

of the economy whose propensities to consume were already high, thus giving

a further boost to consumption. A precipitating factor was the adoption

of a liberal trade policy which was made possible, in the first place, by

the availability of foreign exchange, (mainly from foreign aid.).

Private consumption, fed by income generated through aid, escalated

and spilled over into imported goods. The consumption component of such

imports constituted an average of 61.3%, over 1958-1972. Furthermore,

imports of consumer goods were able to maintain their high share in the

aggregate consumption expenditures. (They averaged 39.0% over 1950-1972).

As far as Jordan is concerned, the accelerated increase in private

consumption could not be financed without adverse repercussions on

domestic savings and investment.

The acquisition of government funds by the specialized credit institutions, coupled with direct finance from foreign sources, stopped them from seriously attempting to create domestic self-generated resources (savings). Their policies towards the sectors they served contributed to the fact that the savings behaviour of both these institutions and the private sector were negatively affected. This situation was aggravated by a lack of readiness or competence to float their own bonds on the market as well as by easy access to foreign funds.

12 - The inflow of foreign aid to Jordan (to the government budget) on a regular basis created an inflated government budget with a built-in inflexibility, i.e., the government expenditures were difficult to reduce without tremendous negative socio-economic repercussions. It also created within the public sector a sense of laxity whereby policies needed for reshaping the source and use of resources were shelved, and even blocked. Actually, opportunities existed for introducing tax reform in Jordan, yet they were not taken advantage of because of the existence of resources from foreign aid.

CHAPTER VII

SUMMARY AND CONCLUSIONS

In the preceeding chapters, we reviewed the developments in the basic sectors; the magnitude of foreign aid to Jordan were shown, and we also analysed their composition and effects on the economy. In this chapter, we review the main points developed in the previous analyses, and reach some conclusion about the magnitude, composition and effects of foreign aid to Jordan.

A - THE DEVELOPMENTS IN THE BASIC SECTORS

There was an upward trend in the country's total income. The volume of Gross National Product (G.N.P.) rose from about J.D. 99.1 million in 1959 to J.D. 252.4 million in 1972, an average yearly increase of 10 per cent over the whole period. In percapita terms, gross national income grew from about J.D. 60.4 to almost J.D. 102.2, over the same period. The value added in all the sectors grew. However, the fifties witnessed a significant structural development which saw an increase in the share of the service sector in the G.N.P. The increase in the share of the service sector is significant from the point of the future development of the economy in that this sector does not produce internationally traded goods.

The agricultural sector made the largest contribution to G.N.P. and provided a livelihood for a large proportion of the population. Yet it failed to bridge the country's food gap. Agricultural production was characterised by underutilization of land, manpower and export potential and by heavy dependence on dry farming. Besides, credit to this sector was disproportionately low. The above characteristics of the agricultural sector had caused fluctuations in its output and low productivity. Had there been heavy investment in irrigation and agricultural land, this would have increased productivity in agriculture and thus improved the economy's

overall performance.

Though the industrial sector (mining and manufacturing) was virtually non-existent before the fifties, later it became important. Shortages of finance of managerial and technical know-how, of raw materials as well as the narrowness of the domestic market were the constrainants which hampered the development of this sector. The import-substitution policy had several effects, prominent among them were low-quality and high prices of industrial goods. Besides, the liberal trade policy encouraged imports and inhibited the production of inputs similar to those imported from abroad.

There was no drastic change in the fiscal sector over the period under study. There was a constant budget deficit which increased during the 1950's and after. Government current expenditure took the biggest share of total expenditure, and the defence component constituted more than half of this total. As domestic revenues financed only a small proprtion of total expenditure, foreign aid became the usual source of government revenue. Strictly speaking, Jordan's domestic revenues mostly came from a regressive tax system in which indirect taxes (mostly customs duties) figured prominantly. Furthermore, no serious attempts were made, on the part of the government, to tap domestic sources of revenues.

In the trade sector, we found that the inability of the goods-producing sectors to meet increasing domestic demand lead to increases in imports. Thus a liberal trade policy had to be adopted. Exports, on the other hand, were not increased enough to counter the increase in the volume of imports; therefore, a deficit on the visible account of the balance of payments persisted and this was covered by foreign aid. In the late fifties, new foreign exchange sources, other than foreign aid and exports, became important as balancing factors in the balance of payment accounts namely: remittances from Jordanians working abroad and income from tourism. However,

bearing in mind the high degree of uncertainty that accompanied the receipts

from those sources of foreign exchange, the Jordanian balance of payments

in turn, was hostage to exogenous factors. On the whole, the foreign

trade sector appeared to have undergone few changes, and few efforts

were made to curtail imports and improve their composition, or increase

exports and to rectify the economy's trade deficits.

B - MAGNITUDES, COMPOSITION AND SOURCES OF FOREIGN AID

Data on foreign aid to Jordan is not readily available. What we

have done is to collate and combine data from diverse sources in order to

arrive at the magnitude of foreign aid to Jordan. In the process, we

faced several problems related to recording and classification of data.

Discrepancies were found in the data on foreign aid collected by two

main governmental agencies, i.e., the Central Bank of Jordan and the

Ministry of Finance. Further discrepancies were found between data

appearing in government sources and those provided by donors. Our task

was to identify such discrepancies and give as clear a picture as possible

of the aid flow to Jordan. As for the types of foreign aid which went

unrecorded, we found that grants, particularly those in kind, were the

main source of discrepancy. Aid-in-kind was prone to misrecording owing

to the fact that it did not impose a financial liability on the economy.

Secondly, the process of valuation itself involves errors. It can be

said, in this respect that the errors that stemmed from the process of

valuation could be avoided by drawing clear procedures and guidelines and

putting competent officials in charge of such procedures. As for the

misrecording of foreign aid that passes through commerical banks and

money exchangers, it is the Central Bank's duty to devise strict regulations

that would allow for clear registration of aid flows.

As far as the magnitudes of foreign aid are concerned, Jordan received

an amount totalling J.D. 681.5 million over the 48 years under study

(1924-25/1972-73), of which J.D. 608.0 million was in the form of unrequited transfers and the remaining J.D. 73.5 million in the form of loans. Over the period 1950-1972, grants averaged 91.4% of total foreign aid, while loans were only 8.6%. The latter steadily increased in relative importance (it averaged 12% over 1960-1972). Budget support has always been the most significant in terms of its ratio to both the total aid flow and to total unrequited transfers. (It averaged 58.4% and 63.9% respectively over the period 1950-1972). The significance of these ratios lies in the fact that the biggest proportion of foreign aid did not impose great financial obligations on the Jordanian economy. However, when we compared the respective position of unrequited transfers to Jordan and other aid-receiving Middle Eastern and Asian countries, we found that Jordan's position was unique: in terms of the ratio of grants received to exports earnings, imports and Gross Domestic Product, Jordan was among the first three. Further, Jordan ranked second in receiving unrequited transfers in relation to the size of her population.

The number of countries and institutions from which Jordan received foreign aid was limited: approximately seven countries and few international organizations. Aid from bilateral sources was, on average, 78.4% of the total over 1950-1972 and this source became more important over the later period (82.5% over 1960-1972). Most of the total aid received was from Western Countries. They were the source of more than half of the total aid during the period under study. Aid from the United States alone accounted for three quarters of total Western aid. The second largest source was the oil-rich Arab countries. The reasons for the preponderance of Western donors were political.

In short, with Jordan largely owing her creation and stability to Western countries, particularly Britain and the United States of America,

her options in looking for diverse sources of foreign aid were limited.
By being made to constantly rely on Western aid, Jordan has been forced
to impose upon herself certain political obligations and to discriminate
among foreign aid donors. On the other hand, she did not take into
consideration the effects that accompny such kind of foreign aid, for
example, discontinuity was one aspect of bilaterali sm . which
characterised aid relationship between Jordan and donors. The other
aspect was that strings were attached to this kind of aid. It can thus
be said that so long as the security of the state dictates reliance on
the above-mentioned sources of foreign aid, then it becomes clear that
Jordan's options are limited. Therefore, she should rely more on her
domestic resources. Besides, she should attempt to persuade her traditional
aid donors to make the utilization of foreign aid close to the development
needs of the economy.

C - THE OBJECTIVES OF AID DONORS

Foreign aid to Jordan was concomitant with the creation of the State,
in which international politics played a major role. Political motives
behind foreign aid to the country over-shadowed other interests. In the
first place, the country itself does not represent an economic stake for
donors and her importance has been a function of geopolitical factors.
Jordan is a moderate Middle Eastern state. She is located amid progressive
Arab states and moderate oil - rich ones. Further, she is separating
Israel from other Arab countries and representing a key to the Arab -
Israeli conflict. For all these factors, Jordan has attracted a constant
flow of Western economic and political support. It can thus be seen that
aid was given to Jordan more for the fulfilment of political obligations
than for the economic development of the country.

D - <u>TERMS OF FOREIGN AID</u>

It was mentioned earlier that grants offered to Jordan by donors were, on average, 91.4% of total aid over the period 1950-1972. Loans were only 8.6% though they steadily increased in relative importance over the 1960's and early 1970's. Loans, like grants, constitute an inflow of capital to Jordan. In this sense, the economic analysis of loans is not different from that of grants. However, in the case of loans, an additional factor has to be taken into consideration: Loans, unlike grants, generate, after a time lag an outflow of capital in the form of repayments of the principal plus interest. Total accumulated debts of the country have steadily increased over the years. It increased from J.D. 10.8 million in 1960 to about J.D. 64.5 million in 1972.

The financial terms of loans, judged from their principal indices, viz., interest rate, grace period, gestation period and repayable currency, have greatly varied. Interest rates varied from nil on loans from the United Kingdom,,Saudi Arabia and Denmark to 7.5% on commercial loans. Grace period varied from 10 years on loans from the International Development Association (I.D.A.) and some of the American ones to very low, and even nil, on some commercial loans. As for maturity dates, they ranged from 4 years on some commercial loans to 50 years on I.D.A. loans. Repayments were in hard currencies. In terms of the above indices, the terms of I.D.A. loans were the easiest, followed in order of easiness by those of the United States and the United Kingdom.

In order to show the degree of concessions in loans and to compare the financial terms on which loans were given to Jordan, we calculated the 'grant element", i.e., the difference between the face value of a loan and present value of all future debt service payments. The results showed that most of loans given to Jordan, with the exception of the commercial loans,

involved a significant degree of concession. Again the I.D.A. loans

appeared to have had the highest grant delement (78.0%), followed directly

by British loans (60.0%). Loans from the U.S. ranked fifth.

What could be gathered from the discussion of terms of loans is

that in"financial terms" most of the borrowing by Jordan has been

worthwhile. The terms of the I.D.A. loans were the easiest, and Jordan

must, if further borrowing were needed, acquire more from I.D.A. and other

multilateral sources. The qualification "in financial terms" is important

because the conclusion, at least in the case of particular loans, may well

be different when the "cost of procurement ties" is taken into

consideration.

The indices of the debt service capacity of the economy of Jordan

had shown that the debt service ratio, i.e., ratio of debt service

payments to Gross National Product (G.N.P.) and Gross Domestic Product

(G.D.P.), was low. The outstanding debt to G.N.P. ratio was also low.

However, as a substantial proportion of the output produced in the economy

of Jordan is composed of commodities, which cannot be sold internationally,

and as debt service payments must be paid in foreign exchange, the debt

servicing capacity of the Jordanian economy, judged from the previous

two indices underestimated the burden of foreign debt, or the economy's

capacity to fulfil its debt obligations.

It should be noted that Jordan has used her foreign aid receipts

to service her debts. In this respect, one can conclude that the Jordanian

economy was not burdened with debt payments, and, consequently, the economy

can afford to keep on acquiring more debt. This conclusion can only be

valid if it is assumed that Jordan will keep on receiving preferential

treatment from aid donors.

As far as Jordan's potential burden of debt service payments is

concerned, one must not overlook the fact that one of the improtant

determinants of debt service capacity is the country's ability to selectively control its total imports. A rough indicator of the economy's ability to do so could be the ratio of imported consumer goods (other than food) to the total importables. As far as Jordan is concerned, the ratio of imported consumer goods to total imports had averaged 53.0%, over the period 1960-1972. Therefore, one can conclude that Jordan is potentially capable of drastically cutting her import bill. However, it should be noted that Jordan will still have a balance of payments deficit even if no consumer goods are imported.

Further, in assessing the "potential" burden of debt and debt service payments, the following factors should be kept in mind. Export earnings cover only a small proportion of total imports (16.8% over 1960-1972) and most of imports are financed by foreign aid. Besides, export receipts were the only stable source of foreign exchange. However, as Jordan is not of economic interest but of political importance to aid donors, a change in the political factors in the Middle East may well mean a decrease in the political importance of Jordan and a consequent decrease in foreign aid. If an unfavourable turn in political events is assumed probable, then it cannot be argued that debt service payments will pose no problem to the economy.

E - THE SECTORAL DISTRIBUTION OF FOREIGN AID AND HOW IT CORRESPONDS WITH THE NEEDS OF THE JORDANIAN ECONOMY.

As indicated earlier in our study, foreign aid to Jordan was given partly as unrequited transfers and partly as loans. As far as the distribution of unrequited transfers is concerned, we pointed out earlier that the relevant figures are not available. Lacking something better, we used the distribution of government expenditures as the indicator of the distribution of the aid given in the form of budgetary support. To start with, three quarters (78.8% of the total government expenditure over

1950-1972) of government expenditure was recurrent expenditure. On the
other hand, development expenditure averaged 21.2% of the total. Over
the period 1950-1972, more than half of the government expenditure
(54.4%) went to defence and the maintenance of internal security, and
practically very little was devoted to economic development. One could,
with ample justification, conclude that most of aid in the form of
unrequited transfers went towards maintaining the high level of
expenditure on defence. Therefore, aid in this form was not geared towards
economic development.

Concerning the distribution of loans, government departments and
agencies which deal with foreign aid do not compile or publish data on
the sectoral distribution of loans to Jordan. The available data were
merely confined to the titles of projects. Needless to say, these titles
were at most times vague and confusing. Further, loans were made in the
national currencies of creditors. However, we converted them into a
common denominator viz., U.S. dollars and constructed a general table
of resource distribution out of the individual tables.

When we consider the economic background of the Jordanian economy,
(e.g: under investment in goods-producing sectors such as agriculture,
industry and other sectors which are capable of earning foreign exchange,
lack of technical and managerial know-how), one would expect that the
authorities allocate more of available resources (domestic and foreign)
to those vital sectors. The contrary, in fact, occurred. There was a
biased distribution of loans towards non-goods-producing sectors and this
did not allow the country to solve its pressing problems. Transport and
health between themselves absorbed more than 70.0% of loans. By and large,
these sectors do not directly contribute to the exports earnings of the
economy. On the other hand, there was a relative neglect of goods-producing

sectors as well as housing and education. In addition, sectors which are potentially capable of earning foreign exchange particularly tourism, were also neglected in terms of loan distribution.

Foreign aid was given to cover the country's budget deficits, the deficits on the visible accounts of the balance of payments (financing of imports) and the consumption needs of the economy. Therefore, it can be said that the distribution of foreign aid (use of resources) was not compatible with the needs and the scale of priorities of the Jordanian economy. Hence, the capacity of the Jordanian economy to fulfil its debt obligations was not improved. Besides, Jordan had little say in the allocation of foreign resources owing to the fact that donors, themselves, normally specify the allocation of such resources.

F - THE EFFECT OF FOREIGN AID

We have said earlier that foreign aid to Jordan was tied to projects and to procurements in the donors' home market. It is, partly, with this background that the effects of foreign aid could be traced. To begin with, the overall effect was on the structural development of the economy. There appeared to have been two factors which contributed to the structural development of the economy, in the sense that there was a bias towards the services-producing sectors, "structual factors", i.e., factors which are inherent in the economy of Jordan itself viz., a relatively low resource endowment and low technical and administrative know-how, have created rigidity in the supply side of the goods-producing sectors in contrast to that of the services' sectors. On the other hand, "precipitating factors" were the policies followed both at home and by donors.

Donors had used tied aid effectively in shaping the pattern of development of the Jordanian economy. Tying of aid had caused resources to be distributed in a manner liable to increase the rigidity of the economy initially caused by the low level of development. The services sectors,

favoured by donors, developed and income was also generated. The created

demand was not met by domestically - produced commodities but by

imports owing to the fact that the elasticity of supply of the goods -

producing sectors was low and the services-producing sectors did not

produce commodities that could meet the increased demand. One could say,

in this respect, that tied aid, coupled with the incompetence of the

Jordanian economic apparatus, gave donor countries freedom in selecting

projects that fitted their objectives. Accordingly, as far as the

utilization of tied aid was concerned, by accepting this type of aid,

Jordan did substitute the donors' investment preferences for her own.

The effects of the imposition of the donors' investment preferences on

Jordan were that undue priority was given to some of the social and

economic infrastructural projects; the selected projects were of

high import-content; and the techniques adopted in the selected projects

were capital-intensive and the choice of techniques did not take into

consideration Jordan's resource endowment. No doubt investment policies

adopted by Jordan, e.g., the liberal trade policy, the investment policy,

foreign exchange policy, had contributed to the latter results.

Another effect of tied aid was the prices paid for aid-financed

commodities were higher than those in the World market. It is the

absence of international tenders and the lack of detailed information on

the prices and qualities of aid-sponsored commodities that precluded a

quantitative estimate of the extent to which Jordan has been overcharged.

Yet there were three things which shed light on such price overcharges:

Firstly, certain donors, such as the United States, had caused Jordan,

through aid agreements, to give away the freedom of selecting suppliers in

the U.S. market. This implied monopolistic prices. Secondly, some aid

agreements encouraged suppliers in donor countries to act together and

collusion cannot be discounted in such circumstances. Further, certain aid agreements have treated price charges at home on a par with those of tied commodities. It is, however, known in business that F.o.b. prices for sales overseas tend to be less than the domestic prices. Equating F.o.b. prices for overseas sales with domestic ones results in overcharging, which Jordan could have avoided had funds been free. Thirdly, the literature we reviewed on the quantification of the overcharges paid by several developing countries as a result of tied-aid practices in the past, had pointed to the same, i.e., there is a degree of overcharging on commodities purchased by the tied funds. If one adds to the above-mentioned points the charges Jordan was obliged to pay for agreements with donor countries, i.e., commissions, fees and expenses related to the execution, issuance, delivery or registration and banking charges, then it becomes clear that ties and strings attached to aid agreements - accepted by Jordan - reduced the real value of the foreign aid offered.

However, there are other effects of tied aid. The restrictions which render Jordan's outstanding debt instantly due if there were any default, denied the economy of Jordan the flexibility necessary for a smooth process of development.

There were other conditions laid down in aid agreements. Some of these conditions were political like the clauses which inhibited Jordan's freedom of trade with other countries (e.g. Eastern block countries) and those clauses which demanded dissemination of information about aid-financed projects. These restrictions, in fact, reflected a desire on the part of donors to further their political image. Finally, conditions such as the issuing of "binding instruction" and the imposition of the U.S. employment legislation, hardly considered Jordan as an equal partner besides interferring with Jordanian judicial sovereignty.

From the performance of the Jordanian economy over the period under study, we realized that gross national income (G.N.P.) and percapita income attained rates of growth averaging 10% and 7%, respectively. Gross domestic capital formation maintained a high rate of growth as well as a high ratio to G.N.P. It recorded an average of 17% of G.N.P. over the period 1960-1972. The figures of domestic savings calculated by two distinctive approaches, demonstrated negative savings in the economy during the period under study. In contrast, aggregate consumption was escalating and maintained a level which exceeded both G.N.P. and G.D.P. during most of the period under consideration. However, high rates of income and investment, far exceeding domestic savings, would not have been possible without the inflow of foreign aid. Similarly, high levels of consumption would not have been possible without aid.

We tried to assess the impact of foreign aid on certain macroeconomic variables, particularly domestic savings. We gave importance to the fact that, in order to judge the real contribution of foreign aid to the Jordanian economy, we should consider its effects on domestic savings. Changes in domestic savings signify the degree to which the Jordanian economy has made serious efforts towards development. Of course, we do not overlook or deny the several other effects of foreign aid on the economy.

Regression results show that domestic savings in Jordan are related not only to the level of income but also to the volume of foreign aid. Beisdes, domestic savings are inversely associated with foreign aid. As for the impact of aid on consumption and investment, the results show positive and significant impacts. On the other hand, the response of the rate of growth in income to a unit change in the level of foreign aid is positive but insignificant.

The possible ways whereby foreign aid affected domestic savings are the following: With, on average, 91.4% of foreign aid in outright grants to the public sector, the government budget was able to maintain an irrational allocation of funds. Current public expenditures averaged 79% of total expenditures. National security, social services and fiscal administration, on average, absorbed more than three quarters of total government expenditures. On one hand, such expenditures were consumption expenditures, and on the other, they were apt to generate incomes for recipients, supplement their disposable income and large proportion of it tended to go to consumption. When such foreign grants were considered by the government as part of its regular disposable income, the government increased its current expenditures (consumption expenditure). Consequently, the government budget was in deficit. (Government dissaving). The factors which gave momentum to such dissaving in the public sector were found to be closely related to the inflow of foreign aid. In circumstances such as those prevailing in Jordan, where foreign aid could be drawn upon with some degree of ease, an atmosphere of dependence and lack of readiness to utilize domestic resources (taxes in particular) prevailed. In other words, foreign aid created within the public sector a sense of laxity and policies needed for reshaping the source and use of resources were shelved, and even blocked. Actually, opportunities existed for introducing tax reform in Jordan, yet they were not taken advantage of because of the dependence on foreign aid.

Private consumption, fed by income generated through aid, escalated; and was extended to imported goods. A precipitating factor was the adoption of a liberal trade policy whose survival was made possible, in the first place, by the availability of foreign exchange (mainly from foreign aid).

Imported consumption goods constituted, on average, 61.3% of total imports, over 1958-1972. Further, imports of consumption goods were able to maintain their high share in total consumption expenditures. They averaged 39.0% over 1950-1972. As far as Jordan is concerned, it can be realized that the accelerated increase in private consumption could not be financed without adverse repercussions on domestic savings and investment.

One should also mention the fact that the acquisition of government funds by the Specialized Credit Institutions, coupled with direct finance from foreign sources, stopped those institutions from seriously attempting to create self-generated resources (savings). Furthermore, their policies towards the sectors they served, i.e., easy credit, laxity in collecting accumulated overdue debts,postponement and sometimes cancellation of debts, contributed to the fact that the saving behaviour of both these institutions and the private sector were negatively affected. This situation was aggravated by a lack of readiness or competence to float their own bonds on the market as well as by easy access to foreign funds.

In summary, Jordan had received a large volumme of foreign aid. Large in relation to the country's macro-economic variables. Jordan was also among the first three aid-receiving countries in terms of the ratio of grants received to exports earnings, imports and gross domestic product. In addition, among the aid-receiving countries we examined, Jordan ranked second in receiving grants in relation to her population.

What is stricking in the aid given to Jordan is the overwhelming size of the unrequited transfers particularly budget support. They were given because of the geo-political importance of the country. But one should not forget that the share of repayable loans in the total flow of aid is steadily increasing. The Jordanian authorities should be aware of this trend as receipt of loans involves an accumulation of financial obligation on the economy. Attention must be given to both the terms of such loans as well as to their utilization within the economy.

There is no doubt that foreign aid to Jordan had contributed to the rate of growth attained over the period under consideration. Jordan was made capable of financing her deficits on visible accounts, as well as government budget deficits. She was able to maintain high levels of expenditures on defence and security with minimum strain on domestic resources. Further, investment and consumption expenditures were supplemented by the inflow of foreign aid. Yet, the increase in output

attained by Jordan was derived more from services sectors than from goods producing sectors. The services sectors do not produce saleable commodities which would finance future growth. So the development in the economy with this service-sector base had a shaky foundation.

Investment was mainly financed by foreign aid. Domestic resources were not made to contribute to investment expenditures. Moreover, foreign aid had created a sense of laxity in the economy and policies needed for reshaping the source and use of resources were shelved, and even blocked (particularly tax reform). It can also be said that the composition and the rate of increase in consumption expenditures - made possible by foreign aid - was objectionable. Consumption of imported luxury items was increasing at a high rate at the expense of savings and investment.

Foreign aid, however, did not provide a long-term solution to the economic problems of Jordan, besides it inhibited the utilization of domestic resources.

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Bank of the United States, n.d.

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the Government of the Hashimite Kingdom of Jordan for Sales of
Agricultural Commodities, Amman, 1971.

APPENDICES

Appendix I: Statistical Data

Appendix II: Statistical Data

Appendix III: Statistical Data

Appendix IIIa: A Three - Agreement Sample Representing Various
                  Loan Agreements Between Jordan and Donors -
                  Some Excerpts

                  1   Type A Agreement (Jordan and Denmark)

                  2   Type B Agreement (Jordan and the United States)

                  3   Type C Agreement (Jordan, The Boeing Company and
                                       the Export-Import Bank of the
                                       United States of America)

Appendix IV: Statistical Data

APPENDIX I

TABLE 1

GROSS DOMESTIC PRODUCT AT FACTOR COST

1954 - 1959

IN MILLIONS OF JORDANIAN DINARS

	Gross Domestic Product at Factor Costs (G.P.D.)			Agriculture And Forestry			Mining, Manufacturing & Electricity			Construction			Transport			Trade and Banking			Ownership of Dwellings			Public Administration and Defence			Services		
	Value	Absolute Increase	% Increase	Value	Absolute Increase	% Increase	Value	Absolute Increase	% Increase	Value	Absolute Increase	% Increase	Value	Absolute Increase	% Increase	Value	Absolute Increase	% Increase	Value	Absolute Increase	% Increase	Value	Absolute Increase	% Increase	Value	Absolute Increase	% Increase
1954	47.7	-	-	14.2	-	-	4.2	-	-	1.2	-	-	4.4	-	-	9.3	-	-	2.3	-	-	9.1	-	-	3.0	-	-
1955	43.0	-4.7	-10.0	6.2	-8.0	-56.3	5.2	1.0	24.0	1.5	0.3	25.0	5.5	1.1	25.0	9.3	-	-	2.3	-	-	9.7	0.6	7.0	3.3	0.3	10.0
1956	61.4	18.40	43.0	19.0	12.8	206.5	6.3	1.1	21.2	1.7	0.2	13.3	6.8	1.3	24.0	10.5	1.2	13.0	2.9	0.6	26.0	11.5	1.8	19.0	2.7	-0.6	-18.2
1957	61.9	0.50	1.0	12.8	-6.2	-33.0	6.8	0.5	8.0	1.9	0.2	12.0	8.3	1.5	22.1	12.0	1.5	14.3	3.1	0.2	7.0	13.3	1.8	16.0	3.7	1.0	37.0
1958	69.1	7.2	12.0	12.9	0.1	1.0	7.6	0.8	12.0	2.4	0.5	26.3	9.0	0.7	8.4	14.4	2.4	20.0	3.3	0.2	6.5	15.6	2.3	17.3	3.9	0.2	5.4
1959	73.3	4.2	6.1	10.5	-2.4	-19.0	7.9	0.3	4.0	3.7	1.3	54.2	9.7	0.7	8.0	16.2	1.8	13.0	4.2	0.9	27.3	16.1	0.5	3.2	6.0	2.1	54.0
Average	59.4	4.3	9.0	13.0	-0.6	16.5	6.3	0.6	12.0	2.1	0.4	22.0	7.3	0.9	15.0	12.0	1.2	10.1	3.0	0.3	11.1	13.0	1.2	10.4	4.0	0.5	15.0

Source: R.S. Porter, Economic Trends in Jordan, 1954-1959, (Beirut: Middle East Development Division, July 1961)

TABLE 2

TOTAL RESOURCES AND THEIR USE (AT CURRENT PRICES)

1954 - 1972

IN MILLIONS OF JORDANIAN DINARS

	1954		1955		1956		1957		1958		1959		1960		1961	
	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
Gross Domestic Product	51.3	72.2	47.3	63.8	66.6	71.8	67.4	67.5	75.2	67.3	93.53	68.3	98.30	67.6	120.14	72.0
Imports of Goods & Services	19.8	27.8	26.8	36.2	26.2	28.2	32.4	32.5	36.7	32.7	43.37	31.7	47.05	32.4	46.63	28.0
Total Resources	71.10	100	74.10	100	92.80	100	99.80	100	111.90	100	136.90	100	145.35	100	166.75	100
Uses of Resources Consumption	59.1	83.1	61.7	81.7	69.7	75.1	79.8	79.9	92.8	83.0	112.6	82.2	115.5	79.5	130.9	78.5
Private	45.4	63.8	47.1	63.6	52.9	57.0	60.1	60.2	67.1	60.0	87.1	63.6	88.5	60.9	102.8	61.6
Public	13.7	19.3	14.6	18.1	16.8	18.1	19.7	19.7	25.7	23.0	25.5	18.6	27.0	18.6	28.1	16.9
Gross Capital Formation	5.9	8.3	6.1	8.2	13.7	14.8	9.3	9.3	8.2	7.3	12.6	9.2	17.1	11.8	19.0	11.4
Exports of Goods & Service	6.1	8.6	7.3	8.1	9.4	10.1	10.7	10.7	9.9	3.8	11.8	8.6	12.8	8.8	17.0	10.2
Annual Rate of Increase in Investment			3.4		124.6		-32.1		-12.0		53.7		35.7		11.1	
Annual Rate of Increase in Imports			2.6		-2.2		23.7		13.3		18.3		8.5		-1.1	
Annual Rate of Increase in Consumption			4.4		13.0		14.5		16.3		21.3		2.5		13.3	
Rate of Charge in Total Available Resources			4.2		25.2		7.5		12.1		22.3		6.2		14.7	

	1962		1963		1964		1965		1966		1967		1968		1969		1970		1971		1972	
	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
Gross Domestic Product	118.90	69.7	129.06	67.9	148.95	72.4	167.61	72.5	170.63	69.0	194.71	75.4	186.91	67.3	219.69	67.0	209.86	70.0	223.42	70.6	239.50	70.3
Imports of Goods & Services	51.80	30.3	61.06	32.1	56.65	27.6	63.55	27.5	76.60	31.0	63.68	24.6	90.98	32.7	108.69	33.0	89.89	30.0	93.01	29.4	101.01	29.7
Total Resources	170.70	100	190.12	100	205.60	100	231.16	100	247.23	100	258.39	100	277.89	100	328.38	100	299.75	100	316.43	100	340.51	100
Uses of Resources Consumption	131.4	77.0	149.8	78.8	155.8	75.8	174.8	75.6	187.71	75.7	205.0	79.3	212.0	76.3	231.6	70.5	227.1	75.8	245.9	77.7	262.0	77.0
Private	102.4	60.0	116.8	61.4	123.5	60.1	138.0	59.7	149.6	60.5	158.6	61.4	153.4	55.2	164.5	50.1	165.1	55.1	183.0	57.8	192.0	56.4
Public	29.0	17.0	33.0	17.4	32.3	15.7	36.8	15.9	37.5	15.2	46.4	17.9	58.6	21.1	67.1	20.4	62.0	20.7	62.9	19.9	70.0	20.6
Gross Capital Formation	20.2	11.8	20.0	10.5	25.3	12.3	27.8	12.0	28.1	11.4	25.6	10.0	37.5	13.5	64.4	19.6	40.1	13.4	49.8	15.7	44.1	13.0
Exports of Goods & Service	19.1	11.2	20.3	10.7	24.6	12.0	28.5	12.3	32.1	13.0	27.7	10.7	28.3	10.2	32.3	9.8	32.2	10.7	20.8	6.6	34.2	10.0
Annual Rate of Increase in Investment	6.3		-1.0		26.5		10.0		1.1		-8.9		46.5		71.7		-37.7		0.2		-11.4	
Annual Rate of Increase in Imports	11.2		18.0		-7.2		12.2		20.4		-16.8		43.0		19.5		-17.2		3.3		8.6	
Annual Rate of Increase in Consumption	0.4		14.0		4.0		12.3		7.0		9.6		3.4		9.2		-2.0		8.3		6.5	
Rate of Charge in Total Available Resources	2.4		11.4		8.1		12.4		6.9		4.5		7.6		18.2		-8.7		5.6		7.6	

Source: (i) R.S. Porter, Economic Trends in Jordan, 1954-1959 ,(Beirut : Middle East Development Division, July 1961) (For data related to the period 1954-58)

(ii) Jordan Department of Statistics, The National Accounts, 1959-1966, (Amman: Department of Statistics Press, n.d.); and 1967-1972, (Amman: Dept. of Staticts Press, May 1973). (For data related to the period 1959 - 1972).

TABLE 3

AGRICULTURAL PRODUCTION

1927 - 1959

IN THOUSANDS OF TONS																							
	1927	1932	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1949	1950	1952	1953	1954	1955	1956	1957	1958	1959
Wheat	35	42	113	85	168.4	171	71	113	100	93.6	112.2	90	37	139	106	225.2	99.7	230.1	79.4	242.5	219.8	65.6	103.5
Barley	12	10	53	45	98.3	58	31	51	55	40.2	53.3	37	8	56	41.4	92.5	42.9	104.0	25.4	96.2	80.6	16.8	26.0
Tobacco			0.1	0.04	0.03	0.1	0.1	0.1	0.1	0.2	0.1	3.1	12.8	200.0	194.4	1.0	0.6						
Other Field Crops	7	9.4	28	24.3	33.7	35.2	13.6	21.5	30.4	30.5	35.4	27	12.3	31.9	30.6	58.1	44.7	35.6					
Tomatoes																		52.1	48.0	52.2	65.4	74.4	126.1
Other Vegetables														6		170.0	347.6	152.9	71.1	92.5	136.0	117.0	284.9
Olives			10.5	10.0	2.2	10.4	1.5	10.6	14.2							62.4	49.2	61.4	12.0	71.5	14.0	52.4	11.2
Grapes			22.5	20.5	19.2	26.5	15.2	24.7	24.0							48.8	41.0	52.0	31.5	37.0	47.0	42.6	54.1
Citrus Fruit																		0.7	1.0	1.5	2.0	3.1	5.8
Water Melons																							
Other Fruits																							

Source: (i) A. Konikoff, op. cit., for data on field crops covering the years 1927, 1932 and 1937 - 1943. Data on grapes and olives production for the years 1937 - 1943 and data on tobacco production for the years 1937 - 1942 are also derived from this source.

(ii) U. S. Department of State, Office of Intelligence Research, Data Book, Near East and Independent Africa, (Washington, D.C.: 1952), OIR, No. 5531 (Revised), Table 8, p.81.   Covers data on wheat, barley and tobacco production for the years 1946 - 1950.   'other vegetables'. For 1946/1950

(iii) Congress of the United States, House of Representatives, Committee on Foreign Affairs, Background information, op. cit.,(Covers Wheat, barley and tobacco production for the years 1943 - 1945 and other field crops for the years 1944 - 1945).

(iv) Human Relations Area Files, Jordan: Country Survey Series, (New Haven: Human Relations Area Files,1957), Table 20, p.131. (Covers data on wheat, other field crops, barley, grapes, Fruits and vegetables, tobacco and olives, for the years 1952 - 1954; The item "other vegetables" of the years 1952 - 1953 includes fruits and vegetables.

(v) Jordan Department of Statistics, Statistical Yearbook, (Amman: Department of Statistics Press, Several Years). They cover agricultural production for the years 1954 - 1959.

* The item "other vegetables" of the years 1954 - 1959 includes eggplant, cauliflowers, cabbages, cucumber and melons only.
* Empty spaces denote lack of information.

TABLE 4

POPULATION GROWTH, GROSS NATIONAL PRODUCT AND TREND IN PERCAPITA INCOME,1954 - 1972.

VALUES IN J.D. MILLIONS — POPULATION IN NUMBERS									
Time	Expenditures on National Product	No. of Population	Percapita Income (in J. Dinars)	Percapita Income 1954 = 100	Time	Expenditures on Gross National Product	No. of Population	Percapita Income (in Jordanian Dinars)	Percapita Income 1954 = 100
1954	52.4	1,390,000	37.7	100	1965	180.54	1,950,000	92.6	246
1955	49.8	1,440,000	34.6	92	1966	185.78	2,010,000	92.4	245
1956	68.5	1,480,000	46.3	123	1967	205.95	2,080,000	99.0	263
1957	70.1	1,527,000	45.8	121	1968	197.28	2,150,000	91.8	244
1958	77.1	1,580,000	48.8	129	1969	233.72	2,230,000	104.8	278
1959	99.13	1,636,000	60.4	160	1970	222.5	2,310,000	96.3	255
1960	105.69	1,690,000	62.5	166	1971	236.59	2,380,000	99.4	264
1961	127.14	1,710,000	74.3	197	1972	252.36	2,470,000	102.2	271
1962	130.83	1,770,000	73.9	196					
1963	137.62	1,820,000	75.6	201					
1964	160.62	1,880,000	85.4	227					

Source: (i)   United Nations, Statistical Yearbook, (New York: U.N., 1960).

(ii) I.M.F., International Financial Statistics, (Washington, D.C.: I.M.F., n.d.), Supplement to 1972

TABLE 5

GOVERNMENT EXPENDITURES AND REVENUES AND
EXPENDITURES ON NATIONAL SECURITY 1924-25/1972-73

IN MILLIONS OF JORDANIAN DINARS

Time	Total Government Expenditures (1)	Total Government Revenues (2)	Defence And Security Expenditures (3)	Ratio of 3 to 1	Ratio of 3 to 2	Defence Expenditures 1924 = 100	Time	Total Government Expenditures (1)	Total Government Revenues (2)	Defence and Security Expenditures (3)	Ratio of 3 to 1	Ratio of 3 to 2	Defence Expenditures 1950 = 100	Time	Total Government Expenditures (1)	Total Government Revenues (2)	Defence and Security Expenditures (3)	Ratio of 3 to 1	Ratio of 3 to 2
1924-25 to 1933-34	0.321	0.321	0.129	40.2	40.2	100	1950	9.14	9.29	4.290	47.0	46.2	100	1962	37.62	38.85	18.720	50.0	48.2
1934-35	0.369	0.378	0.142	38.5	38.0	110.1	1951	13.79	12.66	5.860	42.5	46.3	137.0	1963	39.34	36.36	19.110	49.0	53.0
1935-36	0.381	0.396	0.147	38.6	37.0	114.0	1952	13.43	13.46	8.980	67.0	67.0	209.3	1964	43.63	46.21	21.610	50.0	47.0
1936-37	0.435	0.419	0.156	36.0	37.2	121.0	1953	15.46	15.94	9.010	58.3	57.0	210.0	1965	46.99	44.59	22.213	47.3	50.0
1937-38	0.463	0.459	0.161	35.0	35.1	125.0	1954	16.56	17.67	9.520	57.5	54.0	222.0	1966	38.61	35.36	17.120	44.3	48.4
1938-39	0.775	0.743	0.195	25.2	26.2	151.2	1955	17.63	18.86	9.680	55.0	51.3	226.0	1967	68.15	70.42	28.557	42.0	41.0
1939-40	0.866	0.844	0.274	32.0	32.5	212.4	1956	21.32	21.20	10.630	50.0	50.1	248.0	1968	80.52	71.91	39.463	49.0	55.0
1940-41	1.227	1.199	0.381	31.1	32.0	295.3	1957	23.86	25.52	13.540	57.0	53.1	316.0	1969	88.41	76.38	46.165	52.2	60.4
1941-42	1.346	1.284	0.815	61.0	63.5	632.0	1958	29.34	30.60	13.420	46.0	44.0	313.0	1970	80.71	68.38	38.214	47.3	56.0
1942-43	1.736	1.693	1.271	73.2	75.1	985.3	1959	30.82	31.76	16.730	54.3	53.0	390.0	1971	81.54	78.57	39.122	48.0	50.0
1943-44	2.620	2.613	1.870	71.3	72.0	1450.0	1960	32.84	31.90	18.060	55.0	57.0	421.0	1972	99.63	87.96	45.071	45.0	51.2
							1961	33.09	33.58	18.430	56.0	55.0	430.0						

Source: (i) A Konikoff, op. cit., p. 97.(covers the period 1924-1943)

             (ii) Ministry of Finance, Annual Report, (Amman: n. pub., Relevant Years) (They cover the period 1949/50 - 1972)

            (iii) Central Bank of Jordan, Monthly Statistical Bulletin, Several Issues. They cover defense expenditures for the period 1964-1972.

* 1966 (fiscal year) equals 9 months.

TABLE 6

THE COMPOSITION OF GOVERNMENT REVENUES AND EXPENDITURES
1948 - 1972

IN MILLIONS OF JORDANIAN DINARS

Time	Total Revenues	Domestic Revenues	Ratio of Domestic Revenues to Total Revenues	Foreign Revenues (Receipts)	Ratio of Foreign Revenues to Total Revenues	Tax Revenues	Direct Taxes	Indirect Taxes	Ratio of Direct Taxes to Tax Revenues	Ratio of Indirect Taxes to Tax Revenues	Total Expenditures	Recurring Expenditures	Ratio of Recurring Expenditures to Total Expenditures	Development Expenditures	Ratio of Development Expenditures to Total Expenditures
1948	4.79	2.72	56.1	2.07	43.22	2.112	0.353	1.759	16.7	83.3	4.43				
1949	6.83	3.33	49.0	3.50	51.24	2.281	0.486	1.795	21.3	78.7	6.88				
1950	9.29	4.39	47.3	4.90	53.00	2.990	0.539	2.451	18.0	82.0	9.14				
1951	12.66	5.46	35.4	7.20	57.00	3.322	0.629	2.693	18.9	81.1	13.79				
1952-53	13.46	5.35	39.7	8.11	60.3	3.42	0.74	2.68	21.6	78.4	13.43	11.71	87.2	1.72	12.8
1953-54	15.94	5.74	36.0	10.20	64.0	3.71	0.68	3.03	18.3	81.7	15.46	12.68	82.0	2.78	18.0
1954-55	17.67	7.49	42.4	10.18	57.6	4.78	0.84	3.94	17.6	82.4	16.56	13.33	80.5	3.23	19.5
1955-56	18.86	7.98	42.3	10.88	57.7	5.64	0.86	4.78	15.2	84.8	17.63	14.87	84.3	2.76	15.7
1956-57	21.20	8.68	40.9	12.52	59.1	5.69	1.09	4.60	19.2	80.8	21.32	18.26	85.7	3.07	14.3
1957-58	25.52	19.20	75.2	6.32	24.8	6.98	1.16	5.82	16.6	83.4	23.86	19.56	82.0	4.30	18.0
1958-59	30.60	10.88	35.5	19.72	64.5	7.73	1.04	6.69	13.4	86.6	29.34	23.52	80.2	5.82	19.8
1959-60	31.76	13.35	42.0	18.41	58.0	9.64	1.24	8.40	12.9	87.1	30.82	26.02	84.8	4.80	15.2
1960-61	31.90	13.84	43.4	18.06	56.6	10.58	1.30	9.28	12.3	87.7	32.84	26.86	81.8	5.98	18.2
1961-62	33.58	14.68	43.7	18.90	56.3	11.48	1.52	9.96	13.2	86.8	33.09	28.15	85.1	4.94	14.9
1962-63	38.85	21.11	54.3	17.74	45.7	12.73	1.79	10.94	14.1	85.9	37.62	30.02	79.8	7.60	20.2
1963-64	36.36	19.38	53.3	16.98	46.7	14.23	2.01	12.22	14.1	85.9	39.34	33.19	84.4	6.15	15.6
1964-65	46.21	23.83	51.6	22.38	48.4	15.89	2.02	13.87	12.7	87.3	43.63	34.46	79.0	9.17	21.0
1965-66	44.59	26.73	59.9	17.86	40.1	20.52	2.51	18.01	12.2	87.8	46.99	35.81	76.2	11.18	23.8
1966	35.36	23.31	65.9	12.05	34.1	17.93	1.96	15.97	10.9	89.1	38.61	28.31	73.3	10.30	26.7
1967	70.42	25.50	36.2	44.92	63.8	18.27	2.16	16.11	11.8	88.2	68.15	44.59	65.4	23.56	34.6
1968	71.92	26.27	36.5	45.65	63.5	19.09	1.82	17.27	9.5	90.5	80.52	57.19	71.0	23.33	29.0
1969	76.38	32.52	42.6	43.86	57.4	22.99	2.28	20.71	9.9	90.1	88.41	65.23	73.8	23.18	26.2
1970	68.38	30.26	44.2	38.12	55.8	21.46	2.49	18.97	11.6	88.4	80.71	59.03	73.1	21.68	26.9
1971	78.57	36.10	45.9	42.47	54.1	23.59	2.93	20.66	12.4	87.6	81.54	60.71	74.5	20.83	25.5
1972	87.96	38.50	43.8	49.46	56.2	28.31	3.43	24.88	12.1	87.9	99.63	70.47	70.7	29.16	29.3

Deficit or Surplus (by fiscal year):

Deficit or Surplus	Time
0.360	1948-49
-0.50	1949-50
0.15	1950-51
-1.13	1951-52
0.03	1952-53
0.48	1953-54
1.11	1954-55
1.23	1955-56
-0.12	1956-57
1.66	1957-58
1.26	1958-59
0.94	1959-60
-0.94	1960-61
0.49	1961-62
1.23	1962-63
-2.98	1963-64
2.58	1964-65
-2.40	1965-66
-3.25	1966
2.27	1967
-8.60	1968
-12.03	1969
-12.33	1970
-2.97	1971
-11.67	1972

Source: (i) I.M.F., International Financial Statistics, (Washington, D.C.: International Monetory Fund, n.d.), Supplement to 1972. (Covers data on Government Revenue and Expenditures for the Period 1948 - 1951.)

(ii) Ministry of Finance, Annual Report, (Amman, several issues). (Covers Data on Expenditures and Revenues for the years 1952 - 1972).

TABLE 7

GOVERNMENT REVENUES AND EXPENDITURES

1930 - 1946 & 1950 - 1972

IN THOUSANDS OF L.Ps.								IN THOUSANDS OF JORDANIAN DINARS							
Year	Government Revenues	Government Expenditures	Balance	Year	Government Revenues	Government Expenditures	Balance	Year	Government Revenues	Government Expenditures	Balance	Year	Government Revenues	Government Expenditures	Balance
1930-31	367	350	+17	1939-40	844	866	-22	1950	9,290	9,140	150	1960	31,900	32,840	940
1931-32	338	345	-7	1940-41	1,199	1,227	-28	1951	12,660	13,790	-1,130	1961	33,580	33,090	490
1932-33	355	341	+14	1941-42	1,284	1,346	-62	1952	13,460	13,430	30	1962	38,850	37,620	1,230
1933-34	381	375	+6	1942-43	1,693	1,736	-43	1953	15,940	15,460	480	1963	36,360	39,340	-2,980
1934-35	378	369	+9	1943-44	2,613	2,620	-7	1954	17,670	16,560	1,110	1964	46,210	43,630	2,580
1935-36	396	381	15	1946-47	1,126	1,126	-	1955	18,860	17,630	1,230	1965	44,590	46,990	-2,400
1936-37	419	435	-16					1956	21,200	21,320	-120	1966	35,360	38,610	-3,250
1937-38	459	463	-4.0					1957	25,520	23,860	1,660	1967	70,420	68,150	2,270
1938-39	743	775	-32					1958	30,600	29,340	1,260	1968	71,910	80,520	-8,610
								1959	31,760	30,820	940	1969	76,380	88,410	-12,030
												1970	68,380	80,710	-12,330
												1971	78,570	81,540	-2,970
												1972	87,960	99,630	-11,670

Source: (i)   Congress of the U.S., House of Representative, Committee on foreign Affairs, Background Information, op.cit., p.76 (covering data for the years 1930 - 1932 and 1946 - 1947)

(ii)   A. Konikoff, op. cit., p.95 (covering data for the years 1934/35 - 1943 - 1944)

(iii)   Other figures are based on Table 5, Appendix I.

TABLE 8

GROWTH IN DOMESTIC AND TOTAL REVENUES AND RELATIVE IMPORTANCE

TO GROSS NATIONAL INCOME

1950 - 1972

PERCENTAGES AND AVERAGE PERCENTAGES																										
	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	Average, Percent. Increase 1950-1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	Average Percent. Increase 1959-1969	1970	1971	1972	Average Percent. Increase 1970-1972
Annual Rate of Increase in Domestic Revenues	31.8	24.4	-2.0	7.3	30.5	6.5	8.8	121.2	-43.3	22.7	20.8	3.7	6.1	43.8	-8.2	23.0	12.2	-12.8	9.4	3.0	23.8	10.4	-7.0	19.3	6.6	6.3
Annual Rate of Increase in Total Revenues	36.0	36.3	6.3	18.4	10.9	6.7	12.4	20.4	20.0	3.8	17.1	0.4	5.3	15.7	-6.4	27.1	-3.5	-20.7	99.2	2.1	6.2	12.5	-10.5	15.0	12.0	5.5
Ratio of the Following to G.N.P: (a) Domestic Revenues	-	-	-	-	14.3	16.0	12.7	27.4	14.0	13.5	16.3	13.1	11.5	16.1	14.1	15.0	15.0	16.1	12.4	13.3	14.0	14.1	14.0	15.3	15.3	15.0
(b) Tax Revenues	-	-	-	-	9.1	11.3	8.3	10.0	10.0	9.7	6.0	10.0	9.0	9.7	10.3	10.0	11.4	10.0	8.9	9.7	10.0	10.0	9.6	10.0	11.2	10.3

Source: Based on Table 1 and Table 6.   Appendix I

TABLE 9

THE COMPOSITION OF GOVERNMENT DOMESTIC REVENUES

1924 - 25   to   1972 - 73

IN THOUSANDS OF JORDANIAN DINARS

	1924-25 to 1933-34		1934 - 35		1935 - 36		1936 - 37		1937 - 38		1938 - 39		1939 - 40		1940 - 41		1941 - 42		1942 - 43	
	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
[1] Total Domestic Revenues	232	100	276	100	314	100	288	100	358	100	339	100	379	100	389	100	433	100	448	100
a) Indirect Taxes of which:	91	39.2	131	47.5	142	45.2	170	59.0	168	47.0	172	51.0	191	50.4	187	48.1	215	50.0	213	47.5
Customs and Excise																				
b) Direct Taxes of which:	120	51.7	113	41.0	141	45.0	89	31.0	149	42.0	133	39.2	149	39.3	156	40.1	164	38.0	176	39.3
Income tax																				
Property tax																				
[2] Other Revenues	21	9.1	32	12.0	32	10.2	29	10.1	41	11.5	34	10.0	39	10.3	47	12.1	55	12.7	58	13.0

	1943 - 44		1948		1949		1950		1951		1952-53		1953-54		1954-55		1955-56		1956-57	
[1] Total Domestic Revenues	646	100	2,720	100	3,330	100	4,390	100	5,460	100	5,350	100	5,740	100	7,490	100	7,980	100	8,680	100
a) Indirect Taxes of which:	315	49.0									2,680	50.1	3,030	53.0	3,940	53.0	4,780	60.0	4,600	53.0
Customs and Excise																				
b) Direct Taxes of which:	213	33.0									740	14.0	680	12.0	840	11.2	860	11.0	1,090	13.0
Income tax																				
Property tax																				
[2] Other Revenues	118	18.3																		

	1957 - 58		1958 - 59		1959 - 60		1960 - 61		1961 - 62		1962 - 63		1963 - 64		1964 - 65		1965 - 66		1966	
[1] Total Domestic Revenues	19,200	100	10,880	100	13,350	100	13,840	100	14,680	100	21,110	100	19,380	100	23,830	100	26,730	100	29,993	100
a) Indirect Taxes of which:	5,820	30.3	6,690	61.5	8,400	63.0	9,280	67.1	9,960	68.0	10,940	52.0	12,220	63.1	13,872	58.2	18,011	67.4	22,536	75.1
Customs and Excise															8,571	36.0	12,454	47.0	14,767	49.2
b) Direct Taxes of which	1,160	6.0	1,040	10.0	1,240	9.3	1,300	9.4	1,520	10.4	1,790	8.5	2,010	10.4	2,020	8.5	2,510	9.4	2,588	9.0
Income Tax															1,301	5.5	1,800	7.0	2,150	7.2
Property Tax															496	2.1	512	2.0	223	1.0
[2] Other Revenues																				

	1967		1968		1969		1970		1971		1972	
[1] Total Domestic Revenues	25,500	100	26,270	100	32,520	100	30,260	100	36,100	100	38,500	100
a) Indirect Taxes of which:	16,115	63.2	17,270	65.7	20,715	64.0	18,965	63.0	20,757	57.5	24,393	63.4
Customs and Excise	13,253	52.0	14,362	55.0	16,734	51.5	14,197	47.0	14,438	40.0	17,167	45.0
b) Direct Taxes of which:	2,160	8.5	1,802	7.0	2,280	7.0	2,490	8.2	2,930	8.1	3,340	9.0
Income Tax	2,055	8.1	1,778	7.0	2,239	7.0	2,471	8.2	2,845	8.0	3,143	8.2
Property Tax	102	0.4	45	0.2	38	0.1	23	0.1	83	0.2	190	0.5
[2] Other Revenues			7,176	27.3	9,528	29.2	8,800	29.0	12,415	34.4	10,774	28.0

Source: (i)   A. Konikoff, op. cit., p.96 (covers data on domestic revenues, direct and indirect taxes and other revenues for the years 1924 - 1943).

(ii)   Jordan Ministry of Finance, Annual Report, (Amman: n. pub., Relevant Years).   They cover data on domestic revenues, direct and indirect taxes for the years 1952 - 1963.

(iii)   Central Bank of Jordan, Monthly statistical Bulletin, Several Issues.   They cover data on domestic revenues, indirect taxes, income taxes, property tax and other revenues for the years 1964 - 1972.

*   Fiscal year 1966 equals 9 months.   1965 figures were multiplied by a quarter and added to 1966 figures to arrive at a 12 month figures for 1966.

TABLE 10
IMPORTS AND EXPORTS OF THE JORDANIAN ECONOMY 1936-1972

Values in L.p. millions - Index 1936 = 100							In Millions of Jordanian Dinars - Index 1950 = 100							
	IMPORTS		EXPORTS		DEFICIT		Percent-age of Exports to Imports		IMPORTS		EXPORTS		DEFICIT		Percent-age of Exports to Imports
Time	Absolute	%	Absolute	%	Absolute	%		Time	Absolute	%	Absolute	%	Absolute	%	
1936	0.800	100	0.230	100	-0.570	100	28.8	1950	13.48	100	1.95	100	11.53	100	14.3
1937	1.050	131	0.526	229	-0.524	92	50.1	1951	16.18	120	2.00	103	14.18	123	12.4
1938	1.229	153	0.565	246	-0.664	116	46.0	1952	17.15	127	2.11	108	15.04	130	12.3
1939	1.295	162	0.580	252	-0.715	125	44.8	1953	18.21	135	2.66	136	15.55	135	14.6
1940	1.672	209	0.845	367	-0.827	145	50.5	1954	18.59	138	3.05	156	15.54	135	16.4
1941	2.373	297	0.949	413	-1.425	250	40.0	1955	25.26	187	3.54	181	21.72	188	14.0
1942	2.083	260	1.039	452	-1.044	183	50.0	1956	24.61	183	5.11	262	19.50	169	20.8
1943	2.292	287	2.338	1017	+0.046	8	102.0	1957	29.76	221	5.48	281	24.28	211	18.4
1944	2.986	373	1.792	779	-1.194	209	60.0	1958	33.92	252	3.43	176	30.49	264	10.1
1945	4.680	585	2.83	1230	-1.850	324	60.5	1959	39.26	291	3.35	172	35.91	311	8.5
1946	8.12	1015	2.69	1170	-5.430	953	33.1	1960	41.43	307	3.95	203	37.48	352	9.5
1947	9.53	1191	0.89	387	-8.640	1516	9.3	1961	40.93	304	5.27	270	35.66	309	12.9
1948	11.55	1443	2.63	1143	-8.920	1565	22.8	1962	43.51	323	5.92	304	37.59	226	13.6
1949	13.12	1640	3.41	1483	-9.710	1704	26.0	1963	53.63	398	6.56	336	47.07	408	12.2
								1964	49.40	366	8.73	448	40.67	353	17.7
								1965	55.80	414	9.91	508	45.89	398	17.8
								1966	67.30	499	10.40	533	56.90	493	15.5
								1967	54.20	402	11.33	581	42.87	372	21.0
								1968	57.30	425	14.26	731	43.04	373	24.9
								1969	67.54	501	14.75	756	52.79	458	21.8
								1970	65.53	486	12.17	624	53.36	463	18.6
								1971	76.19	565	11.44	587	64.75	562	15.0
								1972	94.88	727	17.01	872	77.87	675	18.0

Source: (i) U. Nations, Year Book of International Trade Statistics, (New York: U.N., 1954) (covering the years 1936 and 1945-1949).

(ii) A. Konikoff, op. cit., p.65 (covering the years 1937-1944).

(iii) International Monetary Fund, Balance of Payments Year Book, (Washington, D.C.: I.M.F., n.d.) vols. 8 and 12. (covering the period 1950-1959).

(iv) Central Bank of Jordan, Monthly Statistical Bulletin, Vol. 5, No. 12, December 1969; Vol. 9, No. 8, August 1973. (covering the period 1960-1972).

TABLE 11

BALANCE OF TRADED GOODS AND SERVICES 1950 - 1972

	IN MILLIONS OF JORDANIAN DINARS									
Time	Balance of			Services Balance to Balance of Goods	Change in Trade Deficit		Change in Services Balance		Change in Deficit on Balance of goods and Services	
	Goods	Services	Goods and Services	%	Absolute Value	%	Absolute Value	%	Absolute Value	%
1950	-11.53	0.83	-10.70	7	1.82	19	-	-	-	-
1951	-14.18	0.83	-13.35	6	2.65	23	-	-	2.65	25
1952	-15.04	1.23	-13.81	8	0.86	6	0.40	48	0.46	3
1953	-15.55	1.56	-13.99	10	0.51	3	0.33	27	0.18	1
1954	-15.54	2.66	-12.88	17	-0.01	-	1.10	71	-1.11	-8
1955	-21.72	3.17	-18.55	15	6.18	40	0.51	19	5.67	44
1956	-19.50	3.05	-16.45	16	-2.22	10	-0.12	-4	-2.10	-11
1957	-24.28	1.06	-23.22	4	4.78	25	-1.99	-65	6.77	41
1958	-30.49	5.68	-24.81	19	6.21	26	4.62	436	1.59	7
1959	-35.91	2.66	-33.25	7	5.42	18	-3.02	-53	8.44	34
1960	-37.48	8.66	-28.8	23	1.57	4	6.00	226	-4.43	-13
1961	-35.66	10.13	-25.5	28	-1.82	-5	1.47	17	-3.29	-11
1962	-37.59	10.73	-26.9	29	1.93	5	0.60	6	1.33	5
1963	-47.07	10.89	-36.1	23	9.48	25	0.16	1	9.32	35
1964	-40.60	16.20	-24.4	40	-6.47	-14	5.31	49	-11.78	-33
1965	-45.90	19.00	-26.9	41	5.30	13	2.80	17	2.50	10
1966	-56.90	21.40	-35.5	38	11.00	24	2.40	13	8.60	32
1967	-42.90	15.10	-27.8	35	-14.00	-25	-6.30	-29	-7.70	-22
1968	-43.00	-1.40	-44.4	-3	0.10	-0.2	-16.5	-109.0	16.60	60.0
1969	-52.79	-10.28	-63.07	-19.5	9.79	22.8	-8.88	-634.0	18.87	42.0
1970	-53.36	6.78	-46.58	12.7	0.57	1.2	17.06	166.0	-16.49	-26.1
1971	-64.75	6.58	-58.17	10.2	11.39	21.3	-0.2	-3.0	11.6	24.9
1972	-77.87	8.88	-68.99	11.4	13.12	20.3	2.3	35.0	10.8	18.6

Sources: (i) I.M.F., Balance of Payments Yearbook, (Washington, D.c.: I.M.F. n.d.) Vol. 8. (It covers data related to the years 1950 - 1954); and Vol. 12, for data related to 1955 - 1959; and Vols. 16 and 21, for data related to 1960 - 1966; and Vols. 21 and 23, for data related to 1966 - 1968.

(ii) Central Bank of Jordan, Monthly, Statistical Bulletin, Vols. 5, 6 and 9. They cover data related to the period 1969 - 1972.

TABLE 12

TRADE BY PRINCIPAL COMMODITIES

1952 - 1961

IN MILLIONS OF JORDANIAN DINARS																				
	1952		1953		1954		1955		1956		1957		1958		1959		1960		1961	
	Absolute Value	%	Absolute Value	%	Absolute Value	%	Absolute Value	%	Absolute Value	%	Absolute Value	%	Absolute Value	%	Absolute Value	%	Absolute Value	%	Absolute Value	%
Aggregate Imports	17.3	100	18.4	100	19.8	100	27.1	100	27.8	100	30.5	100	34.0	100	40.3	100	43.0	100	42.0	
* Food Stuffs	5.8		6.4		5.5		7.0		8.0		10.0		11.0		12.0		13.4			
of which: Wheat and Wheat Flour	2.3		2.4		1.3		2.9		1.7		1.7		3.4		3.8		4.5			
Raw Material									3.2		3.7		4.2		4.7		4.8			
Manufactured Articles									16.2		17.0		18.4		23.3		24.4			
Ratio of food imports to Aggregate Imports		34		35		28		25		29		33		32		30		31		
Ratio of Wheat and Wheat Flour Imports to Aggregate Imports		40		38		24		41		21		17		31		32		34		
Ratio of Wheat Imports to Aggregate Imports		13		13		7		11		6		6		10		9		10		
Ratio of Raw Material Imports to Aggregate Imports										12		12		12		12		11		
Ratio of manufactured Imports to Aggregate Imports										58		56		54		58		57		

Source: United Nations, Yearbook of International Trade Statistics, (New York: W.N. Relevant years).

* These figures were attained by deducting the tobacco equivalent from "Food, Beverages and Tobacco", (1952-1960).

TABLE 13

EXPORTS OF PHOSPHATE AND THEIR RELATIVE

IMPORTANCE.   1943 - 1972

IN MILLIONS OF JORDANIAN DINARS							
Time	Exports of Phosphate (1)	Domestic Exports (2)	Ratio of 1 : 2	Time	Exports of Phosphate (3)	Domestic Exports (4)	Ratio of 3 : 4
1943	0.017	2.34	0.7	1960	1.31	3.95	33.2
1952	0.030	2.11	1.4	1961	1.55	5.27	29.4
1953	0.050	2.66	1.9	1962	1.46	5.92	25.0
1954	0.050	3.05	1.6	1963	1.46	6.56	22.3
1955	0.600	3.54	17.0	1964	2.36	8.73	27.0
1956	0.690	5.11	13.5	1965	2.43	9.91	25.0
1957	0.920	5.48	17.0	1966	3.13	10.40	30.1
1958	0.98	3.43	28.6	1967	3.48	11.33	31.0
1959	1.02	3.35	30.4	1968	4.21	14.26	30.0
				1969	3.57	14.75	24.2
				1970	2.24	12.17	18.4
				1971	2.24	11.44	20.0
				1972	3.50	17.01	21.0

Source: (i) A. Konikoff, Trans-Jordan - An Economic Survey, (Jerusalem: Economic Research Institute of the Jewish Agency for Palestine, 1946), Table XVI, p.112. (Covers exports and phosphate exports. during the period 1943).

(ii) I.M.F., Balance of Payments Year Book, (Washington D. C.: IMF, n.d), Vols. 8 and 12. (They cover domestic exports during the period 1950 - 1959).

(iii) I.M.F., International Financial Statistics, (Washington, D.C.: International Monetory Fund, n.d.), supplement to 1972, p.215. (It covers phosphate exports over the period 1952 - 1971).

(iv) Central Bank of Jordan, Monthly, Statistical Bulletin, Vol. 5, No. 12, December 1969; and Vol. 9, No. 8, August 1973. (They cover data on domestic exports over the period 1960 - 1972).

(v) Central Bank of Jordan, Annual Report, (Amman: Central Bank, 1972), Table 8, p. 18. (It covers data on exports of phosphate during the year 1972).

TABLE 14

TRAVEL ACCOUNT 1950-1972

| | | | | IN MILLIONS OF JORDANIAN DINARS | | | | | |
| | | | | Index 1959 = 100 | | | Ratio of Tourism Receipts To | | |
Time	Receipts	Payments	Balance	Receipts	Payments	Balance	Exports	Deficit on Visible Trade	Gold and Foreign Exchange Reserves
1950	0.88	0.83	0.05	31	43	5	45	8	
1951	1.08	0.98	0.10	38	51	11	54	8	
1952	1.29	1.17	0.12	45	61	13	61	9	10.0
1953	1.68	1.32	0.36	59	68	39	63	11	11.3
1954	2.21	1.33	0.88	78	69	96	72	14	12.7
1955	2.45	1.13	1.32	86	59	144	69	11	11.4
1956	1.49	0.90	0.59	52	47	64	29	8	6.0
1957	1.22	1.68	-0.46	43	87	-50	22	5	4.5
1958	1.22	1.61	-0.39	43	83	-42	36	4	4.0
1959	2.85	1.93	0.92	100	100	100	85	8	9.4
Average 1960 - 1959	1.64	1.29	0.35				53.6	8.6	7.0
1960	3.23	2.22	1.01	113	115	110	82	9	10.5
1961	4.34	2.44	1.90	152	126	207	82	12	12.6
1962	5.05	3.42	1.63	177	177	177	85	13	12.3
1963	6.00	3.20	2.80	211	166	304	91	13	17.1
1964	8.00	3.60	4.40	281	187	521	91	20	15.1
1965	9.80	4.30	5.50	344	223	598	99	21	16.1
1966	11.30	5.20	6.10	396	269	663	109	20	16.6
1967	6.80	5.30	1.50	239	275	163	60	16	7.3
1968	4.60	7.00	-2.40	161	363	-260	32	11	4.2
1969	4.53	7.98	-3.45	159.0	413	-375	31	9	4.6
Average 1960 - 1969	6.37	4.47	2.00				76.2	14.4	11.6
1970	4.22	9.35	-5.13	148.0	484	-558	35	8	4.3
1971	3.10	7.71	-4.61	109.0	399	-501	27	5	3.3
1972	3.39	8.41	-5.02	119.0	436	-546	20	4	3.4
Average 1970 - 1972	3.57	8.49	-5.00				27.3	5.7	3.7

Source: (i) For data on Foreign exchange and gold reserves: (a) I.M.F., I.F.S., (Washington, D.C.: I.M.F.) , Supplement to 1963/64. It covers data for 1952-1962; (b) I.M.F., I.F.S., (Washington, D.C.: I.M.F., March 1970), Vol. 23, No. 3, pp. 188-189. It covers data for 1963-1968; (c) Central Bank of Jordan, Monthly Statistical Bulletin, Vol. 9, No.10, October 1973, Table No. 3. It covers data for the years 1968-1972.

(ii) For data on the Travel Account: (a) I.M.F., Balance of Payments Year Book, (Washington, D.C.: I.M.F., n.d.), Vol. 8. It covers data for the years 1950 - 1954; and Vol. 12, for data related to the years 1955-59; and Vols. 16 and 21, for data related to the years 1960-1966; and Vols. 21 and 23, for data related to the years 1966-1968.
(b) Central Bank of Jordan, Ninth Annual Report, (Amman: Central Bank, 1972). It covers data for the years 1968-1972.

TABLE 15

INDUSTRIAL ORIGIN OF GROSS DOMESTIC PRODUCT
AND THE RELATIVE IMPORTANCE OF EACH SECTOR TO
GDP. 1960 - 1972

IN MILLIONS OF JORDAN DINARS

	1960	%	1961	%	1962	%	1963	%	1964	%	1965	%	1966	%	1967	%	1968	%	1969	%	1970	%	1971*	%	1972**	%
1 Agriculture, Forestry and Livestock.	14.62	16.3	25.30	22.8	20.90	19.2	22.08	18.8	34.14	25.2	34.11	22.6	27.65	18.5	38.74	21.9	27.53	16.3	36.34	18.3	28.66	15.1	37.81	18.7	39.00	18.0
2 Manufacturing and Mining.	6.89	7.7	8.83	8.0	8.06	7.4	10.62	9.0	12.53	9.2	16.22	10.7	17.27	11.5	17.50	9.9	20.05	11.9	23.12	11.6	19.77	10.4	20.56	10.1	24.00	11.1
3 Construction.	4.50	5.0	4.50	4.1	6.15	5.7	6.12	5.2	5.45	4.0	7.87	5.2	9.28	6.2	8.69	4.9	9.83	5.8	10.89	5.5	7.79	4.1	7.50	3.7	11.50	5.3
4 Electricity and Water Supply.	0.69	0.8	0.67	0.6	0.74	0.7	0.93	0.8	1.03	0.8	1.68	1.1	2.26	1.5	1.78	1.0	2.27	1.4	2.09	1.1	2.35	1.2	2.73	1.3	2.90	1.3
5 Transportation.	11.12	12.4	12.64	11.4	12.53	11.5	12.77	10.8	12.03	8.9	12.60	8.4	14.42	9.6	14.84	8.4	14.55	8.6	16.01	8.1	15.91	8.4	16.20	8.0	17.00	7.8
6 Wholesale and Retail Trade.	19.57	21.9	24.28	21.9	23.63	21.8	26.43	22.5	28.01	20.7	31.43	20.8	28.92	19.3	39.08	22.1	29.07	17.3	38.36	19.3	38.00	20.0	39.00	19.3	40.60	18.7
7 Banking and Finance.	0.87	1.0	1.27	1.1	1.46	1.3	1.35	1.1	1.51	1.1	2.11	1.4	2.77	1.9	3.40	1.9	2.97	1.8	4.20	2.1	4.19	2.2	3.37	1.7	4.60	2.1
8 Ownership of Dwellings.	7.13	8.0	8.01	7.2	8.58	7.9	9.39	8.0	9.93	7.3	10.69	7.1	11.20	7.5	11.90	6.7	12.33	7.3	12.78	6.5	13.61	7.2	14.41	7.1	14.80	6.8
9 Public Administration and Defence.	15.79	17.7	16.74	15.1	17.06	15.7	17.61	15.0	19.70	14.5	21.41	14.2	22.03	14.7	26.01	14.7	33.25	19.7	36.28	18.3	37.94	20.1	39.00	19.3	39.50	18.2
10 Services.	8.26	9.2	8.63	7.8	9.51	8.8	10.37	8.8	11.19	8.3	12.83	8.5	13.94	9.3	15.17	8.5	16.64	9.9	18.27	9.2	21.34	11.3	22.00	10.8	23.10	10.7
GDP at Factor Cost.	89.44	100	110.87	100	108.62	100	117.67	100	135.52	100	150.95	100	149.74	100	177.11	100	168.49	100	198.34	100	189.56	100	202.58	100	217.00	100
+ Indirect Taxes	8.86		9.27		10.28		11.39		13.43		16.66		20.89		17.60		18.42		21.35		20.30		20.84		22.50	
= GDP at Market Prices	98.30		120.14		118.90		129.06		148.95		167.61		171.63		194.71		186.91		219.69		209.86		223.42		239.50	
+ Net Factor Income From Abroad	7.39		7.00		11.93		8.56		11.67		12.93		15.15		11.24		10.37		14.03		12.64		13.17		12.86	
= GNP at Market Prices	105.69		127.14		130.83		137.62		160.62		180.54		185.78		205.95		197.28		233.72		222.50		236.59		252.36	
Percentage contribution of Material Producing Sector to GDP (Sectors 1-4)	29.9		35.4		33.0		33.8		39.2		39.7		37.7		37.7		35.4		36.5		30.9		33.86		35.7	
Percentage Contribution of Services Producing Sector to GDP (Sectors 5-10)	70.1		64.6		67.0		66.2		60.8		60.3		62.3		62.3		64.6		63.5		69.1		66.14		64.3	
Gross Domestic product	100		100		100		100		100		100		100		100		100		100		100		100		100	

Source: Jordan Department of Statistics, _The National Income Accounts_,
(Amman: Department of Statistics Press, May 1973).

* Preliminary.

** Preliminary estimates.

TABLE 16

INDUSTRIAL ORIGIN OF GROSS DOMESTIC PRODUCT

1959 - 1972

Year	Gross Domestic Product at Factor Costs		Agriculture and Forestry			Mining and Manufacturing			Construction			Transport			Trade			Ownership of Dwellings			Public Administration and Defence			Services			Electricity & Water Supply			Banking and Finance			Year
	Value	% Increase	Value	% Increase	% share in GDP	Value	% Increase	% share in GDP	Value	% Increase	% share in GDP	Value	% Increase	% share in GDP	Value	% Increase	% share in GDP	Value	% Increase	% share in GDP	Value	% Increase	% share in GDP	Value	% Increase	% Share in GDP	Value	% Increase	% Share in GDP	Value	% Increase	% Share in GDP	
1959	85.17	—	15.08	—	18.0	6.23	—	7.3	4.66	—	5.5	10.70	—	12.6	18.01	—	21.0	6.30	—	7.4	14.95	—	17.6	7.78	—	9.1	0.66	—	0.8	0.80	—	0.9	1959
1960	89.44	5.0	14.62	-3.1	16.3	6.89	11.0	7.7	4.50	-3.4	5.0	11.12	4.0	12.4	19.57	9.0	21.9	7.13	13.2	8.10	15.79	6.0	17.7	8.26	6.2	9.2	0.69	5.0	0.8	0.87	9.0	1.0	1960
1961	110.87	24.0	25.30	73.0	22.8	8.83	28.2	8.0	4.50	—	4.1	12.64	14.0	11.4	24.28	24.0	21.9	8.01	12.3	7.2	16.74	6.0	15.1	8.63	4.5	7.8	0.67	-3.0	0.6	1.27	46.0	1.1	1961
1962	108.62	-2.0	20.90	-17.4	19.2	8.06	-9.0	7.4	6.15	37.0	5.7	12.53	-0.9	11.5	23.63	-3.0	21.8	8.58	7.1	7.9	17.06	2.0	15.7	9.51	10.2	8.8	0.74	10.4	0.7	1.46	15.0	1.3	1962
1963	117.67	8.3	22.08	6.0	18.8	10.62	32.0	9.0	6.12	-0.5	5.2	12.77	2.0	10.8	26.43	12.0	22.5	9.39	9.4	8.0	17.61	3.2	15.0	10.37	9.0	8.8	0.93	26.0	0.8	1.35	-8.0	1.1	1963
1964	135.52	15.2	34.14	55.0	25.2	12.53	18.0	9.2	5.45	-11.0	4.0	12.03	-6.0	8.9	28.01	6.0	20.7	9.93	6.0	7.3	19.70	12.0	14.5	11.19	8.0	8.3	1.03	11.0	0.8	1.51	12.0	1.1	1964
1965	150.59		34.11	-0.1	22.6	16.22	29.4	10.7	7.87	44.4	5.2	12.60	5.0	8.4	31.43	12.2	20.8	10.69	8.0	7.1	21.41	9.0	14.2	12.83	15.0	8.5	1.68	63.1	1.1	2.11	40.0	1.4	1965
1966	149.74	-0.8	27.65	-19.0	18.5	17.27	6.5	11.5	9.28	18.0	6.2	14.42	14.4	9.6	28.92	-8.0	19.3	11.20	5.0	7.5	22.03	3.0	14.7	14.10	10.0	9.3	2.10	25.0	1.5	2.77	31.3	1.9	1966
1967	177.11	18.3	38.74	40.1	21.9	17.50	1.3	9.9	8.69	-6.4	4.9	14.84	3.0	8.4	39.08	35.1	22.1	11.90	6.3	6.7	26.01	18.1	14.7	15.17	8.0	8.5	1.78	-15.2	1.0	3.40	23.0	1.9	1967
1968	168.49	-5.0	27.53	-29.0	16.3	20.05	15.0	11.9	9.83	13.0	5.8	14.55	-2.0	8.6	29.07	-26.0	17.3	12.33	4.0	7.3	33.25	28.0	19.7	16.64	10.0	9.9	2.27	28.0	1.4	2.97	-13.0	1.8	1968
1969	198.34	18.0	36.34	32.0	18.3	23.12	15.3	11.6	10.89	11.0	5.5	16.01	10.0	8.1	38.36	32.0	19.3	12.78	4.0	6.5	36.28	9.1	18.3	18.27	10.0	9.2	2.09	-8.0	1.1	4.20	41.4	2.1	1969
1970	189.56	-4.4	28.66	-21.1	15.1	19.77	-14.5	10.4	7.79	-28.5	4.1	15.91	-0.6	8.4	38.00	-1.0	20.0	13.61	6.5	7.2	37.94	5.0	20.1	21.34	17.0	11.3	2.35	12.4	1.2	4.19	-0.2	2.2	1970
1971	202.58	7.0	37.81	32.0	18.7	20.56	4.0	10.1	7.50	-4.0	3.7	16.20	2.0	8.0	39.00	3.0	19.3	14.41	6.0	7.1	39.00	3.0	19.3	22.00	3.1	10.8	2.73	16.2	1.3	3.37	-20.0	1.7	1971
1972	217.00	7.1	39.00	3.1	18.0	24.00	17.0	11.1	11.50	53.3	5.3	17.00	5.0	7.8	40.60	4.1	18.7	14.80	3.0	6.8	39.50	1.3	18.2	23.10	5.0	10.7	2.90	6.2	1.3	4.60	36.5	2.1	1972
Average	150.10	7.3		11.0	19.3		11.0	10.0		9.0	5.0		4.0	10.0		7.1	20.5		6.5	7.3		8.0	17.0		8.3	9.3		13.0	1.0		15.2	2.0	Average
1966 value as % of 1959	175.8		183.3			277.2			199.1			134.8			160.6			177.8			147.4			181.2			318.2			346.3			
1969 value as % of 1960	221.8		248.6			335.6			242.0			143.9			196.0			179.2			230.0			221.2			302.9			482.8			
1972 value as % of 1967	122.5		100.7			137.1			132.3			114.6			103.9			124.4			151.9			152.3			163.0			135.3			

Source: Jordan Department of Statistics, The National Accounts, 1967 - 1969,
(Amman: Department of Statistics Press, August 1971); and 1967-1972,
(Amman: Department of Statistics, May 1973).

TABLE 17

IMPORTS BY ECONOMIC FUNCTION 1964-1972

	IN MILLIONS OF JORDANIAN DINARS																	
	1964		1965		1966		1967		1968		1969		1970		1971		1972	
	Absolute Value	%	Absolute Value	%	Absolute Value	%	Absolute Value	%	Absolute Value	%	Absolute Value	%	Absolute Value	%	Absolute Value	%	Absolute Value	%
Aggregate Imports.	50.348	100	56.052	100	68.211	100	55.048	100	57.492	100	67.752	100	65.882	100	76.627	100	95.310	100
Consumer Goods.	25.253	50	27.206	49	31.333	46	23.870	43	27.606	48	33.887	50.0	33.025	50.1	33.441	43.6	46.287	48.6
Food Stuffs.	14.241	28	14.974	27	18.202	27	14.097	26	16.238	28	18.093	26.7	18.884	28.7	21.465	28.1	27.600	29.0
Current Consumer Goods.	9.098	18	10.208	18	10.785	16	7.889	14	9.264	16	12.297	18.1	9.789	14.9	7.288	9.5	12.811	13.4
Durable Consumer Goods.	1.914	4	2.024	4	2.346	3	1.884	3	2.104	4	3.497	5.2	4.352	6.7	4.688	6.1	5.876	6.2
Raw Materials	9.582	19	11.750	21	14.696	22	13.722	25	12.213	21	14.593	21.5	15.144	23.0	13.612	17.8	18.772	19.7
Oil & Fuel.	2.753	5	3.243	6	3.425	5	2.987	5	3.217	5	3.814	5.6	3.748	5.6	4.445	5.7	4.585	4.8
Other.	6.829	14	8.507	15	11.271	17	10.735	20	8.996	16	10.779	16.0	11.396	17.3	9.167	12.0	14.187	14.9
Capital Goods.	12.605	25	12.569	22	15.100	22	14.774	27	13.922	24	15.239	22.4	13.375	20.3	17.614	23.0	18.626	19.5
Machinery and Transport Equipment.	6.486	13	3.990	7	6.046	9	5.730	10	4.714	8	4.886	7.2	5.566	8.5	11.245	14.6	7.770	8.2
Other Machinery and Equipment.	5.081	10	7.094	12	7.215	10	6.925	13	7.840	14	8.712	12.8	5.787	8.8	4.873	6.4	8.841	9.2
Other.	1.038	2	1.485	3	1.839	3	2.119	4	1.368	2	1.641	2.3	2.022	3.0	1.496	2.0	2.015	2.1
Miscellaneous.	2.908	6	4.527	8	7.082	10	2.682	5	3.751	7	4.033	6.0	4.338	6.5	11.960	15.7	11.625	12.2

Source: Central Bank of Jordan, Monthly Statistical Bulletin, Vol. 5, No. 12 , December 1969; Vol.9, No.8 , August 1973.

Note: Percentages may not add to total.

· TABLE 18

LABOUR FORCE AND SECTOR OF EMPLOYMENT

IN NUMBERS OF PERCENTAGES				
Sector	East Bank	West Bank	Total	Percentage Employment in Each Sector
Agriculture.	72,952	64,805	137,757	35.3
Mining.	4,770	4,416	9,186	10.9
Manufacturing	17,508	15,238	32,746	
Construction.	22,203	17,956	40,159	10.3
Utilities. (1)	925	647	1,572	0.4
Commerce.	17,452	13,904	31,356	8.0
Transport and Communicat- ions.	7,624	4,275	11,899	3.0
Services.	28,685	24,840	53,525	13.7
Other.	45,722	26,056	71,778	18.4
Total.	217,841	172,137	389,978	100

Source: (i) Jordan Department of Statistics, First Census of Population and Housing, (Amman: Department of Statistics Press, May 1964), Vol. 2.

(ii) Jordan Department of Statistics, Some Economic Indicators, (Amman: Department of Statistics Press, December 1968).

(1) They include Electricity, Gas, Water and Sanitary Services.

TABLE 19

AGRICULTURAL PRODUCTION AND THE RELATIVE IMPORTANCE OF AGRICULTURAL CROPS

1960 - 1972

	Relative Importance of Agricultural Crops 1960 - 1972							Agricultural Production 1960 - 1972				
	Percentages							In 000's of Metric Tons				
Years	Relative Importance of the Following to Total Agricultural Production			Relative Importance of the Following to Total Fieldcrops Production			Relative Importance of Tomato to Total Vegetable Production	Field Crops	Veget-ables	Fruits	Total	Change (percentage)
	Field Crops	Vegetables	Fruits	Wheat	Barley	Other Fieldcrops	Tomato					
1960	11.5	70.2	18.3	66.8	20.4	12.8	39.0	65.3	398.5	103.8	567.7	—
1961	21.6	52.7	25.7	62.3	27.8	9.9	40.1	222.0	532.9	261.7	1016.6	79.1
1962	20.8	59.3	19.9	64.5	20.6	14.9	34.2	173.5	494.5	165.4	833.4	-18.0
1963	13.6	50.0	36.4	67.1	20.4	12.5	51.4	113.0	417.1	303.4	833.5	—
1964	33.9	34.2	31.9	65.7	21.7	12.6	50.3	448.7	452.9	421.6	1323.2	58.5
1965	35.2	34.0	30.8	63.5	21.7	14.8	44.6	437.6	423.0	384.0	1244.6	-5.9
1966	18.5	51.0	30.5	67.7	15.3	17.0	43.5	149.4	411.2	245.5	806.1	-53.2
1967	42.3	44.0	13.7	66.3	18.3	15.3	64.1	186.5	193.7	60.3	440.5	-45.4
1968	33.2	45.3	21.5	73.1	15.4	11.3	71.7	130.0	177.6	84.3	391.9	-11.0
1969	39.1	36.8	24.1	68.3	18.3	13.4	68.4	233.1	219.2	143.3	595.6	52.0
Average	27.0	47.8	25.3	66.5	20.0	13.5	50.7					
1970	18.8	54.2	27.0	77.0	7.2	15.8	66.2	72.1	207.6	103.6	383.3	-35.6
1971	42.4	41.9	20.8	73.1	11.4	15.5	60.4	230.2	226.8	119.9	576.9	50.5
1972	41.4	36.2	22.5	75.0	12.1	12.9	62.0	281.7	246.1	152.9	680.7	18.0
Average 70 - 72	34.2	44.1	23.4	75.0	10.2	14.7	62.9					

Source: (i) Jordan Ministry of Agriculture, Unpublished Reports (in Arabic). It covered data related to the period 1960 - 1966.

(ii) Jordan Department of Statistics, Agricultural Sample,(Amman: Department of Statistics Press, 1967). (in Arabic); and 1968; and 1971. From 1967 onwards, figures are pertaining to production in the East Bank only.

TABLE 20

CLASSIFICATION OF LAND ACCORDING TO THE TYPE

OF PRODUCTS

IN THOUSANDS OF DUNUMS									
		West Bank 1966		East Bank 1966		East Bank 1967		East Bank 1968	
	Total	Absolute	%	Absolute	%	Absolute	Percentage of Total Cultivated Area	Absolute	Percentage of Total Cultivated Area
Trees	696.1	553.5	79.5	142.6	20.5	162.4	5.3	226.0	5.9
Vegetables	380.3	140.8	37.0	239.5	63.0	223.1	7.3	303.5	8.0
Field Crops	3686.7	700.8	19.0	2985.9	81.0	2663.5	87.4	3271.2	86.1
*Total Cultivated Area	4763.1	1395.1	29.3	3368.0	70.7	3049.0	100	3800.7	100
Fallow land	1673.7	459.4	26.5	1214.4	73.5	1160.1		1420.9	
Uncultivated land	580.2	137.5		442.7		432.6		292.3	
Total Agricultural land	7017.2	1991.9		5025.1		4641.7		5513.9	
Percentage of Total Cultivated land to agricultural land	67.9	70.0		67.0		65.7		69.0	

Source: Jordan Department of Statistics, Agricultural Sample, (Amman: Department of Statistics Press, 1966); and 1967; and 1968 (in Arabic).

* Total cultivable area equals the sum of areas planted by trees, vegetables and field crops.

TABLE 21

SECTORAL DISTRIBUTION OF CREDIT

OUTSTANDING OF COMMERICAL BANKS

1960 - 1972

IN MILLIONS OF JORDANIAN DINARS

Time	Municipalities and Public Corporations			Agriculture			Mining			Industry			General Commerce and Trade			Construction			Transport			Tourism,Hotels and Restaurants			Financial Instiutions and Restaurants			Professional and private Individuals			Purchase of Land and Buildings			Other			Total	
	Value	Percent Change	Percent of Total	Value	Percent Change	Percent of Total	Value	Percent Change	Percent of Total	Value	Percent Change	Percent of Total	Value	Percent Change	Percent of Total	Value	Percent Change	Percent of Total	Value	Percent Change	Percent of Total	Value	Percent Change	Percent of Total	Value	Percent Change	Percent of Total	Value	Percent Change	Percent of Total	Value	Percent Change	Percent of Total	Value	Percent Change	Percent of Total	Value	Percent Change
1960																																					16.8	-
1961																																					18.7	11.3
1962																																					21.3	14.0
1963																																					25.8	21.1
1964	1.61	-	5.5	0.86	-	3.0	0.22	-	0.7	3.33	-	11.3	14.41	-	49.0	1.81	-	6.1	2.59	-	8.8	0.81	-	2.7	0.23	-	0.7	1.47	-	5.0	0.43	-	1.4	1.51	-	5.2	29.27	13.4
1965	2.06	28.0	6.1	0.68	-21.0	2.0	0.01	-95.4	0.03	4.32	30.0	13.0	17.08	18.5	51.0	1.71	-6.0	5.1	2.33	-10.0	6.9	0.95	17.2	2.8	0.14	-39.0	0.4	1.70	15.6	5.1	0.74	72.0	2.2	1.58	1.1	4.7	33.30	13.7
1966	2.58	25.2	6.6	0.61	-10.0	2.0	0.03	200.0	0.1	4.72	9.2	12.1	20.34	19.0	52.0	2.37	39.0	6.0	2.15	-8.0	5.5	0.99	4.2	2.5	0.33	13.6	0.8	2.25	32.4	5.8	0.90	22.0	2.3	1.73	9.4	4.4	38.99	17.0
1967	2.92	13.1	7.5	0.77	26.0	2.0	0.01	-67.0	0.03	4.23	-10.3	11.0	17.35	-15.0	45.0	4.06	71.0	10.4	1.77	-18.0	4.5	1.10	11.1	2.8	0.20	-39.0	0.5	2.14	-4.9	5.5	0.96	7.0	2.4	3.37	99.7	8.7	38.89	-0.2
1968	3.68	26.0	8.9	0.65	16.0	2.0	0.01		0.02	4.01	-5.2	10.0	17.08	-2.0	42.0	5.09	25.0	12.4	1.79	1.1	4.3	0.99	-10.0	2.4	0.19	-5.0	0.4	2.46	15.0	6.0	1.00	4.1	2.4	4.04	19.8	9.9	40.99	5.3
1969	2.94	-20.0	6.4	0.72	11.0	2.0	0.15	50.0	0.3	4.05	0.9	9.0	19.06	12.0	42.0	6.09	20.0	13.4	1.55	-13.0	3.4	1.00	1.0	2.2	0.19	-	0.4	3.07	24.8	6.8	1.01	1.0	2.2	5.56	37.6	12.2	45.39	10.7
Average 1964-69	2.63	12.0	6.8	0.72	-2.0	2.0	0.07	14.7	0.2	4.11	4.1	10.9	17.55	5.5	46.8	3.52	24.9	8.9	2.03	-8.0	5.6	0.97	4.0	2.6	0.21	-12.0	0.5	2.18	13.8	5.7	0.84	17.6	2.2	2.97	27.1	7.5	70.9	9.49
1970	2.83	-4.0	6.2	0.58	-19.0	1.2	0.73	386.6	1.6	4.03	-0.4	9.0	16.89	-11.0	37.0	10.34	70.0	23.0	2.43	57.0	5.3	0.98	-2.0	2.1	0.18	-5.0	0.3	4.14	34.9	9.1	0.89	-12.0	2.0	1.53	-72.4	3.4	45.55	0.3
1971	3.03	7.0	6.4	0.80	38.0	1.7	0.67	-8.2	1.4	3.92	-2.7	8.3	18.96	12.0	40.0	9.76	-6.0	21.0	2.62	8.0	5.5	0.89	-9.0	1.8	0.25	38.8	0.5	3.28	-20.8	7.0	0.75	-16.0	1.5	2.01	31.3	4.3	46.91	3.0
1972	3.60	19.0	7.1	0.80		1.5	0.29	-56.7	0.5	4.35	11.0	8.5	21.46	15.2	42.0	9.90	1.4	20.0	2.42	-8.0	4.7	0.92	3.3	1.8	0.34	36.0	0.6	3.89	18.6	7.7	0.77	3.0	1.5	1.83	-9.0	3.6	50.59	7.7
Average 1970-72	3.15	7.4	6.6	0.73	6.2	1.5	0.56	107.2	1.2	4.10	2.5	8.5	19.10	5.3	40.0	10.0	21.8	21.0	2.49	19.0	5.2	0.93	-3.0	1.9	0.26	23.0	0.5	3.77	11.0	8.0	0.80	-8.3	2.0	1.79	-16.7	3.8	47.69	3.7

Source: Central Bank of Jordan, Monthly Statistical Bulletin, Vol. 5, No. 12, December 1969;and Vol. 9, No. 8, August 1973.

TABLE 22

INTEREST RATES ON DEPOSITS AND CREDIT IN THE

BANKING SECTOR AND FOR TREASURY BILLS -

AS OF MAY 31st, 1973.

	Interest Rates (Percentages)	
Central Bank of Jordan.	5.00	Bank rate.
	5.00	Interest rate on advances.
	4.00	Interest rate on three months' time deposits.
	3.00	Interest rate on deposits subject to notice.
Commercial Banks.	6.50 - 9.00	Overdrafts.
	6.50 - 9.00	Bills discounted.
	1.00 - 4.00	Sight deposits.
	2.00 - 6.00	Saving and time deposits.
Specialized Credit Institutions.		
Agricultural Credit Corporation.	8.40	Short-term loans.
	6.00	Medium and long-term loans.
Industrial Development Bank.	8.00	Medium and long-term loans.
Housing Corporation	5.00	Long term loans.
Jordan Co-op. Organization.	6.00	Loans of any duration for Co-operatives.
	8.00	Loans of any duration for Persons.
Municipal and Village Loan fund.	5.50	Municipality loans for 10 years.
	4.00	Village loans for 15 years.
Jordan Treasury Bills.	4.91	Three months maturity.

Source: Central Bank of Jordan, Unpublished Data. (In Arabic).

TABLE 23

LIQUIDITY AND LIQUIDITY RATIOS OF COMMERICAL BANKS

1961 - 1972

IN MILLIONS OF JORDIAN DINARS												
	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
Cash, Balances with the Central Bank and Foreign Exchange	17.08	21.50	13.40	27.06	19.98	22.09	23.74	23.77	23.04	24.25	28.07	38.74
Cash	1.0	1.19	1.36	1.27	1.13	1.55	1.50	1.76	1.85	1.98	1.59	1.91
Balances with Cental Bank	-	-	-	0.34	7.8	13.28	16.94	15.69	12.58	12.86	14.86	17.27
Holdings of Treasury Bills	-	-	-	-	-	-	-	-	3.77	3.34	8.55	16.17
Foreign Exchange	16.08	20.31	12.04	25.45	10.05	7.26	5.30	6.32	4.84	6.07	3.07	3.39
Total Deposits*	30.92	39.09	34.26	49.47	44.10	52.84	53.39	54.18	57.40	57.67	59.15	72.89
Demand Deposits	17.36	19.20	21.36	23.55	24.50	30.94	31.59	30.80	32.44	30.79	30.43	39.44
Time Deposits**	13.56	19.89	12.90	22.61	15.67	17.76	18.17	19.50	20.18	21.01	21.38	23.90
Savings Deposits, of which:	-	-	-	3.31	3.94	4.14	3.64	3.89	4.78	5.87	7.34	9.55
Government and semi-Government Deposits	-	-	-	-	(4.37)	(5.21)	(8.82)	(7.42)	(7.51)	(8.74)	(6.11)	(6.21)
Liquidity Ratios:												
Cash, Balances with the Central Bank and Foreign Exchange as Percentage of Demand Deposits	98.4	112.0	62.7	114.9	77.5	71.4	75.2	77.2	71.0	78.7	92.2	98.2
As percentage of Total Deposits	55.2	55.0	39.1	54.7	43.0	41.8	44.5	43.9	40.1	42.0	47.1	53.1
Balances with Central Bank as percentage of Total Deposits	-	-	-	0.69	17.7	25.0	31.7	29.0	21.9	22.3	24.9	23.7

Source: Central Bank of Jordan, Monthly Statistical Bulletin, relevant years.

Notes: * Including government deposits and those of non-residents.
          ** This item includes savings deposits for the years 1961 - 1963.

TABLE 24

GROWTH IN INCOME AND THE VALUE ADDED IN INDUSTRY

1959 - 1972

IN MILLIONS OF JORDAN DINARS								
Year	G.N.P. (1)	Industrial Production (2)	Ratio of 2 to 1	Percentage Increase in 2	Percentage Increase in 1	G.D.P. at Current Prices	Percentage Increase in G.D.P.	Ratio of 2 to G.D.P.
1959	99.13	6.23	6.3	—	—	85.17	—	7.3
1960	105.69	6.89	7.0	11.0	7.0	89.44	5.0	7.7
1961	127.14	8.83	7.0	28.16	20.3	110.87	24.0	8.0
1962	130.83	8.06	6.2	-8.72	3.0	108.62	-2.0	7.4
1963	137.62	10.62	8.0	31.76	5.2	117.67	8.3	9.0
1964	160.62	12.53	8.0	17.98	17.0	135.53	15.2	9.2
1965	180.54	16.22	9.0	29.45	12.4	150.95	11.4	10.7
1966	185.78	17.27	9.3	6.47	3.0	149.74	-0.8	11.5
1967	205.95	17.50	8.5	1.33	11.0	177.11	18.3	9.9
1968	197.28	20.05	10.2	14.57	-4.2	168.49	-5.0	11.9
1969	233.72	23.12	10.0	15.31	18.5	198.34	18.0	11.6
1970	222.50	19.77	9.0	-14.49	-5.0	189.56	-4.4	10.4
1971	236.59	20.56	9.0	4.00	6.3	202.58	7.0	10.1
1972	252.36	24.00	9.5	16.73	7.0	217.00	7.1	11.1
Average 1960-69	166.5	14.11	8.32	14.73	9.3	140.68	9.24	9.69
Average 1959-72	248.27	15.1	8.4	12.2	7.25	150.10	7.3	10.0
Average 1959-65	134.51	10.0	7.4	16.0	9.27	114.03	8.8	8.5
Average 1966-72	219.17	20.2	9.2	9.0	5.23	186.12	5.7	11.0
Average 1970-72	237.31	21.44	9.17	2.08	2.77	203.05	3.23	10.53

Source: Jordan Department of Statistics, National Accounts and Imput-Output Analysis, 1959 - 1967, (Amman: n. pub. n.d.); and 1967 - 1972, (Amman: Department of Statistics Press, May 1973).

TABLE 25

INDICES OF ECONOMIC SECTORS CONTRIBUTION TO GROSS DOMESTIC PRODUCT

AT FACTOR COST AND AT CURRENT PRICES.   1959 = 100

Sector	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
1. Agriculture	100	96.9	167.8	138.6	146.4	226.4	226.2	183.4	256.8	182.5	240.9	190.0	250.7	258.6
2. Mining and Manufacturing	100	110.6	141.7	129.4	170.5	201.1	260.4	277.2	280.8	321.8	371.1	317.3	330.0	385.2
3. Construction	100	96.6	96.6	132.0	131.3	117.0	268.9	199.1	186.4	210.9	233.6	167.1	160.9	246.7
4. Electricity and Water Supply	100	104.5	101.5	112.1	140.9	156.1	254.5	318.2	269.6	343.9	316.6	356.0	413.6	439.3
5. Transport	100	104.0	118.1	117.1	119.3	112.4	117.8	134.7	138.7	136.0	149.6	148.7	151.4	158.9
6. Trade	100	108.7	134.8	131.2	146.7	155.5	174.5	160.5	216.9	161.4	212.9	210.9	216.5	225.4
7. Banking	100	108.8	158.8	182.5	168.8	188.8	263.8	346.2	425.0	371.3	525.0	523.8	421.2	575.0
8. Ownership of Dwellings	100	113.2	127.1	136.2	149.0	157.6	170.0	177.7	188.9	195.7	202.9	216.0	228.7	234.9
9. Public Administration and Defence	100	105.6	112.0	114.1	117.7	131.8	143.2	147.3	173.9	222.4	242.6	253.7	260.8	264.2
10. Other Services	100	106.2	111.0	122.2	133.2	143.8	165.0	181.2	194.9	213.8	234.8	274.2	282.7	296.9
Total Material Producing Sectors (1-4)	100	100.3	147.6	134.6	149.2	100.0	225.0	212.0	250.5	224.1	272.0	220.7	257.6	290.6
Total Services Producing Sectors (5-10)	100	107.2	122.3	124.3	133.1	140.7	155.6	159.3	188.5	185.8	215.0	223.4	228.2	238.4
Gross Domestic Product at Factor cost	100	105.0	130.2	127.5	138.1	159.1	177.2	175.8	207.9	197.8	232.8	222.5	237.8	254.7

Source: Jordan Department of Statistics, The National Accounts, 1967-1969, (Amman: Department of Statistics Press, August, 1971); and 1967-1972, (Amman: Department of Statistics Press, May 1973).

TABLE 26

PRODUCTION AND THE INDEX NUMBER OF PRINCIPAL INDUSTRIES

1960 - 1972

Products	Unit	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
Phosphate	000 tons	361.9	422.5	681.0	614.4	603.9	842.4	1000.8	123 70	1161.9	1087.3	938.9	640.0	709.0
Cement	000 tons	164.8	223.1	235.3	285.3	307.8	341.0	375.3	289.2	375.6	480.4	377.6	418.9	661.3
Petroleum products	000 tons		118.0	153.0	205.0	227.3	262.3	430.4	392.6	392.9	464.1	445.8	556.7	605.1
Sole leather & wool	000 tons					0.2	0.4	0.4	0.3	399.3	373.7	276.8	397.4	661.6
Upper leather	000 sq.f.					1266.0	1817.0	2354.2	1670.8	1678.0	1687.0	1302.0	1887.6	2174.9
Detergents	000 tons	2.9	2.5	3.2	2.8			1.1	1.3	1.3	1.31	1.71	2.60	2.53
Liquid Batteries	000 Batt.							60.0	45.6	59.6	66.9	66.8	40.0	36.4
Cigarettes	tons	0.9	0.9	1.0	1.0	1.4	1.2	1.5	1.8	1.6	1.62	1.80	1.62	1.54
Spirit and Alcoholic drinks	000 litre	1021.3	1117.3	1063.3	1171.5	1314.3	1944.0	2321.0	1911.0	2188.6	2192.0	2162.0	2396.1	2421.0
Paper	tons									2.1	2.74	2.70	2.11	2.75
Electricity	mil. KwH					135.7	155.9	177.0	96.6	104.5	122.7	120.0	133.7	158.0
Iron	000 tons									14.4	26.6	24.1	9.2	30.2
Textiles	000 yd.						160.7	370.3	442.9	486.2	512.0	478.0	748.1	744.1
Fodder	000 tons									12.5	21.5	25.6	34.2	44.2
Pharmaceutical liquid products	000 litre									63.1	60.1	104.7	154.0	190.2
Other products	tons									28.0	30.9	43.1	40.1	60.0
Industrial production index of principal industries 1966 = 100									91.1	92.7	110.8	95.9	113.7	139.1
Change in Index										1.6	18.1	-14.9	17.8	25.4

Source: (i)   Central Bank of Jordan, First Annual Report, 1964-65, (Amman: The Co-operative Printing Press Workers Society, n.d.)   (Covering data for the years 1960-1963).

(ii)   Central Bank of Jordan, Monthly Statistical Bulletin, Vol. 5. No. 12, Dec. 1969. (Covering data for the years 1964-1967).

(iii)   Central Bank of Jordan, Monthly Statistical Bulletin, Vol. 9, No. 10, October 1973. (Covering data for the years 1968-1972).

Note: (a) From May 1967 onwards, figures do not include the West Bank.

(b) The Index is weighted by 1970 prices and quantities.   Pharmaceutical products are not included in the index.

TABLE 27

SERVICES ACCOUNT (BALANCE OF SERVICES)

1950 - 1957

	IN MILLIONS OF JORDANIAN DINARS									
Time	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Receipts	2.06	2.22	2.86	3.33	4.51	4.94	5.07	8.08	8.39	6.03
Payments	1.23	1.39	1.63	1.77	1.85	1.77	2.02	7.02	2.71	3.37
Balance (Net services)	0.83	0.83	1.23	1.56	2.66	3.17	3.05	1.06	5.68	2.66
Time	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Receipts	13.06	15.28	17.97	18.61	23.90	27.30	31.20	25.50	22.90	31.26
Payments	4.40	5.15	7.24	7.72	7.70	8.30	9.80	10.40	24.30	42.09
Balance	8.66	10.13	10.73	10.89	16.20	19.00	21.40	15.10	-1.40	-10.83
Time	1970	1971	1972							
Receipts	31.29	25.73	30.02							
Payments	25.06	20.22	23.19							
Balance	6.23	5.51	6.83							

Source: (i) International Monetary Fund, Balance of Payments Yearbook, (Washington, D.C.: I.M.F., n.d.),
Vol. 8. It covers the period 1950-1954; and Vol. 12, for the period 1955-1959; and Vol. 16, for
the period 1960-1963; and Vol. 21, for the period 1964-1968.

(ii) Central Bank of Jordan, Ninth Annual Report, (Amman: Central Bank, 1972). It covers the period
1969-1972.

TABLE 28

GOLD AND FOREIGN EXCHANGE RESERVES

1952 - 1972

IN MILLIONS OF JORDANIAN DINARS								
	Gold Holdings			Foreign Exchange Holdings				
Period	IMF Gold Tranch Position	Central Bank	Sub-total	Commercial Banks	Central Bank*	Sub-total	Total	Percentage change of total
1952	0.04	—	0.04	4.21	8.76	12.97	13.01	—
1953	0.04	—	0.04	5.49	9.32	14.81	14.85	14.1
1954	0.04	—	0.04	5.39	12.00	17.39	17.43	17.4
1955	0.04	—	0.04	8.49	12.93	21.42	21.46	23.1
1956	0.04	—	0.04	8.36	16.78	25.14	25.18	17.3
1957	0.04	—	0.04	11.17	15.63	26.80	26.84	6.6
1958	0.04	—	0.04	14.40	16.33	30.73	30.77	14.6
1959	0.04	—	0.04	14.28	15.98	30.26	30.30	-1.5
Average 1952-59	0.04	—	0.04	7.2	10.8	18.0	18.0	11.5
1960	0.17	—	0.17	14.27	16.40	30.67	30.84	1.8
1961	0.33	—	0.33	16.08	17.97	34.05	34.38	11.5
1962	0.48	—	0.48	20.31	20.23	40.54	41.02	19.3
1963	0.64	—	0.64	12.04	22.38	34.42	35.06	-14.5
1964	0.89	—	0.89	24.73	27.31	52.04	52.93	51.0
1965	0.96	1.22	2.18	10.05	48.72	58.77	60.95	15.2
1966	1.07	1.22	2.29	7.26	58.67	65.93	68.22	12.0
1967	1.11	1.22	2.33	5.30	85.94	91.24	93.57	37.2
1968	1.43	10.57	12.00	6.32	91.01	97.33	109.33	16.8
1969	1.43	10.58	12.00	4.84	82.65	87.49	99.49	-9.0
Average 1960-69	0.85	5.0	3.33	12.1	47.1	59.2	62.6	14.3
1970	2.06	9.95	12.01	6.07	80.03	86.10	98.11	-1.4
1971	2.06	9.98	12.04	3.07	77.80	80.87	92.90	-5.3
1972	2.24	10.81	13.05	3.39	48.26	87.65	100.70	8.4
Average 1970-72	2.12	10.2	12.4	4.2	68.7	84.9	97.2	1.0

Source: (i) I.M.F., International Financial Statistics, (Washington, D,C.; I.M.F., n.d.), Supplement to 1963-1964, p.138. It covers data for the period 1952 - 1962.

(ii) I.M.F., International Financial Statistics, (Washington, D.C.; I.M.F., March 1970), Vol. 23, No.3, pp. 188-189. It covers data for the period 1963 - 1968.

(iii) Central Bank of Jordan, Monthly Statistical Bulletin, Vol.9, No. 8, August 1973. It covers data for the period 1969-1972.

TABLE 29

INCOMINGS FROM JORDANIANS WORKING ABROAD

1960 - 1972

IN MILLIONS OF JORDANIAN DINARS						
Year	Incomings (Receipts)	Change Over Previous Year		Index 1960 = 100	Ratio of Incomings (Receipts) From Jordanians Working Abroad to	
		Absolute Value	%		Exports	Balance Of visible Trade
1960	6.24	—	—	100	158.0	17.0
1961	5.25	-0.99	-16.0	84	100.0	15.0
1962	6.20	0.95	18.1	99	105.0	16.5
1963	6.17	-0.03	-0.5	99	94.0	13.1
1964	8.01	1.84	30.0	128	92.0	20.0
1965	9.28	1.27	16.0	149	94.0	20.2
1966	10.57	1.29	14.0	169	102.0	18.6
1967	6.55	-4.02	-38.0	105	58.0	15.3
*1968	4.10	-2.45	-37.0	66	29.0	9.5
1969	6.92	2.82	69.0	111	47.0	13.1
1970	5.54	-1.38	-20.0	89	45.5	10.4
1971	4.97	-0.57	-10.0	80	43.4	7.7
1972	7.41	2.44	49.0	119	43.6	9.5

Source: (i)   International Monetary Fund, Balance of Payments Yearbook, (Washington, D.C.: I.M.F., n.d.), Vol. 16.   It covers data for the period 1960 - 1963.

(ii)   Central Bank of Jordan, Monthly Statistical Bulletin, Vol. 5, No. 12, December 1969; and Vol. 9, No. 8, August 1973. They cover the period 1964 - 1972.

Note: *Data on Incomings from Jordanians working abroad were not available before 1960.

TABLE 30

AGGREGATE DEMAND AND SUPPLY 1960 - 1972

	IN MILLIONS OF JORDANIAN DINARS									
	Aggregate Demand						Aggregate Supply			
	Domestic Demand			Foreign Demand			Domes-tic	Foreign		
	Consumption	Investment	Total	Export of Goods & service	Aggregate Demand	Domestic to Aggregate (percentage)	GDP at Market prices	Imports of goods & services	Aggregate Demand	Domestic to Aggregate (Percentage)
1960	115.47	17.09	132.56	12.79	145.35	91.2	98.3	47.05	145.35	67.6
1961	130.88	18.92	149.8	16.95	166.75	89.8	120.14	46.61	166.75	72.0
1962	131.4	20.22	151.62	19.08	170.7	88.8	118.9	51.80	170.7	69.7
1963	149.86	20.0	169.86	20.26	190.12	89.3	129.06	61.06	190.12	67.9
1964	155.74	25.29	181.03	24.57	205.6	88.1	148.95	56.65	205.6	72.4
1965	174.83	27.79	202.62	28.54	231.16	87.7	167.61	63.55	231.16	72.5
1966	188.65	26.39	215.04	32.06	247.1	87.0	170.5	76.6	247.1	69.0
1967	204.91	25.82	230.73	27.66	258.39	89.3	194.71	63.68	258.39	75.4
1968	211.97	37.65	249.62	28.27	277.89	89.8	186.91	90.98	277.89	67.3
1969	229.0	64.94	293.94	32.26	328.38	90.2	217.51	108.69	326.2	66.7
1970	226.97	40.45	267.42	32.33	299.75	89.2	209.86	89.89	299.75	70.0
1971[*]	245.88	49.77	295.65	20.78	316.43	93.4	223.42	93.01	316.43	70.6
1972[*]	261.75	44.61	306.36	34.15	340.51	90.0	239.5	101.01	340.51	70.3

Source: (i)   Central Bank of Jordan, Annual Report,   (Amman: Central Bank, 1971).

     (ii) Central Bank of Jordan, Annual Report,   (Amman: Central Bank, 1972).

Note: [*] preliminary estimates.

TABLE 31

EXPORTS OF GOODS BY COMMODITY GROUP

1950-1959

IN THOUSANDS OF JORDANIAN DINARS												Growth per Annum (Percent)	Percentage of Total
	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	Average		
1. Phosphate	n.a.	10	30	50	50	600	690	920	980	1,020	483.3	158.4	18.0
2. Fruits	n.a.	80	90	130	130	400	720	830	480	460	368.9	35.0	14.0
3. Other Goods	1,420	760	720	1,060	1,400	940	1,730	1,110	620	660	1042.0	1.0	40.0
4. Vegetables	110	180	440	660	850	680	1,240	1,440	1,060	960	762.0	33.0	29.0
5. Total Goods	1,530	1,530	1,030	1,900	2,430	2,620	4,380	4,300	3,140	3,100	2571.0	11.3	100

Source: Jordan Department of Statistics, Statistical Yearbook, (Amman: Department of Statistics Press, Relevant years).

Note: Export figures differ from those appeared in the I.M.F. and the U. Nations Statistics. Reconciliation of data, sometimes, is not feasible.

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APPENDIX II

TABLE 1

FOREIGN AID TO JORDAN
1924-25/1972-73

IN THOUSANDS OF JORDANIAN DINARS

Period	Government Receipts of Foreign Aid				Technical and Economic Assistance						Loans to Central Government								U.N.R.W.A. Transfers			Private Flows of Unrequited Transfers			Flow of Government-Guaranteed Loans							Total Flow of Aid		Aggregate Aid Flow	Period
	Budget Support																																		
	U.K.	U.S.A	Arab Countries	Total Budget Support (1)	U.K.	U.S.A.	West Germany	Arab League	Ford Foundation	Total Technical and Economic Assistance (2)	U.K.	West Germany	Kuwait	I.D.A.	U.S. A.I.D	Saudi Arabia	Others	Total Central Government Loans (3)	Cash	In Kind	Total Transfers (4)	Private Unrequited Transfers	Other Remittances	Total (5)	U.S. Development Loan Fund	Import-Export Bank	C.Itoh & Co.	Eni-impex	Denmark	British Overseas Engineering & Credit Company	Foreign Commercial Banks	Total Government Guaranteed Loans (6)	Unrequited Transfers 1+2+4+5	Loans 3+6	1+2+4+5+3+6	
1924-25 to 1933-34	89.1	-	-	89.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	89.1	-	89.1	1924-25 to 1933-34
1934-35 to 1948-49	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1934-35 to 1948-49
1949-50	6190.5	-	-	6190.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1680.0	1910.0	2990.0	1560.0	-	1560.0	-	-	-	-	-	-	-	-	6190.5	-	6190.5	1949-50
1950-51	3520.0	-	-	3500.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2520.0	840.0	3360.0	2300.0	25.0	2325.0	-	-	-	-	-	-	-	-	3500.0	-	4500.0	1950-51
1950-51	4898.0	-	-	4898.0	-	-	-	-	-	-	1500.0	-	-	-	-	-	-	1500.0	2580.0	1780.0	4360.0	2300.0	12.0	2312.0	-	-	-	-	-	-	-	-	9448.0	1000.0	9448.0	1950-51
1951-52	7300.0	-	-	7300.0	-	446.0	-	-	-	446.0	2100.0	-	-	-	-	-	-	2100.0	3530.0	1330.0	4860.0	2340.0	30.0	2370.0	-	-	-	-	-	-	-	-	12885.0	1500.0	12885.0	1951-52
1952-53	7314.0	-	-	7314.0	-	531.0	-	-	-	531.0	2870.0	-	-	-	-	-	-	2870.0	3020.0	2480.0	5500.0	1650.0	14.0	1664.0	-	-	-	-	-	-	-	-	13986.0	2100.0	13486.0	1952-53
1953-54	8537.0	-	-	8537.0	-	331.0	-	-	-	331.0	-	-	-	-	-	-	-	-	2990.0	1670.0	4660.0	-	-	-	-	-	-	-	-	-	-	-	16213.0	2870.0	18313.0	1953-54
1954-55	8420.0	-	-	8420.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2710.0	1730.0	4440.0	3810.0	25.0	3835.0	-	-	-	-	-	-	-	-	16115.0	-	18985.0	1954-55
1955-56	8957.0	-	-	8957.0	-	986.0	-	-	-	986.0	-	-	-	-	-	-	-	-	2560.0	2190.0	4750.0	4850.0	30.0	4880.0	-	-	-	-	-	-	-	-	19448.0	-	13948.0	1955-56
1956-57	10957.0	-	-	10957.0	-	531.0	-	-	-	531.0	996.7	-	-	-	-	-	-	996.7	2750.0	2150.0	4900.0	770.0	58.0	828.0	-	-	-	-	-	-	-	-	19232.0	-	19232.0	1956-57
1957-58	-	-	5000.0	5000.0	-	331.0	-	-	-	331.0	500.0	-	-	-	-	-	-	500.0	2210.0	2690.0	5430.0	890.0	11.0	901.0	-	-	-	-	-	-	-	-	15766.0	996.7	15766.0	1957-58
1958-59	478.0	11611.0	-	16389.0	-	986.0	-	-	-	2194.0	500.0	-	-	-	-	-	-	1500.0	3090.0	2200.0	5290.0	1390.0	2.0	1392.0	-	-	-	-	-	-	-	-	25157.0	500.0	25157.0	1958-59
1959-60	1970.0	14460.0	-	16430.0	-	1475.0	-	-	-	1475.0	-	-	1000.0	-	-	-	-	500.0	3010.0	2140.0	5150.0	1700.0	18.0	1718.0	-	-	-	-	-	-	-	-	24206.0	-	24206.0	1959-60
1960-61	2146.0	14290.0	-	16416.0	-	1123.0	-	-	-	1123.0	700.0	250.0	-	-	-	-	-	1188.7	2550.0	2710.0	5260.0	1200.0	4.31	1704.3	-	-	-	-	-	-	-	-	24241.0	1815.1	26040.6	1960-61
1961-62	3209.0	13210.0	-	16419.0	-	1978.0	-	-	-	1978.0	700.0	611.0	238.8	-	-	-	-	1910.0	2880.0	2630.0	5510.0	1600.0	68.0	1668.0	-	-	-	-	-	-	-	-	25265.0	1316.5	23985.8	1961-62
1962-63	1829.0	12860.0	-	14589.0	-	1016.0	-	-	-	1016.0	700.0	585.4	585.4	13.7	-	-	-	7099.1	2100.0	2490.0	5370.0	1900.0	52.0	1952.0	315.1	-	-	-	-	-	-	-	22863.0	1932.6	24795.6	1962-63
1963-64	1500.0	12503.0	-	14003.0	57.0	1625.0	-	-	474.0	1625.0	700.0	316.4	918.8	945.7	265.4	1500.0	-	2615.6	3520.0	2490.0	4010.0	2700.0	52.0	2708.0	275.6	-	-	-	-	-	-	-	22729.0	3179.0	25908.0	1963-64
1964-65	1500.0	12182.0	-	13682.0	78.0	1647.0	-	-	569.0	1647.0	700.0	51.2	1047.2	296.2	1209.2	1209.2	-	3589.9	3290.0	2330.0	5620.0	2200.0	8.0	2708.0	127.8	-	-	-	-	-	-	-	23989.0	2613.4	21800.9	1964-65
1965-66	1400.0	11436.0	-	12836.0	50.0	1911.0	-	-	1022.0	1911.0	735.0	213.1	536.9	351.4	-	1499.4	-	3687.9	2230.0	2570.0	4800.0	2700.0	8.0	2708.0	22.6	-	-	-	-	-	-	-	18311.0	3589.9	14300.9	1965-66
1966-67	1200.0	6629.0	-	7929.0	36.0	1349.0	-	-	-	1349.0	827.2	227.0	227.0	361.6	968.0	1499.4	-	5394.9	1950.0	3550.0	3500.0	1400.0	-	2300.0	140.0	-	-	-	-	-	-	-	17509.0	6791.9	32177.0	1966-67
1967-68	964.0	6126.0	30947.0	38037.0	-	770.0	-	2072.0	-	2372.0	1252.7	155.5	563.8	194.4	3010.3	1499.4	-	4676.2	1940.0	2400.0	3370.0	1550.0	-	1550.0	-	-	-	-	-	-	-	-	46763.0	5414.0	48077.7	1967-68
1968-69	-	1949.0	37601.0	39530.0	-	313.0	-	279.0	-	313.0	261.7	133.2	276.7	142.5	757.2	501.2	-	2072.5	1940.0	2570.0	4349.0	1140.0	-	1140.0	-	-	3100.0	-	-	-	-	-	43297.0	4780.7	44229.1	1968-69
1969-70	-	-	33553.0	33553.0	-	819.0	-	-	5.0	2254.0	1768.8	-	261.8	172.0	441.8	357.1	-	6085.1	280.0	3280.0	3560.0	1120.0	-	1120.0	-	-	-	875.3	-	-	-	2921.6	41074.0	3153.1	54300.9	1969-70
1970-71	-	16976.0	33070.0	33070.0	-	266.0	-	-	16.0	2254.0	1257.2	-	654.5	809.8	2270.5	-	3430.0**	6985.1	2130.0	2560.0	4690.0	1120.0	-	2330.0	-	265.4	-	-	-	-	16.0	265.6	40067.0	5076.8	53143.8	1970-71
1971-72	-	16976.0	17952.0	34978.0	-	169.0	-	279.0	11.0	-	-	-	-	-	-	-	1183.0**	-	-	-	-	-	-	-	-	-	-	-	-	203.9	-	6091.7	6091.7	203.9	53143.8	1971-72
1972-73	-	21090.0	22911.0	44001.0	-	446.0	-	-	8.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16.0	112.3	321.4	715.1	33603.0	2104.9	65709.9	1972-73
Total in J.Dinars	86,658,600	155,322,000	185,034,000	427,014,600	500,000	19,395,000	301,000	4,416,000	40,000	24,612,000	19,119,310	9,465,900	11,798,600	4,222,150	6,940,300	5,357,140	4,613,000	61,516,400	56,990,000	55,000,000	111,990,000	44,000,000	365,310	34,365,300	881,100	3,187,000	875,300	3,100,000	556,700	112,300	3,285,700	11,998,100	608,021,900	73,514,500	681,536,400	Total in J.Dinars

Sources:
1. A. Konikoff, op.cit., p.95. (Covering data on budget support pertaining to the period 1924-1943).
2. Ministry of Overseas, Information Department. (For budget support data pertaining to the period 1943-1948).
3. Jordan Ministry of Finance, Annual Reports, (Amman: n.pub.relevant years). (For data on budget support and technical assistance pertaining to the period 1949-1963); Data on budget support and technical and economic assistance which belong to the period beyond 1963, are from - Central Bank of Jordan, Monthly Statistical Bulletin, op.cit., Vols. 15, 9 and 10.
4. Data on U.N.R.W.A. transfers, private unrequited transfers and on other remittances are from: (a) I.M.F., Balance of Payments Yearbook, op.cit., Vols. 8, 12, 15, 16, 17 and 21 (b) Central Bank of Jordan, Jordan Balance of Payments, (Amman: Central Bank, relevant issues). It covered the period 1969-1972.
5. Data on loans to central government and government - guaranteed loans are derived from data collected by the Fiscal Division in the Department of Economic Research - Central Bank of Jordan.

Notes:
(a) Private unrequited transfers includes receipts of religious institutions and estimates of transfers received from Jordanian immigrants.
(b) Loan to Central government and government-guaranteed loans are actual disbursements; Data on military loans are not available.
(c) Government receipts of foreign aid equal to budget support + technical and economic assistance + loans to the central government.
(d) Other private remittances represent the exchange record figure for private capital remitted to Jordan: (i) the 1953 and 1954 figures include J.D.M. 0.20 and J.D.M. 1.14 respectively, as amounts representing releases of blocked balances in Israel.

(e) Total flow of unrequited transfers equal to loans to the central government + government-guaranteed loans; Government-guaranteed loans are loans received by semi-governmental institutions with independent budgets.
(f) Total flow of unrequited transfers equal to total budget support + total technical and economic assistance + U.N.R.W.A. transfers + private unrequited transfers + other private remittances (private flow of unrequited transfers); Data on private investment is not available.

* Includes J.D.M. 1.8 (SDRS) and J.D. 1.6m. as compensatory financing facility given to Jordan by the I.M.F.

** Includes J.D. 1.8m. (SDRS).

TABLE 2

AGGREGATE AID FLOW AND RELATIVE IMPORTANCE OF COMPONENTS OF UNREQUITED TRANSFERS (1924-24/1972-73)

IN THOUSANDS OF JORDANIAN DINARS

	Aggregate Aid Flow to Jordan (values)			Aggregate Aid Flow to Jordan (percentages)			Private Flow of of Unrequited Transfers as % of Aggregate Unrequited Transfers %	U.N.R.W.A. Transfers as % of Aggregate Unrequited Transfers %	Technical & Economic Assistance as % of Aggregate Unrequited Transfers	Budget Support as % of Aggregate Unrequited Transfers	Budget Support as % of Aggregate Aid Flow
	Unrequited Transfer	Loans	Total	Unrequited Transfer %	Loans %	Total %					
1924-25 to 1933-34	89.1	-	89.1	100.0	-	100.0	-	-	-	-	-
1934-35 to 1948-49	6190.5	-	6190.5	100.0	-	100.0	-	-	-	-	-
1949	3500.0	1000.0	4500.0	77.77	22.23	100.0	-	-	-	-	-
1950	9448.0	-	9448.0	100.0	-	100.0	16.51	31.64	-	51.84	100
1951	12885.0	-	12885.0	100.0	-	100.0	18.04	26.07	-	55.87	55.8
1952	13986.0	1500.0	15486.0	90.31	9.69	100.0	16.53	31.17	2.8	52.29	47.2
1953	16213.0	2100.0	18313.0	88.53	11.47	100.0	14.61	29.97		52.65	46.6
1954	16115.0	2870.0	18985.0	84.88	15.12	100.0	10.32	34.12	3.3	52.24	44.3
1955	13948.0	-	13948.0	100.0	-	100.0	-	33.40	2.4	64.21	64.2
1956	19232.0	-	19232.0	100.0	-	100.0	19.94	23.08	-	56.97	56.9
1957	15766.0	-	15766.0	100.0	-	100.0	30.95	31.07	6.3	31.71	31.7
1958	24161.0	996.7	25157.7	96.03	3.97	100.0	3.42	19.65	9.1	67.83	65.1
1959	24206.0	500.0	24706.0	97.97	2.03	100.0	3.72	22.30	6.1	67.87	66.5
1960	24241.0	1815.1	26056.1	93.03	6.97	100.0	5.74	21.82	4.6	67.80	63.0
1961	25265.0	775.0	26040.6	97.02	2.98	100.0	6.79	20.38	7.8	64.98	63.0
1962	22669.3	1316.5	23985.8	94.51	5.49	100.0	7.51	23.20	4.5	64.79	61.2
1963	22863.0	1932.6	24795.4	92.20	7.80	100.0	7.29	24.10	7.4	61.24	56.4
1964	22729.0	7179.0	29908.0	75.99	24.01	100.0	8.58	23.62	7.6	60.19	45.7
1965	23989.0	2615.0	26604.6	90.16	9.84	100.0	11.28	25.05	10.2	53.50	48.2
1966	18211.0	3589.9	21800.9	83.53	16.47	100.0	14.87	30.86	10.7	43.53	36.3
1967	247509.0	6791.9	54300.9	87.49	12.51	100.0	4.84	10.10	5.0	79.20	31.1
1968	46763.0	5414.0	52177.0	89.62	10.38	100.0	2.99	11.76	0.7	84.57	75.7
1969	43297.0	4780.7	48077.7	90.05	9.95	100.0	3.57	7.78	1.9	86.73	78.1
1970	41074.0	3155.1	44229.1	92.86	7.14	100.0	2.77	10.98	5.7	80.51	74.7
1971	40067.0	13076.8	53143.8	75.39	24.61	100.0	2.79	8.88	1.1	87.17	65.7
1972	53605.0	12104.9	65709.9	81.57	18.43	100.0	4.34	12.72	0.8	82.08	66.9
Average % 1950-1959				95.8	-		13.4	28.2	4.3 *	55.35	57.83
Average % 1960-1966				89.5	10.5		8.9	24.1	7.5	59.43	53.4
Average % 1967-1972				86.2	13.8		3.6	10.4	2.5	83.38	65.36
Average % 1960-1972				88.0	12.0		6.4	17.8	5.2	70.48	58.92
Average % 1950-1972				91.4	-		9.5	22.4	4.9	63.90	58.44

Source: Appendix II, Table No. 1.

* Average 1953-1959.

TABLE 3

RELATIVE IMPORTANCE OF THE UK AID TO JORDAN

1924-1925/1972-1973

IN PERCENTAGES					
Period	Components of United Kingdom Aid to Jordan as % of Components of Aggregate Aid Flow			UK Aid to Central Government as % of Total Government Receipts of Foreign Aid	UK Budget Support as % of Total Budget Support
	UK unrequited Transfers to Aggregate Unrequited Transfers	UK Loans as % of Aggregate Loans	Total UK Aid as % of Aggregate Aid		
1924-25 to 1933-34	100.0	-	100.0	100.0	100.0
1934-35 to 1948-49	100.0	-	100.0	100.0	100.0
1949	100.0	100.0	100.0	100.0	100.0
1950	51.84	-	51.84	100.0	100.0
1951	55.87	-	55.87	100.0	100.0
1952	52.29	100.0	56.91	100.0	100.0
1953	52.65	100.0	58.08	95.97	100.0
1954	52.24	100.0	59.46	95.50	100.0
1955	64.21	-	64.21	96.43	100.0
1956	56.97	-	56.97	100.0	100.0
1957	-	-	-	-	-
1958	19.77	100.0	22.95	29.49	29.15
1959	8.13	100.0	9.99	13.42	11.99
1960	8.85	27.54	10.15	13.88	13.05
1961	12.7	64.46	14.24	19.62	19.54
1962	8.06	53.17	10.54	14.97	12.45
1963	6.56	36.22	8.87	12.50	10.71
1964	6.59	9.75	7.35	9.80	10.96
1965	5.83	26.76	7.89	11.74	10.90
1966	7.13	6.96	7.10	11.50	16.39
1967	3.08	10.82	4.05	4.99	2.54
1968	-	15.27	1.58	1.82	-
1969	-	26.20	2.60	2.91	-
1970	-	8.30	0.59	0.69	-
1971	-	13.52	3.32	4.17	-
1972	-	11.32	2.08	2.45	-
Average % 1949-1956	60.75	100.0	62.91	98.48	100.0
Average % 1958-1966	16.91	47.20	11.00	15.21	15.01
Average % 1967-1972	-	14.23	2.37	2.84	-
Average % 1960-1966	7.96	32.12	9.44	13.43	13.42
Average % 1960-1972	-	23.86	6.18	8.54	-

Source: Table 1, Appendix II.

TABLE 3a

BUDGET SUPPORT

1924-25/1972-73

IN THOUSANDS OF JORDANIAN DINARS					
Period	Budget Support	Period	Budget Support	Period	Budget Support
1924-25 to 1933-34	89	1950-51	4898	1967-68	38037
1934-35	101	1951-52	7200	1968-69	39550
1935-36	82	1952-53	7314	1969-70	37553
1936-37	131	1953-54	8537	1970-71	33070
1937-38	101	1954-55	8420	1971-72	34928
1938-39	404	1955-56	8957	1972-73	44001
1939-40	465	1956-57	10957		
1940-41	809	1957-58	5000		
1941-42	850	1958-59	16389		
1942-43	1245	1959-60	16430		
1943-44	1967	1960-61	16436		
1944-45	17	1961-62	16419		
1945-46	18	1962-63	14689		
1946-47	n.a.	1963-64	14003		
1947-48	n.a.	1964-65	13682		
1948-49	n.a.	1965-66	12836		
1949-50	3500	*1966-67	7929		
TOTAL (in Jordanian Dinars)				427,014,600	

Source: Appendix II, Table No 1.

Notes: (a) Until 1966, Jordan fiscal year starts on April 1st and ends on December 31st; from 1967, Jordan fiscal year starts on January 1st and ends on December 31st.

(b) Budget support figures prior to 1944 were reflected in Palestinian Pounds. (A Palestinian Pound equals to one Jordanian Diner.) From 1944 till 1948 figures were in Sterling which also equivalent to the Jordanian Dinar.

(c) Budget support data for the period 1943-1948 are low and reflect a degree of underestimation. (These figures were supplied to us by the Ministry of Overseas, Information Department - England.)

* For nine months only (April 1st - December 31st)

TABLE 4

AGGREGATE PRIVATE AND PUBLIC UNREQUITED TRANSFERS

AS % OF KEY ECONOMIC VARIABLES IN SELECTED MIDDLE EASTERN COUNTRIES

1960-1972

			IN MILLIONS OF U.S. DOLLARS												
			1960		1963		1968		1969		1970		1971		1972	
Country	Number	Economic Variables	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
Jordan	1	Exports	11	684.5	18	375.0	40	381.5	41	322.9	34	334.7	32	315.6	95.8	199.7
	2	Imports	120	62.8	143	47.2	161	94.8	190	69.7	184	61.8	215	47.0	273.7	70.0
	3	Unrequited Transfers	75.3	100	67.5	100	152.6	100	132.4	100	113.8	100	101.0	100	191.3	100
	4	GDP	275	27.4	362	18.6	524	29.1	609	21.7	598	19.0	625.8	16.1	670.6	28.5
	5	Population	1.69	44.6	1.82	37.1	2.15	70.98	2.23	59.4	2.31	49.3	2.38	42.4	2.47	77.4
Egypt	6	Exports	568	2.11	522	–	622	40.8	745	39.7	762	40.4	789	35.4	–	–
	7	Imports	668	1.8	917	–	666	38.1	637	46.5	765	39.2	890	31.3	–	–
	8	Unrequited Transfers	12	100	-1	100	254	100	296	100	308	100	279	100	–	–
	9	GDP	3348	0.4	4340	–	6199	4.1	6831	4.3	7145	4.3	–	–	–	–
	10	Population	26.6	0.45	28.0	–	31.7	8.01	325	9.11	33.33	9.24	34.13	8.17	34.8	–
India	11	Exports	1331	11.1	1626	13.7	1760	10.0	1835	12.7	2026	11.5	2061	13.0	–	–
	12	Imports	2303	6.4	2477	9.0	2569	6.9	2214	10.5	2125	11.0	2421	11.2	2350	12.0
	13	Unrequited Transfers	148	100	223	100	176	100	233	100	233	100	270	100	284	100
	14	GDP	31600	0.5	41922	0.5	44129	0.4	49087	0.5	54731	0.4	–	–	–	–
	15	Population	429	0.34	463.4	0.48	511.2	0.34	524	0.44	537.1	0.43	550.4	0.49	563.5	0.50
Israel	16	Exports	217	143.3	352	96.6	639	68.0	729	63.0	776	83.6	957	83.4	2328	45.4
	17	Imports	503	61.8	672	50.6	1121	38.7	1331	34.5	1451	44.7	1808	44.1	1897	55.7
	18	Unrequited Transfers	311	100	340	100	434	100	459	100	649	100	798	100	1056	100
	19	GDP	1986	15.7	2528	13.4	4043	10.7	4661	9.8	5484	11.8	6297	12.7	7077	14.9
	20	Population	2.11	147.4	2.38	142.9	2.74	158.4	2.82	162.8	2.91	223.0	3.01	265.1	3.08	343.0
Greece	21	Exports	203	65.0	290	72.4	467	51.8	553	50.3	642	53.6	662	69.2	870	65.5
	22	Imports	701	18.8	803	26.2	1383	17.4	1593	17.5	1856	17.6	2096	21.9	2345	24.3
	23	Unrequited Transfers	132	100	210	100	242	100	278	100	344	100	458	100	570	100
	24	GDP	3480	3.8	4647	4.5	7663	3.2	8603	3.2	9620	3.6	10717	4.3	12287	4.6
	25	Population	8.4	15.71	8.48	24.76	8.74	27.69	8.77	31.70	8.79	39.14	8.85	51.75	8.95	63.69
Tunisia	26	Exports	160	28.8	159.2	19.5	275.8	14.5	303.5	13.2	312.5	12.2	394.8	9.1	563.8	5.9
	27	Imports	184.4	24.9	195.2	15.9	238.5	16.8	291.7	13.7	334.2	11.4	375.0	9.6	462.9	7.1
	28	Unrequited Transfers	46	100	31	100	40	100	40	100	38	100	36	100	33	100
	29	GDP	796	5.8	956	3.2	1110	3.6	1263	3.2	1350	2.7	1609	2.2	2117	1.6
	30	Population	4.09	11.29	4.17	7.43	4.92	8.13	5.03	7.95	5.14	7.39	5.24	6.87	5.38	6.13
Morocco	31	Exports	354	2.2	384	3.4	451	10.4	485	14.2	488	15.0	498	21.9	858	15.9
	32	Imports	413	1.9	448	2.9	552	8.5	560	12.3	684	10.7	698	15.6	704	19.3
	33	Unrequited Transfers	8	100	13	100	47	100	69	100	73	100	109	100	136	100
	34	GDP	1796	0.4	2344	0.6	3026	1.6	3146	2.2	3352	2.2	3688	3.0	3982	3.4
	35	Population	11.6	0.69	12.7	1.02	14.6	3.22	15.1	4.57	15.5	4.71	15.2	7.17	15.8	8.61
Pakistan	36	Exports	393	34.1	417	66.7	720	37.6	682	25.8	723	16.5	666	27.2	3545	4.9
	37	Imports	654	20.5	889	31.3	996	27.2	1035	17.0	1151	10.3	917	19.7	578	30.1
	38	Unrequited Transfers	134	100	278	100	271	100	176	100	119	100	181	100	174	100
	39	GDP	7710	1.7	9274	3.0	14981	1.8	16253	1.1	16254	0.7	10479	1.7	4845	3.6
	40	Population	92.7	1.45	98.6	2.82	109.5	2.47	111.8	1.57	114.2	1.04	116.6	1.55	56.1	3.10
Turkey	41	Exports	322	28.3	368	21.2	496	14.1	537	8.6	589	10.5	677	15.1	882	6.3
	42	Imports	468	19.4	691	11.3	764	9.2	801	5.7	948	6.5	1171	8.7	1558	3.6
	43	Unrequited Transfers	91	100	78	100	70	100	46	100	62	100	102	100	56	100
	44	GDP	5698	1.6	7693	1.0	12019	0.6	13361	0.3	12138	0.5	11816	0.9	16364	0.3
	45	Population	27.5	3.31	29.7	2.63	33.5	2.09	34.4	1.34	35.2	1.76	36.2	2.82	37.0	1.51

Source: (i) United Nations, Yearbook of National Accounts Statistics, 1972 (New York: U.N., 1974), vol. III.

(ii) The International Monetary Fund, International Financial Statistics (IFS). (Washington, D.C.: I.M.F., n.d.), supplement to 1972; and October 1974.

Notes: (a) The percentages on this table reflect unrequited transfers in each year as percentage of each year's exports, imports and gross domestic income.

(b) Items 5, 10, 15, 20, 25, 30, 35, 40 and 45 represent unrequited transfers per capita.

(c) The macro-economic variables relevant to Jordan and appeared on this table may differ from their counterparts appeared elsewhere in this thesis. Convenience in constructing this table has dictated reliance on such figures.

TABLE 5

SECTORAL DISTRIBUTION OF GOVERNMENT EXPENDITURES (ACTUAL FIGURES)
1950-53/1972-73

IN THOUSANDS OF JORDANIAN DINARS

Period	Public Administration (a)	Defence (Army)	Security & Internal Affairs – Public Security	Security – Other (b)	Security – Total	International Affairs	Fiscal Administration (c)	Econ. – Ministry of National Economy	Econ. – National Planning Council	Econ. – Public Works	Econ. – Ministry of Agriculture	Econ. – The Regional Corporation	Econ. – Other (d)	Econ. – Total	Social – Education	Social – Health	Social – Social Affairs	Social – Others (e)	Social – Total	Culture & Information Services (f)	Comm. – Ministry of Communication	Comm. – Ministry of Transport	Comm. – Other (g)	Comm. – Total	Total Gov. – Recurring Expenditure	Total Gov. – Development Expenditure	Total Gov. – Total	Period
1950	158	5451	602	76	678	103	720	7	529	374	93	–	6	1009	70	68	–	802	940	4	79	–	–	79	7157	1985	9142	1950
1951	184	7932	1370	149	1519	117	1686	50	854	654	126	–	14	1698	245	214	18	4	481	52	110	–	11	121	11795	1995	13790	1951
1952	125	7719	1337	134	1471	103	1842	4	706	574	183	–	13	1480	291	167	20	23	501	55	121	–	16	137	11710	1723	13433	1952
1953	132	8951	1232	140	1372	113	1866	16	1236	609	334	–	14	2209	357	213	31	–	601	52	167	–	18	185	12610	2781	15391	1953
1954	166	8951	1265	304	1569	144	1303	29	1303	814	329	–	38	2513	991	363	125	–	1479	83	325	–	27	352	13334	3226	16560	1954
1955	204	9355	1275	321	1596	153	1277	35	1698	724	324	–	43	2824	1191	402	136	2	1731	81	377	–	35	412	14872	2761	17633	1955
1956	298	12187	1355	368	1723	196	1086	12	1976	810	374	–	31	3203	1368	472	148	25	2013	121	453	–	41	494	18258	3063	21321	1956
1957	234	11781	1683	341	2024	241	2018	14	2862	1249	354	–	23	4502	1631	571	175	13	2440	112	461	–	45	506	19558	4300	23858	1957
1958	293	14669	2072	401	2473	241	1235	13	4050	1383	627	–	37	6110	2412	704	210	14	3340	176	722	–	84	806	23523	5820	29343	1958
1959	314	15822	2238	416	2654	267	1315	13	3305	798	580	–	39	4735	2512	1613	215	15	4355	331	819	–	89	908	25904	4797	30701	1959
1960	323	16155	2270	399	2669	288	3293	14	2504	920	431	–	133	4002	2660	2046	226	14	4946	326	737	–	103	840	26862	5980	32842	1960
1961	338	16420	2291	406	2697	353	2556	22	2726	1423	510	–	690	5371	2817	1047	225	14	4103	310	740	–	94	834	28045	4937	32982	1961
1962	361	16805	2309	444	2753	538	3493	40	2973	2481	571	613	672	7350	3261	1167	199	47	4674	389	1025	–	137	1162	29926	7599	37525	1962
1963	384	18569	2452	509	2956	619	3412	390	3357	1329	596	116	765	6553	3487	1341	218	54	5100	641	970	–	166	1136	33193	6154	39347	1963
1964	486	18570	2462	549	3011	654	7333	164	3537	1422	662	306	460	6551	3725	1314	303	58	5400	636	939	–	145	1084	34457	9166	43623	1964
1965						656	4603	61	5185	1943	754	785	1692	10420	4234	1564	338	74	6210	742	1479	66	160	1705	35810	10888	46698	1965
1966*	357	14374	2224	519	2743	606	3456	39	3792	1566	648	805	2092	8942	3558	1628	272	202	5660	795	1242	74	351	1667	28240	10360	38600	1966
1967	454	24165	3260	1123	4383	771	13966	120	5530	3079	810	1280	2522	13341	5248	2394	321	73	8036	1103	1520	122	286	1928	44651	23496	68147	1967
1968	602	35165	3249	990	4239	871	15186	103	4580	4409	1019	456	2280	12847	5298	2399	333	66	8096	1529	1516	229	240	1985	57186	23334	80520	1968
1969	616	41471	3732	959	4691	964	14457	119	5459	2725	1044	2533	1851	13731	5938	2429	283	66	8716	1887	1377	134	357	1868	65231	23170	88401	1969
1970	628	33070	4364	776	5140	998	13826	100	4098	2639	1087	2577	2094	12595	6800	2662	306	449	10217	1713	1551	612	357	2520	59028	21673	80707	1970
1971	768	33780	4311	795	5106	1067	19659	198	2987	1880	1157	1408	2392	10022	6383	2464	279	265	9391	1699	1225	116	312	1653	60706	22439	83145	1971
1972	1005	39250	4870	952	5822	1253	26775	419	8696	2311	1376	2106	2482	17390	6578	2390	349	344	9661	2019	1538	168	993	2699	70311	35563	105874	1972

Source: Central Bank of Jordan, Department of Economic Research, The Fiscal and Monetary Division, (unpublished data in Arabic).

Notes:
(a) This item includes expenditures of the Royal Court, Houses of Parliament, The Cabinet, Audit Commission and Civil Service Commission.
(b) This item includes expenditures of the Ministry of Interior, Justice, Shari'a Department.
(c) This item includes expenditures of the Ministry of Finance and Customs, the Budget Department, Income Tax Department, and the Department of Statistics and Supply Department.
(d) This item includes expenditures of the Ministry of Municipal and Village Affairs, The Natural Resources Authority, The Scientific Research Board, The Department of Lands and Surveys.
(e) This item includes expenditures of the Youth Care Organisation, the Drinking Water Authority and the Ministry of Reconstruction.
(f) This item includes expenditures on T.V. and Broadcasting, Tourism and Antiquities, Directorate of Press and Publications, and expenditure of the Ministry of Culture and Information.
(g) This item includes expenditures of the Telecommunication Corporation and Civil Aviation.

* Nine months only.

TABLE 5.a

SECTORAL DISTRIBUTION OF GOVERNMENT EXPENDITURES AND

RELATIVE WEIGHT OF BASIC COMPONENTS

(PERCENTAGES)

1950-1972

Period	Public Admini- stration	Defence (Army)	Security & Internal Affairs			Inter- national Affairs	Fiscal Admini- stration	Economic Services					
			Public Security	Other	Total			Ministry of Natio- nal Economy	National Planning Council	Public Works	Ministry of Agriculture	The Regional Corpor- ation	Other
1950	1.72	59.62	6.58	0.83	7.41	1.12	7.87	0.07	5.78	4.09	1.01	-	0.06
1951	1.33	57.51	9.93	1.08	11.01	0.84	12.22	0.36	6.19	4.74	0.91	-	0.10
1952	0.93	57.46	9.95	0.99	10.95	0.76	13.71	0.02	5.25	4.27	1.36	-	0.09
1953	0.85	58.15	8.00	0.90	8.91	0.73	12.12	0.10	8.03	3.95	2.17	-	0.09
1954	1.00	54.05	7.63	1.83	9.47	0.86	7.86	0.17	7.86	4.91	1.98	-	0.22
1955	1.15	53.05	7.23	1.82	9.05	0.86	7.24	0.19	9.62	4.10	1.83	-	0.24
1956	1.39	57.15	6.35	1.72	8.08	0.91	5.09	0.05	9.26	3.79	1.75	-	0.14
1957	0.98	49.37	7.05	1.42	8.48	1.01	8.45	0.05	11.99	5.23	1.48	-	0.09
1958	0.99	49.99	7.06	1.36	8.42	0.82	4.20	0.04	13.80	4.71	2.13	-	0.12
1959	1.02	51.53	7.28	1.35	8.64	0.86	4.28	0.04	10.76	2.59	1.88	-	0.12
1960	0.98	49.19	6.91	1.21	8.12	0.87	10.02	0.04	7.62	2.80	1.31	-	0.40
1961	1.02	49.78	6.94	1.23	8.17	1.07	7.74	0.06	8.26	4.31	1.54	-	2.09
1962	0.96	44.78	6.15	1.18	7.33	1.43	9.30	0.10	7.92	6.61	1.52	1.63	1.79
1963	0.91	47.19	6.23	1.28	7.51	1.57	8.67	0.99	8.53	3.37	1.51	0.29	1.94
1964	0.88	42.56	5.64	1.25	6.90	1.49	16.80	0.37	8.10	3.25	1.51	0.70	1.05
1965	1.03	39.94	6.05	1.17	7.22	1.39	9.79	0.12	11.03	4.13	1.60	1.67	3.60
1966	0.92	36.97	5.76	1.34	7.10	1.56	8.95	0.10	9.82	4.05	1.67	2.08	5.41
1967	0.66	35.46	4.78	1.64	6.43	1.13	20.49	0.17	8.11	4.51	1.18	1.87	3.70
1968	0.74	43.67	4.03	1.22	5.26	1.08	18.85	0.12	5.68	5.47	1.26	0.56	2.83
1969	0.69	46.91	4.22	1.08	5.30	1.09	16.35	0.13	6.17	3.08	1.18	2.86	2.09
1970	0.77	40.97	5.40	0.96	6.36	1.23	17.13	0.12	5.07	3.26	1.34	3.19	2.59
1971	0.92	40.62	5.18	0.95	6.14	1.28	23.64	0.23	3.59	2.26	1.39	1.69	2.87
1972	0.94	37.07	4.59	0.89	5.49	1.18	25.28	0.39	8.21	2.18	1.29	1.98	2.34

Source: Appendix II, Table No. 5.

Total	Social Services					Culture & Infor- mation	Communication & Transport Services				Total Government Expenditures			Period
	Edu- cation	Health	Social Affairs	Other	Total		Ministry of Com- munica- tion	Ministry of Tran- sport	Other	Total	Recurring	Development	Total	
11.03	0.76	0.74	-	8.77	10.28	0.04	0.86	-	-	0.86	78.28	21.71	100	1950
12.31	1.77	1.55	0.13	0.02	3.48	0.37	0.79	-	0.07	0.87	85.53	14.46	100	1951
11.05	2.16	1.24	0.14	0.17	3.72	0.40	0.90	-	0.11	1.01	87.17	12.82	100	1952
14.3	2.31	1.38	0.20	-	3.90	0.33	1.08	-	0.11	1.20	81.93	18.06	100	1953
15.	5.98	2.19	0.75	-	8.93	0.50	1.96	-	0.16	2.12	80.51	19.48	100	1954
16.0	6.75	2.27	0.77	0.01	9.81	0.45	2.13	-	0.19	2.33	84.34	15.63	100	1955
15.0	6.41	2.21	0.69	0.11	9.44	0.56	2.12	-	0.19	2.31	85.63	14.36	100	1956
18.	7.04	2.39	0.73	0.05	10.22	0.46	1.93	-	0.18	2.12	81.97	18.02	100	1957
20.	8.22	2.39	0.71	0.04	11.38	0.59	2.46	-	0.28	2.74	80.16	19.83	100	1958
8.18	8.18	5.25	0.70	0.04	14.18	1.07	2.66	-	0.28	2.95	84.37	15.62	100	1959
12.	3.09	6.22	0.68	0.04	15.05	0.99	2.24	-	0.31	2.55	81.79	18.20	100	1960
16.2	8.54	3.17	0.68	0.04	12.44	0.93	2.24	-	0.28	2.52	85.03	14.96	100	1961
19.5	8.69	3.10	0.53	0.12	12.45	1.03	2.73	-	0.36	3.09	79.72	20.24	100	1962
16.	8.86	3.40	0.55	0.13	12.96	1.62	2.46	-	0.42	2.88	84.35	15.64	100	1963
15.	8.53	3.01	0.69	0.13	12.37	1.45	2.15	-	0.33	2.48	78.98	21.01	100	1964
22	9.01	3.32	0.71	0.15	13.21	1.57	3.14	0.14	0.34	3.62	76.21	23.78	100	1965
23.	9.21	4.21	0.70	0.52	14.66	2.05	3.21	0.19	0.90	4.31	73.16	26.83	100	1966
7.	7.70	3.51	0.47	0.10	11.79	1.61	2.23	0.17	0.41	2.82	65.52	34.47	100	1967
15.	6.57	2.97	0.41	0.08	10.05	1.89	1.88	0.28	0.29	2.46	71.02	28.97	100	1968
15.	6.71	2.74	0.32	0.07	9.85	2.13	1.55	0.15	0.40	2.11	73.78	26.21	100	1969
15.	8.92	3.29	0.37	0.55	12.65	2.12	1.92	0.79	0.40	3.12	73.13	26.86	100	1970
12.	7.67	2.96	0.33	0.31	11.29	2.04	1.47	0.13	0.37	1.98	73.01	26.98	100	1971
16.	6.21	2.25	0.32	0.32	9.12	1.90	1.45	0.15	0.93	2.54	66.51	33.58	100	1972

TABLE 6

BILATERAL AND MULTILATERAL AID FLOW TO JORDAN AND THEIR RELATIVE IMPORTANCE

1924-25/1972/73

	VALUES IN J.D. THOUSANDS															
Period	Aggregate Flow of Aid to Jordan			Bilateral Aid Flow			Multilateral Aid Flow			Components of Bilateral Aid as % of Components of Aggregate Aid			Components of Multilateral Aid as % of Components of Aggregate Aid			Period
	Unrequited Transfers	Loans	Total	Unrequited Transfers	Loans	Total	Unrequited Transfers	Loans	Total	Unrequited Transfers	Loans	Total	Unrequited Transfers	Loans	Total	
1924-25 to 1933-34	89.1	-	89.1	89.1	-	89.1	-	-	-	100.0	-	100.0	-	-	-	1924-25 to 1933-34
1934-35 to 1948-49	6190.5	-	6190.5	6190.5	-	6190.5	-	-	-	100.0	-	100.0	-	-	-	1934-35 to 1948-49
1949	3500.0	1000.0	4500.0	3500.0	1000.0	4500.0	-	-	-	100.0	100.0	100.0	-	-	-	1949
1950	9448.0	-	9448.0	6458.0	-	6458.0	2990.0	-	2990.0	68.35	-	68.35	31.65	-	31.65	1950
1951	12885.0	-	12885.0	9525.0	-	9525.0	3360.0	-	3360.0	73.92	-	73.92	26.08	-	26.08	1951
1952	13986.0	1500.0	15486.0	9626.0	1500.0	11126.0	4360.0	-	4360.0	68.82	100.0	71.84	31.18	-	28.16	1952
1953	16213.0	2100.0	18313.0	11353.0	2100.0	13453.0	4860.0	-	4860.0	70.02	100.0	73.46	29.98	-	26.54	1953
1954	16115.0	2870.0	18985.0	10615.0	2870.0	13485.0	5500.0	-	5500.0	65.87	100.0	71.02	34.13	-	28.98	1954
1955	13948.0	-	13948.0	9288.0	-	9288.0	4660.0	-	4660.0	66.59	-	66.59	33.41	-	33.41	1955
1956	19232.0	-	19232.0	14792.0	-	14792.0	4440.0	-	4440.0	76.91	-	76.91	23.09	-	23.09	1956
1957	15766.0	-	15766.0	10866.0	-	10866.0	4900.0	-	4900.0	68.92	-	68.92	31.08	-	31.08	1957
1958	24161.0	996.7	25157.7	19411.0	996.7	20407.7	4750.0	-	4750.0	80.34	100.0	81.11	19.66	-	18.89	1958
1959	24206.0	500.0	24706.0	18806.0	500.0	19306.0	5400.0	-	5400.0	77.69	100.0	78.14	22.31	-	21.86	1959
1960	24241.0	1815.1	26056.1	18951.0	1815.0	20766.1	5290.0	-	5290.0	78.17	100.0	79.69	21.83	-	20.31	1960
1961	25265.0	775.0	26040.6	20115.0	775.0	20890.0	5150.0	-	5150.0	79.61	100.0	80.22	20.39	-	19.78	1961
1962	22669.3	1316.5	23985.8	17409.3	1316.5	18725.8	5260.0	-	5260.0	76.79	100.0	78.07	23.21	-	21.93	1962
1963	22863.0	1932.6	24795.6	17353.0	1918.9	19271.9	5510.0	13.7	5523.7	75.89	99.29	77.72	24.11	0.71	22.28	1963
1964	22729.0	7179.0	29908.0	17359.0	6644.1	24003.1	5370.0	534.9	5904.9	76.37	92.54	80.25	23.63	7.46	19.75	1964
1965	23989.0	2615.0	26604.6	17505.0	1669.3	19174.3	6484.0	945.7	7429.7	72.97	63.83	72.07	27.03	36.17	27.93	1965
1966	18211.0	3589.9	21800.9	12022.0	3293.7	15315.7	6189.0	296.2	6485.2	66.01	91.74	70.25	33.99	8.26	29.75	1966
1967	47509.0	6791.9	54300.9	41687.0	6040.5	47727.5	5822.0	751.4	6573.4	67.75	88.93	87.89	12.25	11.07	12.11	1967
1968	46763.0	5414.0	52177.0	41263.0	5052.4	46315.4	5500.0	361.6	5861.6	88.23	93.32	88.76	11.77	6.68	11.24	1968
1969	43297.0	4780.7	48077.7	39927.0	4586.3	44513.3	3370.0	194.4	3564.4	92.21	95.93	92.58	7.79	4.07	7.42	1969
1970	41074.0	3155.1	44229.1	34492.0	3012.6	37504.6	6582.0	142.5	6724.5	83.97	95.48	84.79	16.03	4.52	15.21	1970
1971	40067.0	13076.8	53143.8	36228.0	12904.8	49132.8	3839.0	172.0	4011.0	90.42	98.68	92.45	9.58	1.32	7.55	1971
1972	53605.0	12104.9	65709.9	46785.0	11295.1	58080.1	6820.0	809.8	7629.8	87.27	93.31	88.38	12.73	6.69	11.62	1972
Total	608021.9	73514.5	681536.4	491615.9	69292.3	560908.2	116406.0	4222.2	120628.2							
Average % 1950-59										71.74	100.0	73.02	28.25	-	26.97	Average % 1950-59
Average % 1960-66										75.11	92.48	76.89	24.88	* 13.15	23.10	Average % 1960-66
Average % 1967-72										88.31	94.27	89.14	11.69	5.72	10.86	Average % 1967-72
Average % 1960-72										81.20	93.31	82.55	18.80	** 8.69	17.45	Average % 1960-72
Average % 1950-72										77.1	94.2	78.41	22.91	***8.69	21.6	Average % 1950-72

Source: Appendix II, Table No.1.

Notes: (a) Multilateral aid flow includes aid transfers from U.N.R.W.A. and other U.N. agencies, Loans from the International Development Association (I.D.A.) and transfers from the Arab League.

* Average percentage for 1963-1966.
** Average percentage for 1963-1972.
*** Average percentage for 1958-1972.

TABLE 7

RELATIVE IMPORTANCE OF U.S. AID TO JORDAN

1953-1972

	IN PERCENTAGES					
Period	Components of U.S. Aid Flow to Jordan as % of Components of Aggregate Aid Flow			U.S. Aid to Government as % of Total Government Receipts of Foreign Aid	U.S. Budget Support as % of Total Budget Support	U.S. Technical & Economic Assistance as % of Total Technical & Economic Assistance
	U.S. Unrequited Transfers as % of Aggregate Unrequited Transfers	U.S. Loans as % of Aggregate Loans	Total %			
1953	2.75	-	2.43	4.02	-	100
1954	3.29	-	2.7	4.49	-	100
1955	2.37	-	2.37	3.56	-	100
1956	-	-	-	-	-	-
1957	6.25	-	6.25	16.47	-	100
1958	57.14	-	54.87	70.51	70.85	100
1959	65.83	-	64.49	86.58	88.01	100
1960	63.58	17.36	60.36	80.87	86.94	100
1961	60.11	35.59	59.38	80.37	80.46	100
1962	61.21	9.72	58.38	82.14	87.55	100
1963	61.79	1.19	57.07	80.30	89.29	96.61
1964	60.84	1.95	46.70	61.61	89.04	95.48
1965	55.64	-	50.16	74.62	89.09	78.48
1966	83.81	7.88	37.89	61.32	83.60	69.04
Average % 1953-1966	41.75	8.2*	35.93	50.49	84.97**	88.54
Average % 1958-1966	63.32	8.19*	54.36	75.36	84.97	93.29
1967	14.52	17.80	14.93	18.4	16.11	41.13
1968	4.84	17.88	6.19	7.14	4.93	100.0
1969	1.89	21.13	3.80	4.25	-	99.39
1970	0.65	24.00	2.31	2.73	-	11.30
1971	42.79	48.39	44.16	41.51	48.60	36.82
1972	40.18	23.60	37.12	42.63	47.93	98.24
Average % 1960-1966	63.85	8.19	52.9	74.46	86.56	91.37
Average % 1967-1972	17.48	25.46	18.08	19.44	19.59	64.48
Average % 1960-1972	42.45	16.49	36.80	49.07	55.66	78.96
Average % 1953-1972	34.47	17.42***	30.58	43.5	58.83****	81.32

Source: Appendix II, Table No 1.

Notes: *   Average 1960-1966.
         **   Average 1958-1966.
        ***   Average 1960-1972.
       ****   Average 1958-1972.

TABLE 8

UNREQUITED TRANSFERS TO CENTRAL GOVERNMENT

FROM THREE MAJOR DONORS – A COMPARISON

1950-1972

IN MILLIONS OF JORDANIAN DINARS						
Period	United Kingdom		The U.S.A.		Arab Countries*	
	Balance of Payments	Budget	Balance of Payments	Budget	Balance of Payments	Budget
1950	2.360	4.900	-	-	-	-
1951	3.550	7.200	-	-	-	-
1952	4.600	7.300	0.490	-	-	-
1953	6.430	8.500	0.970	0.446	-	-
1954	5.870	8.400	1.250	0.531	-	-
1955	8.040	9.000	2.730	0.331	-	-
1956	7.820	11.000	0.470	-	0.850	-
1957	1.100	-	6.730	0.986	3.510	5.000
1958	0.570	4.800	16.320	13.805	1.500	-
1959	2.420	2.000	17.320	15.935	-	-
1960	2.000	2.100	18.200	15.413	-	-
1961	2.400	3.200	17.100	15.188	-	-
1962	1.500	1.800	16.700	13.876	-	-
1963	1.500	1.500	15.500	14.128	-	-
1964	1.500	1.500	15.000	13.829	4.500	-
1965	1.400	1.400	12.000	13.347	7.300	0.474
1966	1.300	1.300	13.400	7.978	9.500	0.569
1967	1.500	1.464	7.600	6.896	37.600	31.969
1968	-	-	1.200	2.262	46.300	37.601
1969	-	-	1.230	0.819	39.110	37.553
1970	-	-	1.380	0.266	33.070	35.142
1971	-	-	12.820	17.145	19.100	18.231
1972	-	-	35.950	21.536	23.190	22.911
Total	55.860	87.158	214.360	174.717	225.530	189.450
Differences	31.298			39.643		36.08

Source: 1– Balance of Payments data are from: (a) I.M.F., Balance of Payments Yearbook, op.cit., vols. 8,12,15,16,17 and 21.
(b) Central Bank of Jordan, Jordan Balance of Payments, op.cit., several issues.(1969-1972)

2– Budget figures are derived from: (a) Jordan Ministry of Finance, Annual Report, op.cit., several issues. (1949-1963)
(b) Central Bank of Jordan, Monthly Statistical Bulletin, op.cit., vols. 15,9 and 10.

* Includes budget support and technical assistance from the Arab countries and the Arab League.

TABLE 9

TOTAL UNREQUITED TRANSFERS ACCORDING TO SOURCE

		IN MILLIONS OF JORDANIAN DINARS						
Period	Private Unrequited Transfers	Government Unrequited Transfers from:						
		The U.K.	UNRWA & UN Agencies	The U.S. Government	Arab Countries	Other Sources	Total Official Transfers	Grand Total
		Value	Value	Value	Value	Value	Value	Value
1950	1.56	2.36	3.00	-	-	-	5.36	6.92
1951	2.03	3.55	3.36	-	-	-	6.91	8.94
1952	2.30	4.60	4.36	0.49	-	-	9.45	11.75
1953	2.34	6.43	4.86	0.97	-	-	12.26	14.60
1954	1.65	5.87	5.50	1.25	-	-	12.62	14.27
1955	-	8.04	4.66	2.73	-	-	15.43	15.43
1956	3.81	7.82	5.47	0.47	0.85	0.57	15.18	18.99
1957	4.85	1.10	4.90	6.73	3.51	0.64	16.88	21.73
1958	0.77	0.57	4.75	16.32	1.50	-	23.14	23.91
1959	0.89	2.42	5.40	17.32	-	-	25.14	26.03
1960	1.39	2.00	5.29	18.20	-	-	25.49	26.88
1961	1.7	2.4	5.1	17.1	-	-	24.6	26.3
1962	1.7	1.5	5.3	16.7	-	-	23.5	25.2
1963	1.6	1.5	5.5	15.5	-	-	22.5	24.1
1964	1.9	1.5	5.4	15.0	4.5	0.20	26.6	28.5
1965	2.7	1.4	6.0	12.0	7.30	0.10	26.8	29.5
1966	2.7	1.3	5.6	13.4	9.5	1.60	31.4	34.1
1967	2.3	1.5	4.8	7.6	37.6	0.10	51.6	53.9
1968	1.4	-	5.5	1.2	46.3	0.10	53.1	54.5
1969	1.55	-	3.37	1.23	39.11	0.04	43.75	45.3
1970	1.14	-	4.51	1.38	33.07	0.12	39.08	40.22
1971	1.12	-	3.56	12.82	19.1	-	35.48	36.6
1972	2.33	-	6.82	35.95	23.19	-	65.96	68.29
Total	43.73	55.86	113.01	214.36	225.53	3.47	612.23	655.96

Source: (i) I.M.F., Balance of Payments Yearbook, op.cit., vols. 8,12,15,16,17 and 21.
(ii) Central Bank of Jordan, Jordan Balance of Payments, op.cit., 1969-1972.

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TABLE 10

AID FLOW FROM ARAB COUNTRIES

1957-1972

	IN 000's OF JORDANIAN DINARS							
	Unrequited Transfers			Loans			Total Arab Aid Flow to Jordan 1+2=3	Arab Aid to Central Government (Unrequited Transfers + Loans)
Period	Budget Support	Technical & Economic Assistance	Total (1)	Loans to Central Government	Government Guaranteed Loans	Total (2)		
1957	5000.0	-	5000.0	-	-	-	5000.0	5000.0
1958	-	-	-	-	-	-	-	-
1959	-	-	-	-	-	-	-	-
1960	-	-	-	1000.0	-	1000.0	1000.0	1000.0
1961	-	-	-	-	-	-	-	-
1962	-	-	-	238.8	-	238.8	238.8	238.8
1963	-	-	-	585.4	-	585.4	585.4	585.4
1964	-	-	-	5487.8	-	5487.8	5487.8	5487.8
1965	-	474.0	474.0	918.8	-	918.8	1392.8	1392.8
1966	-	569.0	569.0	2547.2	-	2547.2	3116.2	3116.2
1967	30947.0	1022.0	31969.0	536.9	-	536.9	32505.9	32505.9
1968	37601.0	-	37601.0	1726.40	-	1726.40	39327.4	39327.4
1969	37553.0	-	37553.0	2063.20	-	2063.20	39616.2	39616.2
1970	33070.0	2072.0	35142.0	777.90	-	777.90	35919.9	35919.9
1971	17952.0	279.0	18231.0	618.90	-	618.90	18849.9	18849.9
1972	22911.0	-	22911.0	654.5	-	654.5	23565.5	23565.5
Total (in Jordanian Dinars)	185,034,000	4,416,000	189,450,000	17,155,700	-	17,155,700	206,605,800	206,605,800

Source: Appendix II, Table No 1.

TABLE 11

A CHRONOLOGICAL LIST

OF APPROVED SMALL SCALE PROJECTS

(UNITED NATIONS DEVELOPMENT PROGRAMME IN JORDAN)

Project Symbol	Project Title	Executing Agency
JOR/1968/006	Telecommunications Improvement/Experts and Fellowships	ITU
JOR/1968/009	Nurse Education/Experts and Fellowships	WHO
JOR/1969/006	Building Material Laboratory/Expert	UN/OTC
JOR/1969/008	Mechanical Engineering/Fellowships	UNIDO
JOR/1969/009	Fire Fighting/Fellowship	ICAO
JOR/1969/010	Input-Output/Fellowship	UN/OTC
JOR/1969/011	Public Administration/Fellowship	UN/OTC
JOR/1969/013	Cost Accounting/Fellowship	UN/OTC
JOR/1969/016	Educational T.V. Expert & Equipment	UNESCO
JOR/1969/018	Agrometeorology/Fellowship	WMO
JOR/1970/002	Dam Construction/Expert and Fellowships	FAO
JOR/1971/004	Inland Fisheries Development Projects	FAO
JOR/1971/006	Range Management/Fellowship	FAO
JOR/1971/007	Agricultural Statistics/Expert and Fellowship	FAO
JOR/1971/008	Poultry Feeding/Expert and Fellowship	FAO
JOR/1971/009	Soil Reclamation/Fellowship	FAO
JOR/1971/010	Industrial Estate/Expert	UNIDO
JOR/1971/011	Industrial Banking Techniques/Fellowships	UNIDO
JOR/1971/012	National Development Planning/Fellowship	UN/OTC
JOR/1971/014	Income Tax Assessment/Expert	UN/OTC
JOR/1971/015	Unit for Radioisotopes in Medicine/Expert and Equipment	IAEA
JOR/1971/016	Programming & System Analysis/Fellowships	UN/OTC
JOR/1971/017	Manpower Survey & Statistics/Fellowship	UN/OTC
JOR/1971/018	Civil Aviation/Fellowship	ICAO
JOR/1971/019	Aqaba Port Development/Expert and Equipment	IMCO
JOR/1971/020	Road and Bridges Survey/Fellowship	UN/OTC
JOR/1971/021	Design & Printing Information Booklets/Fellowships	UNESCO
JOR/1971/022	Accounting/Fellowship	UN/OTC
JOR/1971/023	Consumer Cooperatives/Fellowship	ILO
JOR/1971/024	Customs/Fellowships	UN/OTC
JOR/1971/026	Economic Planning/Fellowship	UN/OTC
JOR/1971/027	Road Transport Costing/Fellowship	UN/OTC
JOR/1971/028	Pre-Vocational Training/Expert	ILO
JOR/1971/029	Electrical Engineering/Fellowship	ICAO
JOR/1971/030	Mass Communication/Fellowship	UNESCO
JOR/1971/031	Social Work/Fellowship	UN/OTC
JOR/1971/033	Management Development/Expert	ILO
JOR/1971/035	Economic Planning Assistance/Experts and Consultants	UN/OTC
JOR/1972/001	Fellowship in Forest Management	FAO
JOR/1972/002	Fellowships in Social Communications	UNESCO
JOR/1972/003	Transport Development/Fellowship	UN/OTC
JOR/1972/004	Industrial Quality Control/Fellowship	UNIDO
JOR/1972/005	Industrial Engineering/Fellowship	UNIDO
JOR/1972/007	Training of Statisticians in National Accounts & Trade Statistics/Fellowship	UN/OTC
JOR/1972/008	Accountancy/Fellowship	UN/OTC
JOR/1972/009	Computer Programming/Fellowship	UN/OTC

TABLE 11 cont'd

Project Symbol	Project Title	Executing Agency
JOR/1972/010	Budget & System Analysis/Fellowships	UN/OTC
JOR/1972/011	Fellowships in Civil Aviation	ICAO
JOR/1972/012	Fellowships in Accountancy	UN/OTC
JOR/1972/013	Fellowships in Fire Fighting	ICAO
JOR/1972/014	Nautical Administration/Fellowship	IMCO
JOR/1972/015	Educational Administration & Teachers Training Development/Fellowships	UNESCO
JOR/1972/016	Aeronautical Meteorology/Fellowship	WMO
JOR/1972/018	Railway Maintenance/Fellowships	UN/OTC
JOR/1972/019	Fellowship in Irrigation	FAO
JOR/1972/020	Fellowship in Pesticides	FAO
JOR/1972/021	Saving Funds/Fellowship	UPU
JOR/1972/022	Public Finance/Fellowship	UN/OTC
JOR/1972/023	Agricultural Statistics/Fellowship	FAO
JOR/1972/024	Accountancy/Fellowship	UN/OTC
JOR/1972/025	Pasture and Animal Feeding/Fellowship	FAO
JOR/1972/026	Economic Planning/Fellowships	UN/OTC
JOR/1972/027	School Building Material/Fellowship	UN/OTC
JOR/1972/028	Fellowships in Public Administration	UN/OTC
JOR/1972/029	Agricultural Credit/Fellowship	FAO
JOR/1972/030	Design of Analog & Digital Circuits/Fellowships	UN/OTC
JOR/1972/031	System Analysis/Fellowship	UN/OTC
JOR/1972/032	Aerial Photography/Fellowship	UN/OTC

Source: United Nations, The United Nations Development Programme in Jordan, op.cit., Nov. 1973.

Note: A small scale project is a project for which UNDP Contribution does not exceed 100,000 U.S. dollars. These projects include experts, equipment, short-term consultants and fellowships. The estimated costs of all small-scale projects - including seven approved projects in 1973 - amount to approximately $1,300,000.

Key to abbreviations in Table 11:

ITU	International Telecommunication Union
WHO	World Health Organisation
UNOTC	United Nations Office for Technical Cooperation
UNIDO	United Nations Industrial Development Organisation
ICAO	International Civil Aviation Organisation
UNESCO	United Nations Educational and Scientific Organisation
IAEA	International Atomic Energy Agency
IMCO	International Maritime Consultative Organisation
ILO	International Labour Organisation

APPENDIX III

TABLE 1

A - Annual Actual Disbursements of Foreign Loans According to Source.
B - Annual Debt Service Payments (Principal + Interest)
C - Annual Debt Outstanding (Disbursements - Principal)
1949-1972

IN JORDANIAN DINARS

Period	The United Kingdom Disbursed	The United States Development Loan Fund Disbursed	Principal	Interest	The United States A.I.D. Disbursed	Principal	Interest	West Germany Disbursed	Principal	Interest	Kuwait Disbursed	Principal	Interest	Saudi-Arabia Disbursed	The Export-Import Bank Disbursed	The C. Itoh & Co. (Japan) Disbursed	Principal	ENI-IMPEX Disbursed	Principal	Interest	Denmark Disbursed	Principal	Interest	Other Foreign Commercial Banks Disbursed	Principal	Interest	Other Sources Including I.M.F. Disbursed	British Overseas Engineering Co. Disbursed	Principal	Interest	Total Disbursed	Principal	Interest	Debt Service Payments (Interest plus Principal)	Outstanding Debt (Disbursed minus Principal)	Outstanding Debt (Accumulated figures)	Period
1949	1,000,000																														1,000,000				1,000,000	1,000,000	1949
1950	-																														-				-	1,000,000	1950
1951	-																														-				-	1,000,000	1951
1952	1,500,000																														1,500,000				1,500,000	2,500,000	1952
1953	2,100,000																														2,100,000				2,100,000	4,600,000	1953
1954	2,870,000																														2,870,000				287,000	7,470,000	1954
1955	-																														-				-	7,470,000	1955
1956	-																														-				-	7,470,000	1956
1957	-																														-				-	8,466,666	1957
1958	996,666																														996,666				996,666	8,966,666	1958
1959	500,000									1,000,000																					500,000				500,000	8,966,666	1959
1960	500,000	315,095	16,153	4,513																									4,513		1,815,095		4,513	4,513	1,815,095	10,781,761	1960
1961	500,000	275,639	16,153	18,805						238,751	60,000	41,600																	16,153	18,805	775,639	16,153	18,805	34,958	759,486	11,541,247	1961
1962	500,000	127,826	33,714	20,358				249,998			13,383	585,362	60,000																33,714	20,358	1,316,575	33,714	20,358	54,072	1,282,861	12,824,108	1962
1963	700,000	22,623	35,680	38,321				611,008			30,483	5,487,793	60,000	44,273															35,680	38,321	1,932,650	95,680	93,358	189,038	1,836,970	17,641,078	1963
1964	700,000	139,931	490,986	35,073				316,380	79,111	36,239	918,769	67,500	50,880	943,718	893														550,986	110,722	7,179,041	550,986	110,722	641,708	21,289,133	1964
1965	700,000		39,963	16,946	283,384			51,159	79,111	41,735	1,047,218	297,300	69,584	296,173	6,864	1,500,000													186,574	109,929	2,615,646	186,574	109,929	296,503	23,718,205	1965
1966	250,000		42,295	14,615	1,209,243			213,084			536,929	337,500	151,272	751,380	11,964						4,013								418,706	137,897	3,589,859	418,706	137,897	556,604	26,889,358	1966
1967	735,000		44,761	12,147	655,299	13,564					56,600	226,993	337,700	161,488	361,362	15,337		3,100,000	250,000			19,092							632,261	248,920	6,791,864	632,261	248,920	881,181	33,046,961	1967
1968	827,221		47,395	9,565	967,951	37,166		1,511,687			92,152	563,828	637,900	200,638	194,439	19,666	2,499,400		250,000			104,537							635,095	320,035	5,423,976	635,095	320,035	935,130	37,827,842	1968
1969	1,252,724		50,135	6,774	1,010,322	58,744	53,261	155,518	86,846	125,263	563,828	637,900	200,638	194,439	21,299	7,499,400		250,000			237,767							1,083,624	407,535	4,780,763	1,083,624	407,535	1,491,160	41,524,985	1969
1970	261,698		52,599	3,857	757,124	122,679	72,192	133,204	109,384	231,195	276,714	738,100	144,165	142,516	28,373	501,200		875,259	54,988	26,394	237,767	205,861	38,910	2,964,286	425,672	180,384	1,430,000		1,260,329	374,782	3,155,034	1,260,329	374,782	43,419,490	1970
1971	1,748,784		27,433	908	441,771	97,453	98,332	553,638	144,211	147,672	261,753	738,300	171,936	2,791	24,651	357,143	2,921,583	141,061			231,250	62,750	15,921	40,649	321,428	939,896	145,115	1,683,000	1,377	112,336	112,336	3,076,800	1,767,663	790,373	2,567,036	54,728,627	1971
1972	1,257,210				2,270,477	140,110	112,040	5,214,881	24,838	67,474	654,465	684,636	148,476	809,792	5,561	29,440	265,379	185,239	164,967	69,285	231,250	15,921	40,649	321,428	939,896	145,115	1,683,000	9,413	112,336	112,336	2,104,900	2,324,240	841,196	3,165,436	64,509,287	1972
	19,119,295		881,114	881,114	181,682	6,940,302	418,986	386,555	9,465,856	523,501	742,194	11,798,575	3,939,936	186,112	422,147	8,352	153,039	5,357,143	3,186,960	326,300	875,259	219,952	95,679	3,100,000	1,456,922	62,750	556,721	79,559	3,285,714	1,365,568	145,499	4,613,791	9,413	112,336	112,336	73,314,510	9,005,226	64,509,287	

Source: Appendix II Table No. 1.

TABLE 2

DEBT OUTSTANDING, DEBT SERVICE PAYMENTS AND ANNUAL RATES OF GROWTH OF SELECTED VARIABLES

1960-1972

Period	Debt Outstanding (Accumulated Figures) (in J.D. millions)	Debt Service (Interest plus Principal) (In Jordanian Dinars)	ANNUAL RATES OF GROWTH OF SELECTED VARIABLES					
			Debt Outstanding %	Debt Service	GNP	Exports of Goods and Services	per capita income	Gold and Foreign Reserves
1960	10.8	4513	20	-	7.0	8.4	-	-
1961	11.5	34958	6	674.6	20.3	32.8	18.2	11.4
1962	12.8	54072	11	54.6	3.0	12.3	0.9	19.4
1963	14.7	189038	15	249.6	5.2	6.2	1.3	-14.5
1964	21.3	661708	45	250.0	17.0	21.1	11.8	50.9
1965	23.7	296503	11	- 55.1	12.4	15.8	8.4	15.1
1966	26.9	556604	14	87.7	3.0	12.6	- 1.7	11.9
1967	33.0	881181	23	58.3	11.0	-13.7	12.4	37.1
1968	37.8	955130	14	8.3	- 4.2	2.1	- 6.9	16.8
1969	41.5	491160	10	- 48.5	18.5	14.1	12.4	- 9.0
1970	43.4	1635311	5	232.9	- 5.0	- 0.3	- 8.6	- 1.3
1971	54.7	2567036	26	56.9	6.3	-35.4	4.2	- 5.3
1972	64.5	3165436	18	23.3	7.0	64.4	2.1	8.3
Average 1960-1972				132.7	7.81	10.8	4.5*	11.7*

Source: Appendix III, Table No. 1.

* Averages for 1961-1972

TABLE 3

DEBT SERVICE PAYMENTS, DEBT SERVICE RATIO,

AND DEBT SERVICE PAYMENTS AS RATIO TO GNP, GDP AND FOREIGN EXCHANGE RESERVES

1960-1972

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	Average 1960-1972
1 Debt Service Payments (in J. Dinars)	4513	34958	54072	189038	661708	296503	556604	881181	955130	491160	1635311	2567036	3165436	884050
1a Interest (in J. Dinars)	4513	18805	20358	93358	110722	109929	137898	248920	320035	407535	374782	799373	841196	268263
1b Principal (in J. Dinars)	–	16153	33714	95680	550986	186574	418706	632261	635095	1083265	1260529	1767663	2324240	750436*
2 Exports of Goods & Services (in J.D. millions)	12.8	17.0	19.1	20.3	24.6	28.5	32.1	27.7	28.3	32.3	32.2	20.8	34.2	25.4
3 Gross National Product, GNP (in J.D. millions)	105.69	127.14	130.83	137.62	160.62	180.54	185.78	205.95	197.28	233.72	222.5	236.59	252.36	182.8
4 Debt Service Ratio (1/2)(%)	0.0352	0.2056	0.2830	0.9312	2.6898	1.0403	1.7339	3.1811	3.3750	1.5206	5.0786	12.3415	9.2556	3.2
5 Ratio of Debt Service to GNP (%)	0.004	0.03	0.04	0.14	0.41	0.16	0.30	0.43	0.48	0.21	0.73	1.10	1.25	0.41
6 Ratio of Debt Service to Foreign Resources (%)	0.0146	0.1016	0.1318	0.5391	1.2501	0.4864	0.8158	0.9417	0.8736	0.4936	1.6668	2.7632	3.1434	1.017
7 Ratio of Debt Service to GDP (%)	0.005	0.032	0.050	0.161	0.489	0.197	0.372	0.498	0.567	0.248	0.863	1.257	1.459	0.500
8 Ratio of Importable Consumption Goods to Total Imports	69.0	67.4	63.5	61.3	50.0	49.0	46.0	43.0	48.0	50.0	50.1	43.6	78.6	55.3

Source: (i)   Appendix III, Table No.1.
        (ii) Appendix I, Tables 2 and 15.
        (iii) Table 1.AE (Chapter 1)

Note: *Average 1961-1972.

TABLE 4

FUTURE DEBT SERVICE PAYMENTS

1973-2021

	IN THOUSANDS OF JORDANIAN DINARS										
Period	Debt Service Payments			Period	Debt Service Payments			Period	Debt Service Payments		
	Principal	Interest	Total		Principal	Interest	Total		Principal	Interest	Total
1973	3466	1276	4742	1990	2694	416	3110	2007	249	21	270
1974	3906	1286	5192	1991	2701	367	3068	2008	249	19	268
1975	3840	1235	5076	1992	2677	318	2996	2009	249	17	266
1976	3874	1186	5060	1993	2537	273	2809	2010	249	15	264
1977	4693	1183	5875	1994	2019	242	2261	2011	240	13	254
1978	4178	1093	5271	1995	1990	199	2188	2012	232	12	243
1979	3764	1023	4787	1996	1469	167	1636	2013	232	10	242
1980	3160	900	4060	1997	884	137	1021	2014	168	8	176
1981	2542	858	3400	1998	854	119	973	2015	168	7	175
1982	2748	815	3563	1999	830	100	930	2016	168	6	173
1983	2759	765	3524	2000	801	84	884	2017	150	5	155
1984	2714	714	3428	2001	713	69	782	2018	133	4	136
1985	2719	666	3385	2002	565	56	621	2019	133	3	135
1986	2682	618	3300	2003	417	47	465	2020	133	2	134
1987	2807	568	3375	2004	249	27	276	2021	98	1	98
1988	2749	516	3265	2005	249	25	274				
1989	2714	465	3179	2006	249	23	272				

Source: Central Bank of Jordan, Department of Economic Research, Fiscal and Monetary Division. (Unpublished Data - in Arabic.)

Notes: (a) Figures were reflected in donors' currencies. We converted them into Jordanian dinars using the parity rate between those currencies and S.D.Rs on December 1971 as published by the International Monetary Fund, International Financial Statistics, op.cit., vol. xxv, no. 12, December 1972.

(b) Figures may not add to totals, due to rounding.

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TABLE 5

LOANS FROM THE AGENCY FOR INTERNATIONAL DEVELOPMENT (A.I.D.) - DOLLAR LOANS

1966-1972

			THOUSANDS OF U.S. DOLLARS								
Number	Contractual Date	Amount (000's of U.S.$)	Project Title	Actual Disbursements							Grand Total
				1966	1967	1968	1969	1970	1971	1972	
1	30.9.1965	1640	Damiah - North Shunah Road (H.003).	127	494	240	533	-(140)*	-	-	1254
2	29.6.1966	1250	Bethlehem - Jerusalem Road (H.005).	84	376	73	608	8	-	-	1149
3	14.7.1966	6300	Telecommunication Improvement Project (H.006).	-	54	23	47	16	-	4422	4562
4	17.1.1967	1082	Improvements on Jerusalem Airport (H.008).	-	477	606	-	-	-	-	1083
Total		10272		211	1401	942	1188	(-116)*	-	4422	8048

Source: Data were collected from the Central Bank of Jordan, Department of Economic Research, unpublished data (In Arabic).

* Repayments

TABLE 5.1

AGRICULTURAL COMMODITY SURPLUS LOANS - PAID IN LOCAL CURRENCY

1966-1972

THOUSANDS OF JORDANIAN DINARS											
Number	Contractual Date	Amount 000's of Jordan Dinars	Project Title	Actural Disbursements							Grand Total
				1966	1967	1968	1969	1970	1971	1972	
1	9.5.1966	208	Finance to Government Developmental Budget.	208	–	–	–	–	–	–	208
2	19.10.1966	102	Improvements on Jerusalem Airport.	–	102	–	–	–	–	–	102
3	9.5&19.5.1966	113	Telecommunication Improvement Project.	–	–	3	–	–	50	60	113
4	19.10.1966	160	A loan to the Agricultural Credit Corporation	–	–	–	75	68	17	–	160
5	19.10.1966	150	A loan to the Co-operative Organization.	–	–	–	36	114	–	–	150
6	19.10.1966	38	Feasibility Study Financing.	–	–	–	–	–	38	–	38
7	19.10.1966	65	Improvements of Touristic Facilities.	–	–	–	–	40	25	–	65
8	19.10.1966	35	Improvements of Touristic Facilities.	–	–	–	8	25	–	2	35
9	19.10.1966	75	A loan to the Housing Corporation.	–	–	–	–	50	–	25	75
10	19.10.1966	268	Funds for Rehabilitation and Reconstruction.	–	–	–	–	–	268	–	268
11	19.10.1966	100	A loan to the Village and Municipalities Fund	–	–	–	10	42	44	4	100
Total		1314		208	102	3	129	339	442	91	1314

Source: Data were collected from the Central Bank of Jordan, Department of Economic Research, unpublished data (In Arabic).

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TABLE 5.2

AGRICULTURAL COMMODITY SURPLUS LOANS - PAID IN U.S. DOLLARS

1967-1972

IN THOUSANDS OF U.S. DOLLARS

Number	Contractual Date	Amount (000's of US $)	Project Title	1967	1968	1969	1970	1971	1972	Grand Total
1	25.8.1966									
1.a	"	168	Expansion of Ajloun Teachers' Training Institute.	168	-	-	-	-	-	168
1.b	"	154	Extension of Water Supply Networks in Municipalities and Villages.	154	-	-	-	-	-	154
1.c	"	103	Financing Feasibility Studies.	103	-	-	-	-	-	103
1.d	"	196	Building Roads in Rural Areas.	196	-	-	-	-	-	196
1.e	"	56	Financing Expansion in Eggs Production.	56	-	-	-	-	-	56
1.f	"	92	Financing purchases of computer tapes.	92	-	-	-	-	-	92
1.g	"	642	Financing Building a Ceiling for Amman Stream.	642	-	-	-	-	-	642
1.h	"	219	A loan to the Industrial Development Bank	219	-	-	-	-	-	219
1.i	"	66	Others (difference Between Selling and purchasing Prices of Commodity aid).	66	-	-	-	-	-	66
2	4.4.1968									
2.a	"	70	Developing irrigated farms.	-	70	-	-	-	-	70
2.b	"	55	Afforestation and Preservation of Waterfalls in Wadi Ziglab.	-	55	-	-	-	-	55
2.c	"	335	Developing Irrigation in Higherlands.	-	335	-	-	-	-	335
2.d	"	168	Developing Nurseries for Fruit-bearing Trees.	-	168	-	-	-	-	168
2.e	"	59	East Ghor Irrigation Networks.	-	59	-	-	-	-	59
2.f	"	112	Expanding Trees Nurseries (Forest Trees).	-	112	-	-	-	-	112
2.g	"	53	Extension of Water Supply Networks in Municipalities and Villages.	-	53	-	-	-	-	53
2.h	"	279	Soil Conservation in Wadi Shoab and Kafrain.	-	279	-	-	-	-	279
2.i	"	419	Funds for Rehabilitation and Reconstruction.	-	419	-	-	-	-	419
2.j	"	200	A loan to the Industrial Development Bank.	-	200	-	-	-	-	200
2.k	"	7	Widening and Maintenance of Mafrag - Ramtha Junction.	-	7	-	-	-	-	7
3	21.4.1969									
3.a	"	577	Funds for Rehabilitation and Reconstruction.	-	-	577	-	-	-	577
3.b	"	362	Financing of Building a Ceiling for Amman Stream.	-	-	362	-	-	-	362
3.c	"	139	Amman Drinking Water Project.	-	-	139	-	-	-	139
3.d	"	129	Maintenance of Ramtha-Mafrag Junction.	-	-	129	-	-	-	129
3.e	"	63	Others (difference between selling and purchasing prices of commodity aid).	-	-	63	-	-	-	63
4	20.8.1970									
4.a	"	815	Compensations of Government Budget Contributions in the Joint Fund for Rehabilitation and Reconstruction.	-	-	-	815	-	-	815
4.b	"	212	Telecommunication Project.	-	-	-	212	-	-	212
4.c	"	29	Improvements in Irrigated Farming.	-	-	-	29	-	-	29
4.d	"	42	Improvements in Higherland Farming.	-	-	-	42	-	-	42
4.e	"	42	East Ghor Irrigation Networks.	-	-	-	42	-	-	42
5	17.2.1972	1672	Telecommunication Projects.						1672	1672
Total		7535		1696	1757	1270	1140	-	1672	7535

Source: Data were collected from the Central Bank of Jordan, Department of Economic Research, unpublished data, (in Arabic).

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TABLE 5.3

LOANS FROM BRITAIN: THE CONSOLIDATED FINANCIAL OBLIGATIONS LOAN (£12.9m)

1949-1966

THOUSANDS OF STERLING POUNDS									
Number	Contractual Date	Amount	Project Title	Actual Disbursements					Grand Total
				1949	1952	1953	1954	1958	
1	21.11.1949	335	Agriculture .	335					335
1.a	"	320	Damiah-Arda-Kreameh-Shunnah Road.	320					320
1.b	"	100	Madaba-Karak Road.	100					100
1.c	"	135	Construction of villages for refu-gees .	135					135
1.d	"	110	Miscellaneous .	110					110
2	17.4.1952	100	Agaba Port.		100				100
2.a	"	350	Agaba-Amman Road.		350				350
2.b	"	227	Other roads.		227				227
2.c	"	100	Jerusalem Airport .		100				100
2.d	"	150	Irrigation Schemes.		150				150
2.e	"	200	Financial Support to the Jordan Con-struction Bank .		200				200
2.f	"	80	Railroads .		80				80
2.g	"	190	Improving conditions in frontier villages.		190				190
2.h	"	103	Miscellaneous.		103				103
3	2.3.1953	340	Rural Development Loans .			340			340
3.a	"	160	Jerusalem Airport.			160			160
4	5.11.1953	327	Rural Development Loans.			327			327
4.a	"	36	Co-operative Societies .			36			36
4.b	"	45	Jerusalem Airport.			45			45
4.c	"	98	Amman Airport.			98			98
4.d	"	180	Cereals Silos.			180			180
4.e	"	105	Amman-Karak-Tafilah Road .			105			105
4.f	"	482	Other Roads.			482			482
4.g	"	327	Miscellaneous.			327			327
5	16.12.1954	277	Loans for Agri-cultural Develop-ment in Frontier Villages.				277		277
5.a	"	82	Co-operative Societies.				82		82
5.b	"	60	Cereals Silos.				60		60
5.c	"	160	Karak-Tafilah Road.				160		160
5.d	"	200	Railway Roads.				200		200
5.e	"	475	Other Roads.				475		475
5.f	"	200	Agaba Airport.				200		200
5.g	"	160	Jerusalem Airport.				160		160
5.h	"	136	Amman Airport.				136		136
6	20.12.1954	310	Rural Development Loans.				310		310
6.a	"	700	The Desert Road.				700		700
6.b	"	110	Jerusalem Airport.				110		110
7	26.3.1958	270	Rural Development Loans.					270	270
7.a	"	152	Amman & Jerusalem Airports .					152	152
7.b	"	78	The Desert Road.					78	78
8	7.5.1958	100	Amman & Jerusalem Airports.					100	100
8.a	"	530	The Desert Road and Agaba Port.					530	530

TABLE 5.3 cont'd 1

THOUSANDS OF STERLING POUNDS									
Number	Contractual Date	Amount	Project Title	Actual Disbursement					Grand Total
				1959	1960	1961	1962	1963	
9	11.6.1959	35	Amman & Jerusalem Airports.	35					35
9.a	"	465	The Desert Road.	465					465
10	4.5.1960	500	The Desert Road.		500				500
11	17.7.1961	375	The Desert Road.			375			375
11.a	"	75	Water Exploration in Jerusalem.			75			75
11.b	"	30	Agricultural Co-operatives.			30			30
11.c	"	20	Agricultural Marketing.			20			20
12	25.5.1962	200	The Desert Road.				200		200
12.a	"	40	West of Jordan Water Projects.				40		40
12.b	"	60	Wadi Zarga & Hasa Water Projects.				60		60
12.c	"	25	Water Projects Experts.				25		25
12.d	"	100	Olive Oil Marketing Project.				100		100
12.e	"	45	Engineering Studies.				45		45
12.f	"	20	Improving Domestic Cow Breeds.				20		20
12.g	"	35	Amman Airport Expansion Studies.				35		35
12.h	"	65	Wadi Araba Road Studies.				65		65
12.i	"	17	Azraq Water Supply.				17		17
12.j	"	48	Drilling Underground Water in Hasa.				48		48
12.k	"	5	Improvements in Jerusalem Airport.				5		5
12.1	"	40	North Zarga Valley Water Survey.				40		40
13	27.4.1963	265	The Desert Road.					265	265
13.a	"	35	Nablus Water Project.					35	35
13.b	"	25	McDonald -South- Water Project.					25	25
13.c	"	69	McDonald -South-Water.					69	69
13.d	"	34	Water Project(REX & Co.)					34	34
13.e	"	11	Kafrain,Shoab & Ziglab Dams.					11	11
13.f	"	9	Water Projects.					9	9
13.g	"	9	Jericho Water Project.					9	9
13.h	"	27	Ziglab Dam.					27	27
13.i	"	15	Wadi Araba Water.					15	15
13.j	"	16	West Bank Hydro-Studies					16	16
13.k	"	12	Drilling Underground Water in Wadi Dhuleil.					12	12
13.1	"	12	Kafrain & Shoab Dams.					12	12
13.m	"	72	Ghor Elsafi-Agaba Road.					72	72
13.n	"	25	Expansions in Amman Airport.					25	25
13.o	"	35	Equipment for Amman Airport.					35	35
13.p	"	4	Jerusalem Airport.					4	4
13.q	"	25	Industrial Co-operative Societies.					25	25

TABLE 5.3 cont'd a

THOUSANDS OF STERLING POUNDS				Actual Disbursements			Grand Total
Number	Contractual Date	Amount	Project Title	1964	1965	1966	
14	31.8.1964	262	Water studies & Surveys.	262			262
14.a	"	30	Ziglab Dam.	30			30
14.b	"	264	Kafrain & Shoab Dams.	264			264
14.c	"	12	Minerals Explorations Mobile Unit.	12			12
14.d	"	10	Wadi Mojeb Soil Survey.	10			10
14.e	"	20	Equipment for Amman Airport.	20			20
14.f	"	50	Establishing and Equipping a Veterinary Centre.	50			50
14.g	"	32	Equipping a F.A.O. sponsored Dry Farming Project.	32			32
14.h	"	15	Support to Co-operative Societies.	15			15
14.i	"	5	Agricultural Survey.	5			5
15	8.6.1965	357	Water Projects.		357		357
15.a	"	20	The Desert Road.		20		20
15.b	"	159	Ziglab, Kafrain & Shoab Dams.		159		159
15.c	"	15	Equipment for Amman Airport.		15		15
15.d	"	60	Agricultural Survey.		60		60
15.e	"	12	Expanding Amman Airport Study.		12		12
15.f	"	20	Establishing Veterinary Centres.		20		20
15.g	"	57	Jordan Electrification Project.		57		57

Total of Consolidated Financial Obligations Loan (A) 1949-1966 (Project No.1 through No. 15)

Actual Disbursements (000s of Sterling Pounds)

1949	1952	1953	1954	1958	1959	1960	1961	1962	1963	1964	1965	1966	Grand Total
1000	1500	2100	2870	1130	500	500	500	700	700	700	700	-	12900

Source: Data were collected from the Central Bank of Jordan, Department of Economic Research, unpublished data, (in Arabic).

TABLE 5.4

LOANS FROM BRITAIN - THE 300,000 POUND LOAN

1966-1972

				IN THOUSANDS OF STERLING POUNDS								
Number	Contractual Date	Amount	Project Title	Actual Disbursements								Grand Total
				1966	1967	1968	1969	1970	1971	1972		
16	25.7.1965	100	Wadi Dhuleil Irrigation Project		100							100
16.a	"	106	Irbid Electricity Project		106							106
16.b	"	20	Ziglab Dam		20							20
16.c	"	9	Establishment of Veterinary Centres		9							9
16.d	"	23	Irrigation Works		23							23
16.e	"	542	Kafrain & Shuaib Dams	250	292							542
Total		800		250	550							800

Source: Data were collected from the Central Bank of Jordan, Department of Economic Research, unpublished data, (in Arabic).

TABLE 5.5

LOANS FROM BRITAIN - THE 900,000 POUND LOAN

1966-1972

IN THOUSANDS OF STERLING POUNDS												
Number	Contractual Date	Amount	Project Title	1966	1967	1968	1969	1970	1971	1972	Grand Total
17	9.8.1967	224	Wadi Dhuleil Irrigation Project		10	214					224
17.a	"	40	Wadi Mojeb Study		40						40
17.b	"	20	Water Projects - Natural Resources Authority		17	3					20
17.c	"	4	Wadi Ziglab Irrigation Project		4						4
17.d	"	257	Kafrain & Shuaib Dams		114	143					257
17.e	"	107	Amman Air Port Lighting System			107					107
17.f	"	7	Kark-Hasa Irrigation Projects			7					7
17.g	"	195	Irbid Electricity Project			195					195
17.h	"	30	Minerals Exploration in Wadi Khalid			30					30
17.i	"	6	Dry Farming			6					6
17.j	"	10	Consultation Expenditure (Agaba Air Port			10					10
Total		900			185	715					900

Source: Data were collected from the Central Bank of Jordan, Department of Economic Research, unpublished data, (in Arabic).

TABLE 5.6

LOANS FROM BRITAIN - THE 7,690,000 POUND LOAN (THE BRITISH DEVELOPMENT LOAN)

1967-1972

				IN THOUSANDS OF STERLING POUNDS							
Number	Contractual Date	Amount	Project Title	Actual Disbursements							Grand Total
				1967	1968	1969	1970	1971	1972		
18	1.4.1968	679	Kafrain and Shuaib Dams		200	419	60				679
18.a	"	42	Wadi Mojeb Study		25	17					42
18.b	"	1195	Aqaba Air Port		25	300	150	550	170		1195
18.c	"	243	Karak - Hasa Irrigation Scheme			160		40	43		243
18.d	"	364	Irbid Electricity Project (Stage 1)			312	25	27			364
18.e	"	9	Amman Air Port			9					9
18.f	"	179	Wadi Dhuleil Irrigation Scheme			97	30	45	7		179
18.g	"	13	Wadi Dhuleil Agricultural Station			13					13
18.h	"	290	Telecommunication Project			140		50	100		290
18.i	"	40	Communication Equipment				40				40
18.j	"	1700	Amman Electricity Project					1100	600		1700
18.k	"	300	Irbid Electricity (Stage 2)					100	200		300
18.1	"	100	Supplying Water to the University and Amman Hospital					100			100
18.m	"	50	A loan to the Cooperative Organisation						50		50
18.n	"	200	Irbid Electricity (Stage 3)						200		200
18.o	"	70	Supplying Water to Yajoz						70		70
Total		5474			250	1467	305	2012	1440		5474

Source: Data were collected from the Central Bank of Jordan, Department of Economic Research, unpublished data, (in Arabic).

TABLE 5.7

LOANS FROM WEST GERMANY

1962-1972

				IN THOUSANDS OF D. MARKS											
Number	Contractual Date	Amount	Project Title	Actual Disbursements											Grand Total
				1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	
1	20.2.1962	15120	Expansions in Agaba Port (Project No.35)	2801	6872	3547	573	1327	-	-	-	-	-	-	15120
2	17.9.1965	7750	Expansions in Agaba Port (Project No.186)	-	-	-	-	1064	2246	3490	127	797	5	21	7750
3	14.3.1967	18500	Expansions in Agaba Port (Project No.348)	-	-	-	-	-	2849	13514	1327	702	102	6	18500
4	16.10.1968	73965	Hittia-Agaba Rail Road (Project No.A.423)	-	-	-	-	-	-	-	289	-	-	35200	35509
5	27.10.1970	1100	Electricity Generator for Agaba Port (Project No.543)	-	-	-	-	-	-	-	-	-	10	582	592
6	21.10.1970	18500	Equipments for Hussein Medical City (No.559)	-	-	-	-	-	-	-	-	-	5115	11210	16325
7	11.6.1972	3000	Funds for the Industrial Development Bank (No.726)	-	-	-	-	-	-	-	-	-	-	-	-
8	11.6.1972	60000	Hittia-Agaba Rail Road (Project No.B.403)	-	-	-	-	-	-	-	-	-	-	-	-
9	16.11.1972	2400	Expansions in Agaba Port (Project No.773)	-	-	-	-	-	-	-	-	-	-	-	-
Total		200335		2801	6872	3547	573	2391	5095	17004	1743	1499	5232	47039	93796

Source: Data were collected from The Central Bank of Jordan, Department of Economic Research, unpublished data (In Arabic).

TABLE 5.8

LOANS FROM THE INTERNATIONAL DEVELOPMENT ASSOCIATION (I.D.A.)

1962-1972

			IN THOUSANDS OF U.S. DOLLARS												
Number	Contractual Date	Amount	Project Title	Actual Disbursements											Grand Total
				1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	
1	22.12.1961	1500	Amman Drinking Water Project (No.18)	–	38	91	420	129	821	1	–	–	–	–	1500
2	12.12.1963	2516	Water Projects (No.43)	–	–	131	922	283	1018	162	–	–	–	–	2516
3	12.12.1963	3000	Agriculture Project-stage one (No.44)	–	–	1276	1307	417	–	–	–	–	–	–	3000
4	9.5. 1967	3000	Agriculture Project (No.103)	–	–	–	–	–	265	851	545	399	357	583	3000
5	28.6.1971	6000	Amman-Zerga Highway (No.262)	–	–	–	–	–	–	–	–	–	124	1685	1809
6	6.4.1972	5400	Educational Projects (No.285)	–	–	–	–	–	–	–	–	–	–	–	–
Total		21416		–	38	1498	2649	829	2104	1014	545	399	481	2268	11825

Source: Data were collected from the Central Bank of Jordan, Department of Economic Research, unpublished data (In Arabic).

TABLE 5.9

LOANS FROM SAUDI-ARABIA

1962-1972

IN THOUSANDS OF U.S. DOLLARS															
Number	Contractual Date	Amount	Project Title	Actual Disbursements											
				1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	Grand Total
1	13.6.1966	15000	Agaba-Maan-Saudi Arabia Borders-Zerga-Azrag Road.	-	-	-	-	4200	-	4198	4198	1404	1000	-	15000
Total		15000		-	-	-	-	4200	-	4198	4198	1404	1000	-	15000

Source: Data were collected from the Central Bank of Jordan, Department of Economic Research, unpublished data (In Arabic).

TABLE 5.10

LOANS FROM C. I T O H and Co. (JAPAN)

1962-1972

				IN THOUSANDS OF U.S. DOLLARS											
Number	Contractual Date	Amount 000's of U.S.$	Project Title	Actual Disbursements											Grand Total
				1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	
1	28.8.1969	2451	Financing of a Ground Sattelite Station.	-	-	-	-	-	-	-	-	2451	-	-	2451
Total		2451		-	-	-	-	-	-	-	-	2451	-	-	2451

Source: Data were collected from the Central Bank of Jordan, Department of Economic Research, unpublished data (In Arabic).

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TABLE 5.11

LOANS FROM KUWAIT (KUWAITI GOVERNMENT LOANS)

1960-1972

IN THOUSANDS OF KUWAITI DINARS																	
Number	Contractual Date	Amount	Project Title	Actual Disbursements													Grand Total
				1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	
1	18.7.1960	420	A loan to the Industrial Development Bank.	400	−	20	−	−	−	−	−	−	−	−	−	−	420
2	"	620	A loan to the Municipalities Fund.	600	−	20	−	−	−	−	−	−	−	−	−	−	620
3	18.4.1964	5000	Government Budget Support	−	−	−	−	5000	−	−	−	−	−	−	−	−	5000
Total		6040		1000	−	40	−	5000	−	−	−	−	−	−	−	−	6040

Source: Data were collected from the Central Bank of Jordan, Department of Economic Research, unpublished data, (in Arabic).

TABLE 5.12

LOANS FROM THE KUWAITI FUND FOR ARAB ECONOMIC DEVELOPMENT

IN THOUSANDS OF KUWAITI DINARS																			
Number	Contractual Date	Amount	Project Title	Actual Disbursements															Grand Total
				1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972			
1	3.4.1962	3000	Phosphate Project	-	-	199	585	59	785	934	367	60	-	-	-	11			3000
2	"	240	Jerusalem Electricity Project	-	-	-	-	240	-	-	-	-	-	-	-	-			240
3	"	175	Jerusalem Hotel	-	-	-	-	149	26	-	-	-	-	-	-	-			175
4	"	85	Jordan Hotel	-	-	-	-	-	28	26	31	-	-	-	-	-			85
5	"	1900	Yarmouk Project	-	-	-	-	39	80	87	139	167	564	277	262	207			1822
6	14.3.1972	4600	Zarga-Dam Project	-	-	-	-	-	-	-	-	-	-	-	-	386			386
Total		10000		-	-	199	585	487	919	1047	537	227	564	277	262	604			5708

Source: Data were collected from the Central Bank of Jordan, Department of Economic Research, unpublished data, (in Arabic).

TABLE 5.13

LOANS FROM DENMARK

1966-1972

				IN THOUSANDS OF D. KRONERS							
Number	Contractual Date	Amount	Project Title	Actual Disbursements							Grand Total
				1966	1967	1968	1969	1970	1971	1972	
1	28.6.1966	12000	Financing Slaughter-houses & Refrigerators in Amman and Irbid	-	84	401	2195	4353	4323	335	11691
Total		12000		-	84	401	2195	4353	4323	335	11691

Source: Data were collected from The Central Bank of Jordan, Department of Economic Research, unpublished data, (in Arabic).

TABLE 5.14

LOANS FROM ENI-IMPEX (FRENCH-BELGIAN CO.)

IN THOUSANDS OF JORDANIAN DINARS											
Number	Contractual Date	Amount	Project Title	Actual Disbursements							Grand Total
				1966	1967	1968	1969	1970	1971	1972	
1	8.4.1967	3100	Amman Grand Hospital	–	3100	–	–	–	–	–	3100
Total		3100			3100						3100

Source: Data were collected from the Central Bank of Jordan, Department of Economic Research, unpublished data, (in Arabic).

TABLE 5.15

LOANS FROM THE EXPORT-IMPORT BANK AND BOEING COMPANY

1966-1972

IN THOUSANDS OF U.S. DOLLARS												
Number	Contractual Date	Amount	Project Title	Actual Disbursements								Grand Total
				1966	1967	1968	1969	1970	1971	1972		
1	9.7.1970	9200	Financing the purchase of Boeing Aircraft (707)	-	-	-	-	-	8180	743		8923
Total		9200		-	-	-	-	-	8180	743		8923

Source: Data were collected from the Central Bank of Jordan, Department of Economic Research, unpublished data, (in Arabic).

TABLE 5.16

LOANS FROM FOREIGN COMMERCIAL BANKS

1966-1972

IN THOUSANDS OF U.S. DOLLARS											
Number	Contractual Date	Amount	Project Title	Actual Disbursements							Grand Total
				1966	1967	1968	1969	1970	1971	1972	
1	9.7.1970	9200	Financing the purchase of Boeing Aircraft (707)	-	-	-	-	-	8300	900	9200
Total	.	9200		-	-	-	-	-	8300	900	9200

Source: Central Bank of Jordan, Department of Economic Research, unpublished data, (in Arabic).

TABLE 6

SECTORAL DISTRIBUTION OF U.S. DOLLAR LOANS AND SECTORAL DISTRIBUTION OF TOTAL
U.S. LOANS (LOCAL CURRENCY LOANS AND DOLLAR LOANS)
1966-1972

IN THOUSANDS OF U.S. DOLLARS			
Sectors	Amounts Actually Disbursed	Percentages	Percentage Distribution of Total U.S. Loans
1 Agriculture & Irrigation (I)	1247	8.0	11.0
1.a Irrigation	632	4.1	3.3
1.b Dams	-	-	-
1.c Other agricultural activities	615	3.9	7.7
2 Transport (II)	3818	24.5	21.3
2.a Roads	2735	17.5	14.19
2.b Ports & Air Ports	1083	7.0	7.10
2.c Equipment & Studies	-	-	-
3 Electricity & Water Supply (III)	346	2.23	1.8
3.a Electricity	-	-	-
3.b Water Supply	346	2.23	1.8
4 Mining & Manufacturing (IV)	419	2.68	2.17
4.a Mining	-	-	-
4.b Manufacturing	419	2.68	2.17
5 Construction & Housing (V)	1004	6.44	6.30
6 Communication (VI)	6446	41.36	35.1
7 Social Welfare (VII)	1811	11.62	13.3
8 Education (VIII)	168	1.10	2.32
9 Other (IX)	324	2.07	6.71
Total	15583	100.00	100.00

Source: Based on the following tables in Appendix III: 5, 5.1 and Table 5.2.

Notes:
(I) Building agricultural roads; expanding egg production; developing
     production of irrigated lands; aforestation and developing plant nurseries;
     developing dry land production; East Ghor irrigation networks; soil
     conservation.
(II) Building roads; improvements on Jerusalem Airport.
(III) Extensions of water supply networks in municipalities and villages;
      improvements on Amman's drinking water.
(IV) Funds for the Industrial Development Bank.
(V) Building a ceiling for Amman Stream.
(VI) Jordan telecommunications improvement projects.
(VII) Finance for rehabilitation and reconstruction.
(VIII) Expansion of Ajloun Teachers Training Institute.
(IX) Feasibility studies; purchasing computer magnetic tapes; difference between
      purchasing and selling prices of commodity aid.

TABLE 6.1

SECTORAL DISTRIBUTION OF BRITISH LOANS

IN THOUSANDS OF STERLING POUNDS AND U.S. DOLLAR EQUIVALENT			
Sectors	Amounts Actually Disbursed		Percentages
	000s of £	U.S. $	
1 Agriculture & Irrigation (I)	5887	14329	29.0
1.a Irrigation	1147	2792	5.7
1.b Dams	2001	4870	10.0
1.c Other agricultural activities	2739	6667	13.3
2 Transport (II)	8637	21023	43.0
2.a Roads	5769	14042	28.8
2.b Ports & Airport Facilities	2776	6757	13.7
2.b₁ Equipment & Other Studies	92	224	0.5
3 Electricity & Water Supply (III)	4043	9841	20.0
3.a Electricity	2922	7112	14.5
3.b Water Supply	1121	2729	5.5
4 Mining & Manufacturing (IV)	67	163	0.3
4.a Mining	42	102	0.2
4.b Manufacturing	25	61	0.1
5 Construction & Housing (V)	380	925	2.0
6 Communication (VI)	330	803	2.0
7 Social Welfare (VII)	190	462	0.9
8 Others	540	1314	2.7
9 Total	20,074	48,860	100.0

Source: Appendix III, Tables 5.3, 5.4, 5.5 & 5.6.

Notes: (I)   Small irrigation projects;   funds for general agricultural development;
funds for Agricultural Co-operatives; agricultural marketing, drilling
and pumping of underground water; Ziglab, Shoab and Kafrain Dams; Soil
surveys; developing dry farming; agricultural census; cereals silos;
veterinary equipment.

(II)   Amman-Agaba road; building roads; building, equipping and expanding
facilities at Jerusalem Airport, Amman Airport and Agaba port.

(III)   Jordan Electrification Project; Amman & Irbid Electricity Projects;
water explorations and hydro-studies; extending water supply networks;
Azrag water supply network project.

(IV)   Financial support for Industrial Co-operatives.

(V)   Funds for building villages for rehabilitating frontier inhabitants;
financial support for the Jordan Construction Bank; engineering studies.

(VI)   Telephone & Wireless Communication Projects.

(VII)   General development in frontier villages.

TABLE 7

SECTORAL DISTRIBUTION OF LOANS FROM A.I.D. (PAID IN LOCAL CURRENCY)

IN THOUSANDS OF JORDANIAN DINARS AND U.S. DOLLAR EQUIVALENT			
Sectors	Amounts of Actual Disbursements		Percentages
	000's Jordanian Dinars	U.S. $	
1 Agriculture & Irrigation (I)	310	(868$)	23.6
1.a Irrigation	-	(-)	-
1.b Dams	-	(-)	-
1.c Other agricultural activities	310	(868$)	23.6
2 Transport (II)	102	(286$)	7.8
2.a Roads	-	(-)	-
2.b Ports and Airport Facilities	102	(286$)	7.8
3 Electricity & Water Supply	-	(-)	-
4 Mining & Manufacturing	-	(-)	-
5 Construction & Housing (III)	75	(210$)	5.7
6 Communication (IV)	113	(316$)	8.6
7 Social Welfare	268	(750$)	20.4
8 Tourism	100	(280$)	7.6
9 Others	346	(969$)	26.3
Total	1314	(3679$)	100.0

Source: Appendix III, Table 5.1.

Notes: (I) Loans to the Agricultural Credit Corporation and the Cooperative Organisation.
   (II) Improvements in Jerusalem Airport.
  (III) Loan to the Housing Corporation.
  (IV) Jordan Telecommuncations Improvement Projects.
   (V) Funds for rehabilitation and reconstruction.
  (VI) Improvements of touristic facilities.
 (VII) Loan to the Village & Municipalities Fund; funds for the government development budget; financing feasibility studies.

TABLE 8

SECTORAL DISTRIBUTION OF LOANS FROM KUWAIT

KUWAITI GOVERNMENT AND THE KUWAITI FUND FOR ARAB ECONOMIC DEVELOPMENT

IN THOUSANDS OF KUWAITI DINARS AND U.S. DOLLAR EQUIVALENT			
Sector	Actual Disbursements		Percentage
	000's of K. Dinars	U.S. $	
1 Agriculture & Irrigation	2208	(6271$)	19.0
Dams (I)	2208	(6271$)	19.0
2 Transport	-	(-)	-
3 Electricity & Water Supply	240	(682$)	2.0
3a) Electricity (II)	240	(682$)	2.0
3b) Water Supply	-	(-)	-
4 Mining & Manufacturing	3420	(9713$)	29.0
4a) Mining (III)	3000	(8520$)	25.5
4b) Manufacturing (IV)	420	(1193$)	3.5
5 Tourism (V)	260	(738$)	2.2
6 Other	5620	(15961$)	47.8
7 Total	11748	(33365$)	100.0

Source: Appendix III, Tables 5.11 and 5.12.

Notes: (I)   Funds for Yarmouk Project and Zarka Dam.

(II)   Jerusalem Electricity.

(III)   Settling debt extended by the American Loan Fund to the Phosphate Co., covering costs of technical studies, and supplementing the Phosphate Company's capital.

(IV)   Loan to the Industrial Development Bank.

(V)   Jordan Hotel and Jerusalem Hotel (Intercontinental).

TABLE 9

SECTORAL DISTRIBUTION OF LOANS FROM WEST GERMANY

1962-1972

IN THOUSANDS OF D. MARKS AND U.S. DOLLAR EQUIVALENT			
Sectors	Amounts Actually Disbursed		Percentages
	000's of D.Marks	U.S. $	
1 Agriculture & Irrigation	-	-	-
2 Transport	76879	274074	82.0
2a)Ports & Air-Port Facilities (I)	41370	147484	44.0
2b)Roads (II)	35509	126590	38.0
3 Electricity & Water Supply (III)	592	2110	0.6
3a)Electricity	592	2110	0.6
4 Mining & Manufacturing	-	-	-
5 Construction & Housing	-	-	-
6 Communication	-	-	-
7 Social Welfare	-	-	-
8 Health (IV)	16325	58199	17.4
9 Others	-	-	-
10 Total	93796	339383	100.0

Source: Appendix III, Table 5.7.

Notes: (I) For expanding Agaba Port.

(II) Hittiah - Agaba Rail Road.

(III) Electricity generator for Agaba Port.

(IV) Equipment for Hussein Medical City.

TABLE 10

SECTORAL DISTRIBUTION OF LOANS FROM THE INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

1961-1972

IN THOUSANDS OF U.S. DOLLARS		
Sectors	Actual Disbursements	Percentages
1 Agriculture & Irrigation (I)	6000	50.7
1a)Other agricultural activities	6000	50.7
2 Transport (II)	1809	15.3
2a)Roads	1809	15.3
3 Electricity & Water Supply (III)	4016	34.0
3a)Electricity	-	-
3b)Water Supply	4016	34.0
4 Mining and Manufacturing	-	-
5 Construction and Housing	-	-
6 Communication	-	-
7 Social Welfare	-	-
8 Education	-	-
Total	11825	100.0

Source: Appendix III, Table No.5.8.

Notes: (I) Funds extended to the Agricultural Credit Corporation for financing farmers and covering expenses of hiring foreign experts.

(II) Funds for Amman-Zerga highway; purchasing equipments for building and maintaining roads, and to cover cost of a study for controlling traffic within Amman Municipality.

(III) Finance extended to Amman Municipality for developing water facilities, increasing the supply of water in Amman and installing drinking water distribution networks.

TABLE 11

SECTORAL DISTRIBUTION OF LOANS FROM SAUDI-ARABIA, DENMARK, C.ITOH AND CO.,

ENI-IMPEX, EXPORT AND IMPORT BANK AND OTHER COMMERCIAL BANKS

Sector	(a) Saudi-Arabia		(b) Denmark		(c) C.ITOH & Co.,		(d) ENI-IMPEX		(e) Export-Import Bank & Boeing Co.		(f) Commercial Banks	
	000s of U.S. $	%	000s of D. Kroners	%	000s of U.S. $	%	000s of J.Dinars	%	000s of U.S. $	%	000s of U.S. $	%
1 Agriculture & Irrigation.	-	-	-	-	-	-	-	-	-	-	-	-
2 Transport.	15000	100	-	-	-	-	-	-	8923	100	9200	100
2a Ports & Airport Facilities.	-	-	-	-	-	-	-	-	8923	100	9200	100
2b Roads.	15000	100	-	-	-	-	-	-	-	-	-	-
3 Electricity & Water Supply.	-	-	-	-	-	-	-	-	-	-	-	-
4 Mining & Manufacturing.	-	-	-	-	-	-	-	-	-	-	-	-
5 Construction & Housing.	-	-	-	-	-	-	-	-	-	-	-	-
6 Communication.	-	-	-	-	2451	100	-	-	-	-	-	-
7 Social Welfare.	-	-	-	-	-	-	-	-	-	-	-	-
8 Education.	-	-	-	-	-	-	-	-	-	-	-	-
9 Health.	-	-	-	-	-	-	3100 (8680)	100	-	-	-	-
10 Other.	-	-	11691 (76985)	100	-	-	-	-	-	-	-	-
11 Total.	15000	100	11691 (76985)	100	2451	100	3100 (8680)	100	8923	100	9200	100

Source: Appendix III, Tables: 5.9, 5.13, 5.10, 5.14, 5.15 and 5.16.

Notes: (a) For financing a road connecting Agaba-Ma'an-Saudi-Arabia borders & Zarka Azrag road.
(b) For financing equipment and refrigerators for Amman and Irbid Municipalities.
(c) Financing a Ground Sattelite Station; (d) Amman Grand Hospital; (e) Financing purchases of Boeing Aircraft.
(f) Figures between brackets are in U.S. dollars.

TABLE 12

SECTORAL DISTRIBUTION OF LABOUR FORCE AND EMPLOYMENT IN

THE EAST BANK

IN THOUSANDS OF WORKERS				
	1961 Population Census		1970 Establishment Survey	
	Numbers in 000's	%	Numbers in 000's	%
I Total number of population	901		1668	
II Labour force:	218	100	350	100
a) Total number of employment	202	92.7	301	86.0
b) Seeking work	16	7.3	49	14.0
III Sectoral distribution:				
a) Agriculture	73	33.4	115	32.9
b) Mining & Quarrying	5	2.3	3	0.9
c) Manufacturing	17	7.7	21	6.0
d) Electricity	1	0.5	1	0.3
e) Construction	22	10.1	7	2.0
f) Wholesale & Retail Trade, Restaurants & Hotels	17	7.7	23	6.6
g) Transport, storage and communication	8	3.6	11	3.1
h) Financial Institutions, Insurance and Real Estate and Business Services	-	-	4	1.1
i) Community, social and personal services	29	13.3	34	9.7
j) Not specified (including armed forces)	31	14.1	82	23.4
IV Percentage of Labour Force to total number of population		24.2		21.0

Source: (I)   Jordan Department of Statistics, Establishment Survey 1970, (Amman:
              Department of Statistics Press, n.d.)
       (II) Jordan Department of Statistics, First Census of Population and Housing,
             (Amman: Department of Statistics Press, May 1964), vol. 2.
       (III) The National Planning Council, unpublished data in Arabic.

Notes: The number of the labour force, the labourers seeking work, the agricultural
       labour and the "not identified" item in the Establishment Survey of 1970 were
       estimates.

APPENDIX IIIa

A three-agreement sample representing various loan agreements between Jordan and donors - some excerpts.

1. TYPE A AGREEMENT - Agreement between the Government of the Kingdom of Denmark and the Government of the Hashimite Kingdom of Jordan on a Danish Government loan to Jordan, June 20, 1966.

    The striking points in this agreement are the following:-

    (a) "The Borrower will repay the loan in Danish Kroners or any other convertable currencies acceptable to Denmark National Bank..."[1]

    (b) "The Borrower will use proceeds of the loan to finance imports (including transport charges from Denmark to Jordan) of Danish capital goods....."[2]

    (c) Jordan should abide by the Articles of the Agreement whereby any violations (default, for example) whether occurred in payment under this Agreement or any other Borrower - Lender Agreements, the Lender, after sixty days notice, and "at his option, may declare the principal of the loan then outstanding to be due and payable immediately..."[3]

2. TYPE B AGREEMENT - Agreement between the United States Mission in Jordan and the Government of Jordan - A.I.D. Loan No. 278-H-003, Jordan: Damiya Junction - North Shouna Road reconstruction, September, 1965.

    (a) Article V Section 5.2 "Borrower shall ensure that at least fifty percent (50%) of the gross tonnage of all goods ..... financed hereunder which shall be transported on ocean vessels shall be transported on privately owned United States flag commerical vessels... No goods may be financed hereunder which shall be transported on any

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(1) Type A agreement, op. cit., Article V.
(2) Ibid., Article VI; in the annex of this agreement, the imported Danish machinery and equipment was specified for usage in a slaughter house, diaries, a compost plant, fishing industry, cold storage and food processing.
(3) Ibid., Article XI

ocean vessels (a) which A.I.D. by written notice to Borrower, has

designated as ineligible to carry A.I.D. financed goods....."

(b) Article 100 - Section 100-1: "except as A.I.D. may otherwise

agree in writing, all imported Eligible Items, including transportation

service and marine insurance on imported Eligible Items, shall have

theirsource and origin in the United States ...... All other goods

and services, except transportation services, obtained for the project

shall have theirsource and origin in the borrower Country or Countries

included in Code 899 of the A.I.D. Georgraphic Code Book..... A.I.D.

may issue binding interpretations of this section 100-1 from time to

time."

(c) Article 100 - section 100-2: "... no more than reasonable

prices shall be paid for any Eligible Items......" The provisions

of the Section 100-2, other than the requirement that the price must

be reasonable, shall not apply to architectural, engineering, manage-

ment or such other professional services as A.I.D. may specify in

writing."

(d) Article 100 - Section 100-4: "In order that United States small

business shall have the opportunity to participate in furnishing

imported Eligible Items, borrower, at such time as A.I.D. may specify

prior to ordering or contracting for any imported Eligible Items

estimated to cost more than the equivalent of five thousand United

States dollars ($5000), shall cause to be received by A.I.D. such

information concerning imported Eligible Items as A.I.D. may require."

(e) Article 100 - Section 100-5: "..... Borrower shall insure, or

cause to be insured, all imported goods financed under the Loan ...

such insurance ..... shall be payable in United States dollars."

(f) Article 100 - Section 100-7: "Employment of Personnel to

perform services under Contracts financed hereunder, in whole or in

part, shall be subject to all applicable United States Legislations

and such requirements, including security clearances and limitations on the employment of third country nationals, as A.I.D. may from time to time promulgate or specify ....."

(g) Article 101 - Section 101-2: "All Eligible Items shall be used exclusively for the Project. This restriction shall apply only until such time as such goods can no longer be usefully employed for the project or the project facilities, provided that no goods financed hereunder shall be exported from the Borrower Country without the prior approval of A.I.D. and provided further that no Eligible Item shall at any time be used to promote or assist any project or activity associated with or financed by any country ......"

(h) Article 101 - Section 101-3: "Borrower shall co-operate with the United States Government in its efforts to disseminate information concerning the Loan and the Project and shall comply with such reasonable instructions with respect thereto or with respect to the marking of goods ...... or the identification of any project job site as A.I.D. may issue from time to time."

(i) Article 102 - Section 102-2: "A.I.D. from time to time may issue binding instructions concerning the eligibility for financing hereunder of commissions, including brokerage commissions and commissions paid to sales agents of suppliers, and allowances to purchasing agent or importers."

3. TYPE C AGREEMENT - Agreement between the Royal Jordanian Airlines, Government of the Hashimite Kingdom of Jordan, the Boeing Company and Export-Import Bank of the United States.

(a) Article V̲ Section A.5: "No Aircraft the purchase of which is financed, in whole or in part, by Eximbank under this Agreement (i) is principally for use in a Communist Country (as defined in Section 620 - (f) of the Foreign Assistance Act of 1961, as amended)

or (ii) is to be used principally in any nation (A) which engages

in armed Conflict, declared or otherwise, with armed forces of the

United States or (B) which furnishes by direct governmental action ...

goods, supplies, military assistance, or advisors to any nation

described in Clause (A) above."

(b)   Article $\overline{V}$ - Section 5.3:   "....the aggregate of the amount

of all-risk ground and flight hull insurance on the aircraft ....

shall in no event be less than one hundred percent (100%) of the

aggregate principal amount of this Credit and the Bank Credit at

the time outstanding ..... The proceeds of all insurance required

hereunder shall be, in the event of total loss or destruction of the

property insured, apply at the option of the Borrower either (x)

to the unpaid balances of the loans by Eximbank and the Exporter

and after this has been satisfied in full to the unpaid balances of

the loans made by the Bank; or (y) to the purchase by the Borrower

of a new aircraft of comparable type manufactured and purchased in

the United States........"

(c)   Article $\overline{V}$ - C.3:   "The Borrower shall not sell, lease, convey,

transfer or otherwise dispose of the aircraft......."

(d)   Article $\overline{X}$ - A: "The items financed in whole or in part under

this Agreement and which have been or will be exported by ocean vessels,

have been or will be transported from the United States in vessels of

United States registry...... if a waiver is obtained, the cost of

ocean freight for shipments on vessels of other than United States

registry shall not be eligible for financing under this Agreement."

APPENDIX IV

TABLE 1

RATIOS OF INVESTMENT AND DOMESTIC SAVINGS

TO GROSS NATIONAL INCOME. 1954 - 1972

Period	RATIO OF THE FOLLOWING TO GROSS NATIONAL INCOME (GNP) 1954 - 1972			Percapita G.N.P. (In Jordanian Dinars)
	Gross Domestic Capital Formation	Domestic Savings		
		Definition 1*	Definition 2*	
1954	11.0	-13.7	-5.3	37.7
1955	12.0	-25.5	-15.3	34.6
1956	20.0	-4.8	5.5	46.3
1957	13.0	-20.4	-6.4	45.8
1958	11.0	-21.9	-14.9	48.8
1959	13.0	-21.4	-13.6	60.4
1960	16.2	-11.7	-9.9	62.5
1961	14.9	-5.7	-3.0	74.3
1962	15.5	-5.7	-0.5	73.9
1963	14.5	-12.3	-8.9	75.6
1964	15.7	-0.1	3.0	85.4
1965	15.4	-0.1	3.0	92.6
1966	14.1	-4.6	-1.7	92.4
1967	12.4	-1.6	0.4	99.0
1968	19.0	-4.3	-7.4	91.8
1969	27.6	-0.6	0.8	104.8
1970	18.0	-3.6	-2.2	96.3
1971	21.1	-4.4	-3.9	99.4
1972	17.5	-10.6	-4.0	102.2

Source: (i) Derived from data presented in the Jordanian National Accounts of
1967-1972.   See Jordan Department of Statistics, The National Accounts,
1967-1972, (Amman: Department of Statistics Press, May 1973).

(ii) For data relevant to the period prior to 1959, we relied on R.S. Porter,
Economic Trends in Jordan, 1954-1959, (Beirut: Middle East

Development Division, July 1961).

Note: *Domestic Savings =. Net Investment - (X - M)
       **Domestic Savings = Total Current Income - Total Current Expenditures.

TABLE 2

AGGREGATE AID AND ITS RELATIONSHIP WITH CERTAIN KEY VARIABLES

1954-1972

Years	Government Receipts of Foreign Aid	Government Receipts of Foreign Aid as Percent of				Aggregate Aid Flow to Jordan	Aggregate Aid Flow as percentage of					Aggregate Unrequited Transfers to Jordan	Aggregate unrequited Transfers as Percent of	
		Gross Fixed Capital Formation	Public Fixed Capital Formation	Aggregate Expenditures on Consumption	Public Expenditures on Consumption		Expenditures on G.N.P.	Expenditures on G.D.P.	Aggregate Expenditures on Consumption	Aggregate Capital Formation	Population		Expenditures on G.N.P.	Expenditures on G.D.P.
1954	11.637	242	465	20	85	18.993	36	37	32	396	13.66	16.123	30	31
1955	9.921	124	367	16	68	13.864	28	29	22	173	9.63	13.864	28	29
1956	10.540	132	390	15	63	18.815	27	28	27	235	12.71	18.815	27	28
1957	7.229	87	233	9	37	17.009	24	25	21	205	11.12	17.009	24	25
1958	16.182	148	405	17	63	22.009	29	29	24	202	13.93	21.012	27	28
1959	18.689	104	374	17	73	25.000	25	27	22	139	15.24	24.376	25	26
1960	18.895	107	420	16	70	25.813	24	26	22	147	15.27	24.327	23	25
1961	18.938	111	344	14	67	26.092	21	22	20	153	15.26	25.056	20	21
1962	17.395	79	215	13	60	24.523	19	21	19	111	13.85	23.342	18	20
1963	17.420	87	242	12	53	24.646	18	19	16	123	13.54	22.868	17	18
1964	21.234	113	354	14	66	28.665	18	19	18	152	15.25	22.798	14	15
1965	19.027	79	183	11	52	27.780	15	17	16	116	14.25	24.023	13	14
1966	17.945	65	144	10	48	26.264	14	15	14	95	13.07	22.029	12	13
1967	44.097	166	294	22	95	54.301	26	28	26	204	26.11	47.509	23	24
1968	45.258	147	283	21	77	52.177	26	28	25	170	24.27	46.763	24	25
1969	43.053	110	259	19	64	48.078	21	22	21	122	21.56	43.297	19	20
1970	37.497	137	395	17	61	44.229	20	21	19	161	19.15	41.074	18	20
1971	42.372	127	368	17	67	53.144	22	24	22	159	22.33	40.067	17	18
1972	55.845	142	321	21	80	65.710	26	27	25	167	26.60	53.605	21	22
Average % 1965-59		139.5	372.3	15.7	64.8		28.2	29.2	24.7	225.0	12.72		26.8	27.8
Average % 1960-66		91.6	271.7	12.9	59.4		18.4	19.9	17.9	128.1	14.36		16.7	18.0
Average % 1967-72		138.2	320.0	19.5	74.0		23.5	25.0	23.0	163.8	23.34		20.3	21.5
Average % 1960-72		113.1	294.0	15.9	66.2		20.8	22.2	20.2	144.6	18.50		18.4	19.6
Average % 1954-72		121.4	318.7	15.8	65.7		23.1	24.4	21.6	170.0	16.67		21.1	22.2

Source: (i) Figures on G.N.P., G.D.P. and investment were from: (a) Date relevant to the period prior to 1959 were from R.S. Porter, Economic Trends in Jordan, 1954-1959, (Beirut: Middle East Development Division, July 1961); (b) Data relevant to the period 1960-1972 were from Jordan Department of Statistics, The National Accounts, 1967-1972, (Amman: Department of Statistics Press, May 1973).

(ii) Appendix II, Table No. 1.

(iii) The International Monetary Fund, I.F.S., (Washington, D.C.: I.M.F., n.d.), Supplement to 1972.

TABLE 3

DOMESTIC SAVINGS

1954-1972

IN MILLIONS OF JORDANIAN DINARS			
	Approach 1 *	Approach 2 **	
Period	Domestic Savings	Domestic Savings	
		Private Savings	Public Savings	Total D. Savings
	(1)	(2)	(3)	(4)=(2)+(3)
1954	-7.2	3.8	-6.60	-2.80
1955	-12.7	-0.90	-6.70	-7.60
1956	-3.3	12.10	-8.30	3.80
1957	-14.3	5.80	-10.30	-4.50
1958	-16.9	3.70	-15.20	-11.50
1959	-21.2	-1.66	-11.82	-13.48
1960	-12.4	2.01	-12.46	-10.45
1961	-7.3	8.79	-12.61	-3.82
1962	-7.5	7.45	-8.08	-0.63
1963	-16.9	1.17	-13.47	-12.30
1964	-0.1	15.51	-10.72	4.79
1965	-0.2	15.27	-9.77	5.50
1966	-8.5	3.59	-6.79	-3.2
1967	-3.2	21.4	-20.61	0.79
1968	-8.4	18.05	-32.94	-14.89
1969	-1.3	42.77	-40.83	1.94
1970	-8.1	32.87	-37.78	-4.91
1971	-10.4	22.90	-32.18	-9.28
1972	-26.7	29.86	-39.85	-9.99
Average 1954-1972	-9.82	12.87	-17.74	-4.87

Source: (i) Data pertaining to the period 1954-1958 are from R.S. Porter, Economic Trends in Jordan, 1954-1959, (Beirut: Middle East Development Divison, July 1961).

(ii) Data pertaining to the period 1959-1972 are from Jordan Department of Statistics, The National Accounts, 1967-1972, (Amman: Department of Statistics Press, May 1973).

Note: * Domestic Savings = Net Investment - (X-M)
** Domestic Savings = Total Current Income - Total Current Expenditures (Both public and private sectors). Total incomes are net of current transfers from abroad.

TABLE 4

DOMESTIC SAVINGS (APPROACHES 1 AND 2) AS RATIOS TO GROSS DOMESTIC PRODUCT

AND TO GROSS CAPITAL FORMATION

1954-1972

| Periods | Domestic Savings - Approach 1 (Net Investment - (X-M)). | | Domestic Savings - Approach 2 (Current Income - Current Expenditures) | | | | | |
| | Domestic Savings As percentage of | | Domestic Savings as Percentage of GDP | | | Domestic Savings as percentage of Gross D.C. Formation | | |
	Gross Domestic Product	Gross Domestic Capital Formation	Private Savings	Public Savings	Total Domestic Savings	Private Savings	Public Savings	Total Domestic Savings
1954	-14.0	-122.0	7.4	-12.9	-5.5	64.4	-111.9	-47.5
1955	-26.8	-208.2	-2.0	-14.2	-16.1	-14.8	-109.8	-124.6
1956	-5.0	-24.1	18.2	-12.5	5.7	88.3	-60.6	27.7
1957	-21.2	-153.8	8.6	-15.3	-6.7	62.4	-110.8	-48.4
1958	-22.5	-206.1	5.0	-20.2	-15.2	45.1	-185.4	-140.3
1959	-22.7	-168.3	-1.8	-12.6	-14.4	-13.2	-93.8	-107.0
1960	-12.6	-72.5	2.0	-12.7	-10.7	11.8	-72.9	-61.1
1961	-6.1	-38.4	7.3	-10.5	-3.2	46.3	-66.4	-20.1
1962	-6.3	-37.1	6.3	-6.8	-0.5	36.9	-40.0	-3.1
1963	-13.1	-84.5	1.0	-10.4	-9.4	5.9	-67.4	-61.5
1964	-0.1	-0.4	10.4	-7.2	3.2	61.3	-42.4	18.9
1965	-0.1	-0.7	9.0	-5.8	3.2	54.9	-35.1	19.8
1966	-5.0	-30.2	2.1	-4.0	-1.9	12.8	-24.2	-11.4
1967	-1.6	-12.5	11.0	-10.6	0.4	83.6	-80.5	3.1
1968	-4.5	-22.4	9.7	-17.6	-8.0	48.1	-87.8	-39.7
1969	-0.6	-2.0	19.5	-18.6	0.9	66.4	-63.4	3.0
1970	-3.9	-20.2	15.7	18.0	-2.3	82.0	-94.2	-12.2
1971	-4.7	-20.9	10.3	-14.4	-4.1	46.0	-64.6	-18.6
1972	-11.1	-60.5	12.5	-16.6	-4.1	67.7	-90.4	-22.7

Source: (i)   Appendix IV, Table 3.

(ii)   For data pertaining to periods prior to 1959 we relied on R.S. Porter, Economic Trends in Jordan, 1954-1959, (Beirut: Middle East Development Division, July 1961).

(iii)   For data pertaining to subsequent periods,we relied on Jordan Department of Statistics, The National Accounts, 1967-1972, (Amman: Department of Statistics Press, May 1973).

TABLE 5

AGGREGATE CONSUMPTION EXPENDITURE AND ITS COMPONENTS

1954-1972

	IN MILLIONS OF JORDANIAN DINARS						
Periods	CONSUMPTION EXPENDITURE			Per Capita* Consumption	COMPONENTS OF CONSUMPTION EXPENDITURE AS PERCENT OF TOTAL CONSUMPTION		Total
	Private Consumption	Public Consumption	Aggregate Consumption		Private Consumption (1)	Public Consumption (2)	(3)=1+2
1954	45.4	13.7	59.1	42.5	76.8	23.2	100
1955	47.1	14.6	61.7	42.8	76.3	23.7	100
1956	52.9	16.8	69.7	47.1	75.9	24.1	100
1957	60.1	19.7	79.8	52.2	75.3	24.7	100
1958	67.1	25.7	92.8	58.7	72.3	27.7	100
1959	87.1	25.5	112.6	68.7	77.4	22.6	100
1960	88.5	27.0	115.5	67.0	76.6	23.4	100
1961	102.8	28.1	130.9	74.7	78.5	21.5	100
1962	102.4	29.0	131.4	73.5	77.9	22.1	100
1963	116.8	33.0	149.8	80.5	78.0	22.0	100
1964	123.5	32.3	155.8	80.5	79.3	20.7	100
1965	138.0	36.8	174.8	86.7	78.9	21.1	100
1966	149.6	37.5	187.1	89.1	80.0	20.0	100
1967	158.6	46.4	205.1	99.0	77.3	22.6	100
1968	153.4	58.6	212.0	99.4	72.4	27.6	100
1969	164.5	67.1	231.6	102.9	71.0	29.0	100
1970	165.1	62.0	227.1	96.8	72.7	27.3	100
1971	183.0	62.9	245.9	102.5	74.4	25.6	100
1972	192.0	70.0	262.0	104.9	73.3	26.7	100

Source: (i) For data pertaining to the period 1954-1958 see R.S. Porter, Economic Trends in Jordan, 1954-1959, (Beirut: Middle East Development Division, July 1961).

(ii) For data pertaining to the period 1959-1972 see Jordan Department of Statistics, The National Accounts, 1967-1972, (Amman: Department of Statistics Press, May 1973).

Note: *In Jordanian Dinars.

TABLE 6

RATIOS OF AGGREGATE CONSUMPTION EXPENDITURES TO:
A - GROSS NATIONAL INCOME
B - GROSS DOMESTIC INCOME
1954-1972

PERCENTAGES		
Periods	Aggregate Consumption as Percentage of	
	Gross National Income	Gross Domestic Income
1954	112.8	115.2
1955	123.9	130.4
1956	101.8	104.7
1957	99.6	118.4
1958	120.4	123.4
1959	113.6	120.4
1960	109.2	117.5
1961	102.9	109.0
1962	100.4	110.0
1963	108.8	116.0
1964	97.0	104.6
1965	96.8	103.3
1966	100.6	109.7
1967	99.5	105.3
1968	107.4	113.4
1969	99.1	105.4
1970	102.0	108.2
1971	103.9	110.0
1972	103.8	109.4

Source: (i)   Table No. 2,   Appendix I.
          (ii) Table No. 15,   Appendix I.
          (iii) Table No. 5,   Appendix IV.

TABLE 7

THE COMPOSITION OF PRIVATE CONSUMPTION EXPENDITURES

1959-1972

						IN MILLIONS OF JORDANIAN DINARS												
Period	Private Consumption	Public Consumption	Aggregate Consumption	Ratio of 1 to 3	Ratio of 2 to 3	Main Components of Private Consumption						Ratios of Main Components of Private Consumption to Total Private Consumption						
						Food	Trans-port	Clothing Textile and Footwear	Housing	Furniture and Domestic Equipment	Expenditures of Jordanians Abroad	Coloumn $6 \div 1$	Coloumn $7 \div 1$	Coloumn $8 \div 1$	Coloumn $9 \div 1$	Coloumn $10 \div 1$	Coloumn $11 \div 1$	Coloumn $6 \div 3$
	(1)	(2)	(3) = (1+2)	(4) = (1 - 3)	(5) = (2/3)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1959	87.1	25.5	112.6	77.4	22.6	49.39	8.92	8.92	6.62	3.79	1.93	56.7	10.2	10.2	7.6	4.4	2.2	43.9
1960	88.5	27.0	115.5	76.6	23.4	48.32	9.30	8.59	7.48	3.61	2.22	54.6	10.5	9.7	8.5	4.1	2.5	41.8
1961	102.8	28.1	130.9	78.5	21.5	59.69	9.75	9.81	8.41	3.63	2.44	58.1	9.5	9.5	8.2	3.5	2.4	45.6
1962	102.4	29.0	131.4	77.9	22.1	56.04	10.69	9.58	9.00	4.29	3.42	54.7	10.4	9.1	8.8	4.2	3.3	42.6
1963	116.8	33.0	149.8	78.0	22.0	60.57	12.04	11.5	9.86	5.98	3.20	51.9	10.3	9.8	8.4	5.1	2.7	40.4
1964	123.5	32.3	155.8	79.3	20.7	62.85	14.9	11.71	9.93	5.93	3.63	50.9	12.1	9.5	8.0	4.8	2.9	40.3
1965	138.0	36.8	174.8	78.9	21.1	71.36	12.45	14.9	10.69	6.94	4.29	51.7	9.0	10.9	7.7	5.0	3.1	40.8
1966	149.6	37.5	187.1	80.0	20.0	71.75	13.15	15.6	10.8	8.27	5.23	48.0	8.8	10.4	7.2	5.5	3.5	38.3
1967	158.6	46.4	205.1	77.3	22.6	88.02	16.54	12.02	11.26	4.99	5.29	55.5	10.4	7.6	7.1	3.1	3.3	42.9
1968	153.4	58.6	212.0	72.4	2.6	73.35	14.62	12.35	11.63	5.36	7.0	47.8	9.5	8.1	7.6	3.5	4.6	34.6
1969	164.5	67.1	231.6	71.0	29.0	80.38	15.96	15.57	12.10	7.86	7.98	48.9	9.6	9.5	7.4	4.8	4.9	34.7
1970	165.1	62.0	227.1	72.7	27.3	83.50	15.6	12.98	12.8	9.5	9.35	50.6	9.4	7.9	7.8	5.8	5.7	36.8
1971	183.0	62.9	245.9	74.4	25.6	88.0	16.0	13.9	13.7	9.0	7.71	48.1	8.7	7.6	7.5	4.9	4.2	35.8
1972	192.0	70.0	262	73.3	26.6	93.0	16.5	14.45	14.2	10.0	8.5	48.4	8.6	7.5	7.4	5.2	4.4	35.5
Average 1959-72	137.5	44.0	181.5	76.3	23.7	70.4	13.3	12.3	10.6	6.4	5.2	51.9	9.8	9.1	7.8	4.6	3.6	39.6

Source: Jordan Department of Statistics, The National Accounts, 1967-1972, (Amman: Department of Statistics Press, May 1973).

TABLE 8

SALARIES, WAGES AND ALLOWANCES IN THE PUBLIC SECTOR

1950-1972

	IN MILLIONS OF JORDANIAN DINARS					
Period	Salaries and Allowances (Public Security) (1)	Salaries and Allowances (Defence) (2)	Total 3 = 1+2	Salaries, Wages and Allowances (4)	Pension and Compensatory Payments (5)	Aggregate Total 6 = 3 + 4 + 5
1950	0.400	2.443	2.843	0.475	0.054	3.372
1951	0.865	1.635	2.500	1.678	0.054	4.232
1952	0.863	7.458	8.321	1.518	0.055	9.894
1953	0.852	8.118	8.970	1.986	0.061	11.017
1954	0.868	8.151	9.019	2.308	0.063	11.390
1955	0.906	8.301	9.207	2.751	0.093	12.051
1956	1.043	12.131	13.174	2.948	0.131	16.253
1957	1.188	11.380	12.568	3.725	0.139	16.432
1958	2.073	14.669	16.742	4.149	0.150	21.041
1959	2.230	15.822	18.060	4.684	0.305	23.049
1960	2.270	16.155	18.425	4.914	0.631	23.970
1961	2.291	16.415	17.706	5.537	0.964	25.207
1962	2.309	16.805	19.114	6.169	1.302	26.585
1963	2.452	18.965	21.417	7.039	1.500	29.956
1964	2.462	18.570	21.032	7.423	1.907	30.362
1965	2.843	18.070	21.613	8.060	2.070	31.743
1966	2.063	14.374	16.437	6.739	1.781	24.957
1967	3.260	24.165	27.425	11.314	1.357	40.096
1968	3.249	35.168	38.417	9.621	1.626	49.664
1969	3.732	41.471	45.203	13.526	1.937	60.666
1970	4.334	33.070	37.404	17.401	1.985	56.790
1971	4.223	33.780	38.003	16.148	2.661	56.812
1972	4.725	39.250	43.975	16.555	2.529	63.059
Grand Total	51.509	417.066	468.575	156.668	87.038	648.598

Source: Data were collected from the Central Bank of Jordan, Department of Economic Research - The Fiscal Division and the Domestic Economy and Development Division,(unpublished data, in Arabic).

TABLE 9

THE CONNEXION BETWEEN FOREIGN AID RECEIPTS TO

PUBLIC SECTOR AND GOVERNMENT BUDGET COMPONENTS

1950-1972

	GOVERNMENT RECEIPTS OF FOREIGN AID AS PERCENTAGE OF:					
Period	Total Government Revenues	Total Government Expenditures	Government Recurring Expenditures	Defence and Security Expenditures	Development Expenditures	Domestic Revenues as Percentage of Total Government Expenditures.
1950	52.74	53.58	68.40	83.58	31.60	48.0
1951	56.88	52.21	61.06	80.17	38.94	40.0
1952	62.20	65.62	75.26	97.82	24.74	40.0
1953	65.86	71.68	87.40	116.41	12.60	37.1
1954	61.19	71.38	88.67	122.11	11.33	45.3
1955	53.77	52.68	62.46	87.37	37.54	45.3
1956	55.80	51.39	60.00	80.92	40.00	40.7
1957	23.76	25.08	30.60	44.60	69.40	80.5
1958	64.27	66.73	83.24	117.03	16.76	37.1
1959	57.95	59.71	70.73	101.91	29.27	43.3
1960	57.93	58.03	70.95	103.41	29.05	42.1
1961	56.28	57.10	67.12	100.94	32.88	44.4
1962	44.45	44.90	56.27	88.40	43.73	56.1
1963	47.58	44.72	53.01	83.70	46.99	49.3
1964	48.50	51.45	65.14	103.86	34.86	54.6
1965	40.08	38.06	49.94	80.52	50.06	56.9
1966	36.62	34.90	47.59	78.69	52.41	60.4
1967	63.36	64.70	98.74	154.41	1.26	37.4
1968	63.27	56.20	79.14	117.66	20.86	32.6
1969	56.96	48.69	66.00	93.25	34.00	36.8
1970	55.34	46.46	63.52	98.12	36.48	37.5
1971	53.99	51.96	69.78	108.30	30.22	44.3
1972	59.19	56.05	79.24	123.90	20.76	38.6
Average % 1950-1959	55.44	57.01	68.78	93.19	31.22	
Average % 1960-1966	47.35	47.02	58.57	91.36	41.43	
Average % 1967-1972	58.69	54.01	76.07	115.9	23.93	
Average % 1960-1972	52.58	50.25	66.65	102.70	33.35	

Source: (i) Table No. 1, Appendix II.
        (ii) Table No. 5, Appendix II.

TABLE 10

THE CONNEXION BETWEEN FOREIGN AID AND COMPONENTS OF INTERNATIONAL TRADE

1950-1972

	Values of Traded Goods (Merchandise)		Balance of		Government Receipts of Foreign Aid	Government Receipts of Foreign Aid as percentage of:				Aggregate Aid Flow to Jordan	Aggregate Aid Flow to Jordan As Percentage of			Imports Minus Aggregate Aid
Period	Imports	Export	Goods	Goods and Services		Imports of Merchandise	Exports of Merchandise	Balance of Goods	Balance of Goods and Services		Imports of Merchandise	Balance of Goods and Services	Foreign Exchange Reserves	
1950	13.48	1.95	-11.53	-10.70	4.799	35.6	246.1	41.6	44.9	9.099	67.5	85.0	-	4.381
1951	16.18	2.00	-14.18	-13.35	6.625	40.9	331.2	46.7	49.6	12.310	76.1	92.2	-	3.870
1952	17.15	2.11	-15.04	-13.81	8.411	49.0	400.5	55.9	60.9	15.458	90.1	111.9	118.8	1.692
1953	18.21	2.66	-15.55	-13.99	10.516	57.7	395.3	67.6	75.2	17.857	98.1	127.6	120.2	0.353
1954	18.59	3.05	-15.54	-12.88	11.637	62.5	381.5	74.9	90.3	18.993	102.1	147.5	109.0	-0.403
1955	25.26	3.54	-21.72	-18.55	9.921	39.2	280.2	45.7	53.5	13.864	54.9	74.7	64.6	11.396
1956	24.61	5.11	-19.50	-16.45	10.540	42.8	206.2	54.1	64.1	18.815	76.5	114.4	74.7	5.795
1957	29.76	5.48	-24.28	-23.22	7.229	24.2	131.9	28.8	31.1	17.009	57.2	73.3	63.4	12.751
1958	33.92	3.43	-30.49	-24.81	16.182	47.7	471.7	53.1	65.2	22.009	64.9	88.7	71.5	11.911
1959	39.26	3.35	-35.91	-33.25	18.699	47.6	558.1	52.1	56.2	25.000	63.7	75.2	82.5	14.260
1960	41.43	3.95	-37.48	-28.8	18.895	45.6	478.3	50.4	65.6	25.813	62.3	89.6	83.7	15.617
1961	40.93	5.27	-35.66	-25.5	18.938	46.2	359.3	53.1	74.3	26.092	63.7	102.3	75.9	14.838
1962	43.51	5.92	-37.59	-26.9	17.395	39.9	293.8	46.3	64.7	24.523	56.4	91.2	59.8	18.987
1963	53.63	6.56	-47.07	-36.1	17.420	32.4	265.5	37.0	48.3	24.646	46.0	68.3	70.3	28.984
1964	49.40	8.73	-40.60	-24.4	21.234	42.9	243.2	52.3	87.0	28.665	58.0	117.5	54.2	20.735
1965	55.80	9.91	-45.90	-26.9	19.027	34.0	191.9	41.5	70.7	27.780	49.8	103.3	45.6	28.02
1966	67.30	10.40	-56.90	-35.5	17.945	26.6	172.5	31.5	50.5	26.264	39.0	74.0	38.5	41.036
1967	54.20	11.33	-42.90	-27.8	44.097	81.3	389.2	102.8	158.6	54.301	100.2	195.3	58.0	-0.101
1968	57.30	14.26	-43.0	-44.4	45.258	78.9	317.3	105.3	101.9	52.177	91.1	117.5	4 7.7	5.123
1969	67.54	14.75	-52.79	-63.07	43.053	63.7	291.8	81.6	68.3	48.078	71.2	76.2	48.3	19.462
1970	65.53	12.17	-53.36	-46.58	37.497	57.2	308.1	70.3	80.5	44.229	67.5	95.0	45.1	21.301
1971	76.19	11.44	-64.75	-58.17	42.372	55.6	370.3	65.4	72.8	53.144	69.8	91.4	57.2	23.046
1972	94.88	17.01	-77.87	-68.99	55.845	58.8	328.3	71.7	80.9	65.710	69.3	95.2	65.3	29.17
Average 1950-59						44.7	340.3	52.2	59.1		75.1	99.1	88.1*	
Average 1960-66						38.2	286.4	44.6	65.9		53.6	92.3	61.1	
Average 1967-72						65.9	334.2	82.9	93.8		78.2	111.8	53.6	
Average 1960-72						51.0	308.4	62.2	78.8		64.9	101.3	57.7	
Average 1950-72						48.3	322.3	57.9	70.2		69.4	100.3	69.3**	

VALUES ARE IN MILLIONS OF JORDANIAN DINARS

Source:
(i) Appendix I, Tables 10 and 11.
(ii) Appendix I, Table 1.
(iii) Data on foreign exchange were collected from: (a) I.M.F., I.F.S., (Washington, D.C.: I.M.F., n.d.), supplement to 1963-1964, p. 138. This covers data pertaining to the years 1952 until 1962; I.M.F., I.F.S., (Washington, D.C.: I.M.F., n.d.), Vol. 23, No. 3. It covers data pertaining to the period 1963- 1968; (b) Central Bank of Jordan, Monthly Statistical Bulletin, Vol. 9, No. 8, August 1973. It covers data pertaining to the period 1968-1972.

Note: * Average for 1952-1959; ** Average for 1952-1972.

TABLE 11

THE IMPACT OF FOREIGN AID ON DOMESTIC SAVINGS

Formula	Foreign Aid Flow (Definitions)	Definition of Domestic Savings	Inter-cept (a)	Regression Co-efficients of Explanatory Variables V_1	V_2	V_3	R^2	D.W.	T. Values			Time Series or Cross Section ountry	Years
1. $DS_t = a+bY_t+cA_t+dX_t$ 1.(a):	Actual Aid Disbursements	Current Expenditures Minus Current Revenues of both Public and Private Sectors (E_c-R_c)	-5.12	0.028 (0.11)	-0.318 (0.26)	0.32 (0.48)	0.20	2.65	0.25	0.32	0.67	T.S.	1954-1972
$DS_t = a+bY_t+cA_t+dX_t$ 1.(b)	Actual Aid Disbursements	Net Investment Minus Deficit on Current Account	-10.69	0.02 (0.13)	-0.39 (0.30)	0.11 (0.55)	0.16	1.789	0.63	1.28	0.21	T.S.	1954-1972
2. $Ds_t = a+bY_t+cA_t+dX_t$	Imports of Goods and Services Minus Exports of Goods and Services (M-X)	Net Investment Minus Deficit on Current Account	8.73	0.148 (0.08)	-0.608 (0.17)	-0.05 (0.39)	0.49	1.76	1.85	3.55	0.133	T.S.	1954-1972
3. $Ds_t = a+bY_{t-1}+cA_t$ 3.(a):	Deficit on Current Account (M-X)	Net Investment Minus Deficit on Current Account	-11.57	0.09 (0.03)	-0.307 (0.16)		0.39	2.3	2.7	1.86		T.S.	1954-1972
$Ds_t = a+bY_{t-1}+cA_t$ 3.(b):	Actual Disbursements	Net Investment Minus Deficit on Current Account	-4.8	0.04 (0.05)	-0.19 (0.26)		0.04	2.3	0.7	0.8		T.S.	1954-1972
4. $\frac{DS_t}{Y_t} = a+b\frac{A_t}{Y_t}$ 4(a):	Deficit on Current Account (M-X)	Net Investment Minus Deficit on Current Account	17.32	-1.08 (0.13)			0.77	1.32	7.7			T.S.	1954-1972
$\frac{DS_t}{Y_t} = a+b\frac{A_t}{Y_t}$ 4(b):	Actual Disbursements	$E_c - R_c$	6.2	-0.46 (0.25)			0.16	2.31	1.8			T.S.	1954-1972
$\frac{DS_t}{Y_t} = \frac{a+bA_t}{Y_t}$ 4.(c):	Actual Disbursements	Net Investment Minus (M-X)	8.87	-0.77 (0.31)			0.26	1.8	2.47			T.S.	1954-1972

Key to Notations:

DS = Domestic Savings.
A = Foreign Aid.
Y = Gross National Income.
X = Exports.

Notes:[*] Figures in parentheses = standard errors.

TABLE 12

THE IMPACT OF FOREIGN AID FLOW ON GROWTH

1954-1972

FORMULA	Definition of Foreign Aid Flow	Definition of Domestic Savings	Inter-cept	Regression Co-efficients of Explanatory Variables v_1	v_2	v_3	v_4	v_5	v_6	v_7	R^2	D.W	T. Values							Time Series or Cross Country	Years
1. $\Sigma \Delta GDP = a + b \frac{D.S.}{GDP} + b \frac{Grants}{GDP} + d \frac{Loans}{GDP}$	Actual Disbursements	Current Expenditures Minus Current Revenues (Public and Private) $(E_c - R_c)$	-0.41	1.02 (0.46)	0.76 (0.55)	-1.34 (1.41)					0.76	2.37	2.19	.37	0.54					Time Series (T.S.)	1954 to 1972
1.a. $\Sigma \Delta GDP = a + b \frac{D.S.}{GDP} + b \frac{Grants}{GDP} + d \frac{Loans}{GDP}$	Actual Disbursements	Net Investment Minus (M-X)	0.82	-0.6?	0.81	-1.64					0.15	2.41	1.49	1.21	1.03					T.S.	1954 to 1972
2. $\Sigma \Delta GDP = a + b \frac{D.S.}{GDP} + c \frac{Aggregate\ Aid\ Flow}{GDP}$	Actual Disbursements	$E_c - R_c$	-0.54	0.815 (0.44)	0.53 (0.54)						0.17	2.1	1.8	0.98						T.S.	1954 to 1972
2.a. $\Sigma \Delta GDP = a + b \frac{D.S.}{GDP} + c \frac{Agg.\ Aid\ Flow}{GDP}$	Actual Disbursements	Net Investment Minus (M-X)	2.5	-0.32 (0.38)	0.38 (0.61)						0.04	2.37	0.85	0.62						T.S.	1954 to 1972
3. $\Sigma \Delta GDP = a + b \frac{D.S.}{GDP} + c \frac{Aid\ to\ the\ Public\ Sector}{GDP}$	Actual Disbursements	$E_c - R_c$	0.3	0.65 (0.45)	0.08 (0.66)						0.13	2.2	1.4	0.128						T.S.	1954 to 1972
3.a. $\Sigma \Delta GDP = a + b \frac{D.S.}{GDP} + c \frac{Aid\ to\ the\ Public\ Sector}{GDP}$	Actual Disbursements	Net Investment Minus (M-X)	4.4	-0.18 (0.34)	0.22 (0.65)						0.03	2.6	0.54	0.32						T.S.	1954 to 1972
4. $\Sigma \Delta GDP = a + b \frac{D.S.}{GDP} + b \frac{Grants}{GDP} + \frac{Loans}{GDP} + \frac{Expend.on\ Educ.}{GDP} + \frac{Exports}{GDP} + \frac{V.A.Manufact.}{GDP} + \frac{V.A.Agriculture}{GDP}$	Actual Disbursements	$E_c - R_c$	65.3	0.15 (0.54)	0.72 (0.67)	-3.3 (1.45)	-7.1 (7.46)	3.4 (1.48)	1.18 (1.85)	1.85 (0.9)	0.68	1.95	0.24	1.0	2.2	0.94	2.3	0.6	2.0	T.S.	1954 to 1972
4.a. $\Sigma \Delta GDP = a + b \frac{D.S.}{GDP} + b \frac{Grants}{GDP} + \frac{Loans}{GDP} + \frac{Expend.on\ Educ.}{GDP} + \frac{Exports}{GDP} + \frac{V.A.Manufact.}{GDP} + \frac{V.A.Agriculture}{GDP}$	Actual Disbursement	Net Investment Minus (M-X)	61.59	-0.10 (0.37)	0.73 (0.65)	3.4 (1.48)	6.8 (7.47)	3.4 (1.49)	1.18 (1.84)	1.9 (0.67)	0.68	1.9	0.25	.11	2.28	0.91	2.27	0.64	3.0	T.S.	1954 to 1972
5. $Y_t = a + b \frac{A_t}{Y_t}$	Actual Disbursements		8.18	0.05 (0.79)							0.001	2.8	0.11							T.S.	1954 to 1972
5.a. $Y_t = a + b \frac{A_t}{Y_t}$	Deficit on Current Account		12.7	0.13 (0.40)							0.006	2.7	0.32							T.S.	1954 to 1972
6. $Y_{p_t} = a + b A_t$	Actual Disbursements		9.7	0.12 (0.17)							0.03	2.9	0.679							T.S.	1954 to 1972
6a. $Y_{p_t} = a + b A_t$	Deficit on Current Account		0.12	0.12 (0.17)							0.03	2.9	0.679							T.S.	1954 to 1972
7. $Y_{p_t} = a + b A_t$	Actual Disbursements		18.8	0.37 (0.18)							0.21	2.6	2.3							T.S.	1954 to 1972
7a. $Y_{p_t} = a + b A_t$ $t+1$	Deficit on Current Account		16.11	-0.27 (0.20)							0.11	2.5	1.35							T.S.	1954 to 1972
8. $Y_t = a + b \frac{A_t}{M_t}$	Actual Disbursements		49.5	0.15 (0.17)							0.05	0.87	0.916							T.S.	1954 to 1972
8a. $Y_t = a + b \frac{A_t}{M_t}$	Deficit on Current Account		1.2	0.14 (0.25)							0.02	2.89	0.55							T.S.	1954 to 1972
9. $\frac{Y_t}{pop} = a + b \frac{A_t}{M}$	Actual Disbursements		02.5	-0.49 (0.36)							0.09	0.36	1.3							T.S.	1954 to 1972
9.a. $\frac{Y_t}{pop} = a + b \frac{A_t}{M}$	Deficit on Current Account		55.2	-1.38 (0.43)							0.37	0.45	3.17							T.S.	1954 to 1972

Key to Notations:

D.S. = Domestic savings

Y_{T_t} = Annual rate of growth in G.N.P.

Y_t = Current G.N.P.

A_t = Annual current disbursements of foreign aid.

YP_r = Annual rate of growth of percapita income.

M_t = Annual current imports of goods and services.

pop = Annual total of population.

* Figures in parentheses = standard errors.

TABLE 13

THE IMPACT OF FOREIGN AID ON DOMESTIC CAPITAL FORMATION

1954-1972

Formula	Definition of Foreign Aid Flow	Intercept	Regression Coefficient of Explanatory Variables			R^2	D.W.	T. Values			Time Series or Cross-Country	Years
			V_1	V_2	V_3							
1. $GDCF_t = a+bY_t+cA_t$	Deficit on Current account	-9.18	0.13 (0.03)	0.428 (0.15)		0.89	1.76	3.6	2.7		T.S.	1954-1972
2. $GDCF_t = a+Y_{t-1}+cA_t$	Deficit on Current account	-12.1	0.09 (0.03)	0.72 (0.17)		0.88	2.3	2.6	4.19		T.S.	1954-1972
2a. $GDCF_t = a+Y_{t-1}+cA_t$	Actual Disbursements	-6.4	0.16 (0.06)	0.31 (0.30)		0.75	2.3	2.0	0.99		T.S.	1954-1972
3. $GDCF_t = a+bA_t+c\triangle GDP$	Deficit on current account	-3.75	0.83 (0.15)	0.17 (0.19)		0.69	1.7	5.5	0.88		T.S.	1954-1972
4. $GDCF_t = a+bA_t+cM+d\triangle GDP$	Actual Disbursements	-12.4	0.02 (0.15)	0.59 (0.08)	0.23 (0.08)	0.93	1.2	0.11	7.4	2.5	T.S.	1954-1972
4a. $GDCF_t = a+bA_t+cM+d\triangle GDP$	Deficit on current account	-9.76	-0.05 (0.13)	0.58 (0.07)	0.20 (0.09)	0.94	1.45	0.37	7.4	2.2	T.S.	1954-1972
5. $GDCF_t = a+bA_t+cM+d\triangle GDP$	Actual Disbursements	-13.8	0.47 (0.22)	0.37 (0.11)	0.31 (0.08)	0.95	1.65	2.0	3.19	3.5	T.S.	1954-1972
6. $GDCF_t = a+bA_{t-1}+c\triangle GDP$	Actual Disbursements	-13.5	1.16 (0.09)	0.42 (0.09)		0.92	1.96	2.0	4.0		T.S.	1954-1972

Key to notations:

$G.D.C.F_t$ = Gross domestic capital formation.

Y = Gross domestic income (G.D.P.).

$\triangle$G.D.P. = Absolute change in G.D.P.

M = Total Annual Imports.

A_t = Current annual foreign aid.

Note: Figures in parentheses equal standard errors.

TABLE 14

AGGREGATE CONSUMPTION AND FOREIGN AID

1954-1972

Formula	Definition of Foreign Aid Flow	Intercept	Regression Co-efficient of Explanatory Variables			R^2	D.W.	T. Values			Years	Time Series or Cross-Country
			V_1	V_2	V_3							
1. $C = a+b \ (GNP-T)+ct$	Acutal Disbursements	33.37	0.04 (0.05)	11.3 (0.62)		0.99	2.26	0.7	18.1		1954-1972	T.S.
2. $C = a+b \ (GNP-T)+ct_{t-1}$	Actual Disbursements	39.8	0.18 (0.24)	10.02 (2.77)		0.98	1.8	0.78	3.6		1954-1972	T.S.
3. $C = a+b \ A_t$	Actual Disbursements	32.8	3.8 (0.42)			0.83	1.11	9.0			1954-1972	T.S.
4. $C = a+b \ A_{t-1}$	Actual Disbursements	29.6	4.19 (0.55)			0.78	1.2	7.56			1954-1972	T.S.
5. $C = a+b \ (GNP-T)+_cA_t+dt$	Actual Disbursements	31.7	-0.003 (0.05)	0.41 (0.17)	10.8 (0.60)	0.996	2.7	0.16	2.3	17.9	1954-1972	T.S.
6. $C = a+b \ (GNP-T)+cA_{t-1}+dt$	Actual Disbursements	32.3	0.034 (0.06)	11.0 (0.19)	0.18 (0.72)	0.99	2.47	0.63	15.3	0.93	1954-1972	T.S.
7. $C = a+b \ (GNP-T)+cA_{t-1}+dt$	Actual Disbursements	38.8	0.06 (0.26)	0.42 (0.31)	10.5 (2.7)	0.987	1.88	0.2	1.3	3.8	1954-1972	T.S.
8. $C = a+b \ (GNP-T)+cA_{t-1}$	Actual Disbursements	19.5	1.03 (0.10)	0.24 (0.34)		0.97	2.87	10.2	0.55		1954-1972	T.S.
9. $C = a+b \ (GNP-T)_{t-1}$		20.7	1.078 (0.04)			0.972	2.79	23.4			1954-1972	T.S.
10. $C = a+bt$		44.3	12.12 (0.34)			0.98	1.56	31.6			1954-1972	T.S.

Key to Notations:

T = Total annual tax revenues.

t = Time

A_t = Current annual foreign aid flow.

C = Aggregate consumption expenditures (private and public)

Note: Figures in parentheses = standard errors.

TABLE 15

IMPORTS AND THE RELATIVE WEIGHT OF IMPORTED FOOD PRODUCTS

1959-1972

Time Items	VALUES IN MILLIONS OF JORDANIAN DINARS														
	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	Average 1959-1972
1. Aggregate Imports	39.3	41.4	40.9	43.5	53.6	49.4	55.8	67.3	54.2	57.3	67.5	65.5	76.2	94.9	57.6
2. Imports of Food Products	12.0	13.4	10.5	9.3	12.4	14.2	15.0	18.2	14.1	16.2	18.1	18.9	21.5	27.6	17.2
3. Imports of Consumer Goods	27.3	28.6	27.6	27.9	32.9	34.8	34.6	42.2	29.6	29.4	34.7	38.4	44.4	60.8	35.2
4. Ratio of 2 to 1	30.6	26.0	26.0	21.4	25.3	28.0	27.0	27.0	26.0	28.0	26.7	28.7	28.1	29.0	27.03
5. Ratio of 2 to 3	44.0	46.9	38.0	33.3	37.7	40.8	43.4	43.1	47.6	55.1	52.2	49.2	48.4	45.4	44.7

Source: (i)   With regard to aggregate imports, see Appendix I, Table 10.
(ii) With regard to food imports, see (a) Appendix I, Table 11. (b) U. Nations, United Nations Yearbook of International Trade Statistics, (New York: U.N., 1963). (For data relevant to the period 1961-1963 only.)
(iii) Jordan Department of Statistics, Flow of Goods in the Jordanian Economy (Imports), (Amman: Department of Statistics Press, April 1970); For data relevant to the period 1971-1972, data were collected from the Jordan Department of Statistics, unpublished report. (In Arabic).