Transforming Danger into Opportunity

Jordan and the Refugee Crisis
of 1990

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I. INTRODUCTION

This chapter reviews Jordan’s internal and external situation at the onset of the Persian Gulf crisis of 1990, narrates the refugee flow, and describes Jordan’s strategy for handling that crisis. The conclusions arising from analyzing this Jordanian case suggest that an effective crisis management strategy for small or poor countries may differ from crisis management strategies for large, affluent nations.

II. JORDAN’S POLITICO-MILITARY SITUATION

The Hashemite Kingdom of Jordan occupies a hazardous geopolitical location. To the north is Syria, an Arab socialist state with no love of monarchy. To the east lies the unpredictable Saddam Hussain’s Iraq. To the south is Saudi Arabia, a monarchy traditionally supportive of Jordan but threatened by Saddam Hussain’s conquest of Kuwait and concerned about a possible Jordan-Iraq connection. The Saudis fear that their huge oil reserves might tempt Saddam to march south. To Jordan’s west is Israel, which fought wars against Jordan in 1948 and 1967. Jordan fears that Israel will use any pretext to solve its “Palestine problem” by attacking the Jordanian army, driving Palestinian citizens over the border into Jordan, installing a puppet Palestinian regime, and then defining Jordan as the Palestine homeland. This fear has been tempered by the creation of a Palestine Authority on the West Bank of the Jordan River. However, given the ideology of Likud Party supporters and coalition partners that all the land of Palestine belongs to Israel, security on Jordan’s western boundary remains a latent issue. Potential aggressors lie East, North, and West, and Jordan’s 4.5 million population is less than that of any of its neighbors.

Jordan has been ruled by the Hashemites since the 1920s, and despite internal opposition has supported the West throughout the Cold War (Salloukh 1996). However, as a
result of the Iraqi invasion of Kuwait in 1990, and King Hussain’s neutral posture toward that conflict (seen by members of the anti-Iraq coalition as a pro-Iraq stance). The West withdrew its financial and military aid from Jordan, and threatened to blockade Aqaba, Jordan’s only sea outlet.

III. POLITICOECONOMIC SITUATION IN JORDAN PRIOR TO THE CRISIS

In the summer of 1990 Jordan faced several difficult challenges: heavy international indebtedness, a new, freely elected Parliament with a substantial Islamic element, and uncertainties about having cut itself loose from its Palestinian territory on the West Bank of the Jordan River.

Over the 20 years prior to 1990 the Jordanian economy had undergone a series of fluctuations. The economy performed well in the 1970s, when the elevated oil prices attracted many Jordanians to work in Saudi Arabia, Iraq, Kuwait, and the United Arab Emirates. The remittances from family members abroad provided a strong injection of capital into the Jordanian economy. The economic situation began to decline with the drop in oil prices commencing in the early 1980s. Jordan’s gross domestic product (GDP) increase dropped from 10% during 1979-1980 to 8.7% in 1981, to 5.5% in 1982, and to 0.2% in 1983 (United Nations Economic and Social Commission for Western Asia 1991: 10). As this trend continued in the succeeding years, Jordan began sinking deep into debt.

To remedy the situation the Jordanian government sought the assistance of the International Monetary Fund (IMF) and the World Bank. An economic structural adjustment program (EAP) was agreed upon which covered the 1989-1993 period (United Nations Economic and Social Commission for Western Asia 1992). To comply with the structural adjustment program that these international entities impose on requesting states, Jordan implemented two of the major recommendations: reducing government expenditures and providing incentives to the private sector. Lowering government expenditures meant a reduced standard of living for Jordanians, a policy particularly threatening to those who already had difficulty making ends meet.

In the political realm, Jordanian parliamentary elections took place in November 1989: they were substantially free of governmental interference. Of the 80 seats in Parliament, the Islamic Front won 23 seats, and independent Islamists won an additional 11 seats. Together, they constituted the strongest force in Parliament. The significance of Parliament substantially increased, and a parliamentary committee began pushing to abolish the martial law under which individual rights and freedom of expression had been curbed. This was a significant move, for government employment had long depended on getting a work permit, which required security clearance. Individuals who were seen as a threat to the stability and survival of the regime were denied a security clearance. This increased political freedom was seen as a potential risk to the King. Fear of losing the opportunity to obtain a work permit was considered a substantial deterrent to antiregime activities.

In July 1988 Jordan relinquished its claim to the West Bank, which reduced tension between King Hussain and some nationalistic Palestinian groups who saw the King as an impediment to their freedom. Giving up the West Bank also eased pressure on the national budget, as Jordan from the occupation of the West Bank by Israel in 1967 until 1988 had continued to pay the salaries of government employees living on the West Bank. Ceding
authority meant that Jordan would no longer hold itself responsible for underwriting those salaries. However, in the minds of some nationalistic East Bank Jordanians, excising the West Bank removed the justification for Palestinian involvement in Jordanian politics. "They have their own country; let them go and live there," represents an attitude which brought to the surface latent tensions between Palestinians and East Jordanians.

Economic hardship, political uncertainty, and narrow nationalism were three potentially destabilizing factors facing Jordan in the summer of 1990.

IV. THE ECONOMIC IMPACT OF POLITICAL NEUTRALITY

The structural adjustment plan imposed by the World Bank and IMF was having its anticipated effect of lowering inflation and retarding the foreign debt increase, but the Iraqi invasion of Kuwait created the potential for a severe downward economic spiral. As a result of its unwillingness to join the coalition against Iraq, Jordan lost both revenue and markets for its products. In 1989, the year prior to the invasion of Kuwait, Jordan received $616.1 million in financial aid and governmental assistance from Arab oil-producing countries, which amounted to 80% of the Jordanian government's external receipts. That assistance stopped cold. Foreign direct investment from the Persian Gulf states, totaling $185 million in 1989 (United Nations Economic and Social Commission for Western Asia 1991: 10) came to a halt. Jordan had been receiving its oil from Kuwait, Saudi Arabia, and Iraq at an average of $8 per barrel, which was about half the market price at that time. Remittances by Jordanians working abroad coming through official channels averaged $872 million from 1986 to 1989 (United Nations Economic and Social Commission for Western Asia 1991:6). Additional wealth to the nation accrued from private exchanges through money changers or in the form of consumer and capital goods from abroad.

Regarding trade, Jordan lost markets in Saudi Arabia and throughout the Persian Gulf. Iraq, which purchased 24% of Jordan’s exports in 1989 (United Nations Economic and Social Commission for Western Asia 1991:3) was subject to embargo by the alliance, which meant that such trade was highly uncertain, and subject to elimination at the whim of the alliance. The transport sector accounted for more than 12% of the Jordanian GNP in 1989. Revenues from the transport fleet, which operated with Iraq and Kuwait, were estimated at $425 million for 1990 (Central Bank of Jordan 1990:66). Estimated losses in manufacturing for 1990 amount to $253 million (United Nations Economic and Social Commission for Western Asia 1992). In the last half of 1990, real domestic product declined 9%, unemployment was 20%, and the cost of living rose 8.5% (Ministry of Planning 1991). Enforcing an embargo on the port of Aqaba would prevent both imports and exports from the country. The embargo on Iraq had a severe impact on the port of Aqaba, for approximately 70% of the goods unloaded there were destined for Iraq. Shipping companies began to charge beneficiaries $25,000 per week for each ship coming to the port of Aqaba; this naturally prompted insurance fees to rise and caused some ships to seek other ports (Central Bank of Jordan 1990:66). With the cessation of oil from Kuwait and Saudi Arabia, Iraq provided Jordan with 82.5 percent of the latter’s needed petroleum (Brand 1994:286). In sum, the revenue streams of direct government aid, expatriate remittances and their investment impact, investment from the Persian Gulf area, revenues from trucking and transit, and traditional agriculture and mineral markets were all terminated or at risk of closure at any moment.
In its Twenty-Seventh Annual Report (1990:64–65), the Jordanian Central Bank estimated Jordan’s losses from the crisis as follows: $728 million in foreign exchange, $568 million in budgetary support from Arab countries, $229 million in commodity exports, $213 million in lost remittances from Jordanians working in Iraq, Kuwait, and other Persian Gulf countries, and a $274 million loss in tourism. Jordan’s independent political stance in the run-up to the 1991 war between Iraq and the coalition created a large economic problem for the country.

V. JORDAN’S RESOURCES: EXTERNAL FACTORS

Every threat carries the seeds of opportunity. Jordan’s strategic location and neutral stance received public condemnation in the Western popular press; however, its location and behavior remained important to both Iraq and the Anti-Iraq alliance. Lying geographically in the center of Egypt, Israel, Syria, Iraq, and Saudi Arabia, Jordan is a keystone which, if it imploded, might not only undercut the alliance but also ignite a conflict between Israel and its neighbors, jeopardizing the continued flow of Middle Eastern oil to both the West and the Far East. The West did not want Jordan to join Iraq, but a war in or involving Jordan would unleash unpredictable forces which might rip apart the fragile alliance against Iraq.

If Jordan became embroiled in a civil war, or was drawn into conflict with any neighbor, Syria, Iraq, or Israel might intervene as a preemptive act of self-defense. That action would have undermined the ability of the West to hold the alliance together. For among Jordan’s neighbors the Arab-Israel conflict had a higher salience than the Iraq issue. Only the Persian Gulf nations and the West saw the Iraq issue as primary.

A viable Jordan was also important to Iraq. All Iraq’s external trade came overland from Jordan. A Jordan in the hands of the alliance would reduce Iraq’s ability to obtain goods from abroad. The diplomatic relations that both Iraq and the alliance had with Jordan made King Hussain the natural mediator in the conflict, a role which was useful to both Iraq and the alliance.

VI. JORDAN’S RESOURCES: INTERNAL FACTORS

In addition to the international benefits, Jordan’s location in the eye of the conflict could provide an opportunity to ease its domestic problems: the internal cleavage between East Bank and West Bank Jordanians, the structural readjustment imposed by the IMF, and the paucity of foreign exchange holdings. With the survival of the nation at stake, the King could extract sacrifices from the people for the benefit of the nation with minimal dissent.

While East Bank and Palestinian Jordanians each had mutual suspicions of the other’s intentions, they were united in resenting the wealth of the Kuwait, Saudi Arabia, and the Emirates, wealth they felt should be shared more widely among all Arabs. They saw Saudi and Kuwaiti oil as Arab oil. Images of Kuwaitis with gold-plated bathtubs while Arabs in Cairo, Amman, and Damascus were in poverty did not sit well with Arab public opinion. Saddam Hussein’s willingness to take on these presumed Kuwaiti plutocrats and to risk a battle with the West struck a responsive chord in Jordan and among ordinary Arabs everywhere in the Middle East. For King Hussain to go counter to strongly felt
Jordanian public opinion supporting Iraq when the Jordanian economy was in such a weakened position would have been a risky political act. Taking a middle position calling for Iraqi withdrawal from Kuwait while opposing the western military presence in the Middle East drew popular support from every quarter of the Arab world except Saudi Arabia and Kuwait.

This domestic cohesiveness and perception of an embattled small country strengthened the hand of the Jordanian government in imposing the IMF/World Bank structural readjustment plans, which caused economic hardship for Jordanians by eliminating subsidies on key products such as sugar, powdered milk, and rice. In addition, the embargo legitimized the government’s restrictions on the importation of luxury consumer goods, thereby conserving foreign exchange.

Jordan also had internal resources for dealing with the impending refugee crisis. The nation had experienced refugee in-migrations in 1948 and 1967, as Palestinians were driven from their homes. While the Jordanian personnel involved in handling refugee operations changed over the 1948–1967–1990 period, sufficient institutional memory remained to be able to respond effectively to the 1990 crisis. On both previous occasions, Jordan had been flooded with refugees, and the Jordanian government had attempted to alleviate the sufferings of the Palestinian refugees. In 1948 the Arab League provided some assistance, but witnessing the gravity of the situation King Abdullah had pleaded for western assistance as well (Plascov 1981:42).

Foreign assistance, and in particular UNRWA’s work during the 1967 crisis, greatly facilitated Jordan’s ability to cope, so as not to threaten the stability and survival of the kingdom. Jordan had in place a working relationship with international relief and welfare organizations.

Such was Jordan’s situation as 1.1 million people—Jordanian citizens as well as Egyptians, Yemenis, Sri Lankans, Indians, Pakistanis, Bangladeshis, Thais, Malaysians, Filipinos, Indonesians, and others, trapped in Iraq and Kuwait—headed overland toward Jordan in the period of August to November 1990, creating a refugee crisis with which Jordan had to cope.

VII. INFLUX OF REFUGEES AND RETURNEES

The New York Times reported on August 13, 1990, that 2 million people were near the Jordanian border; yet Jordan appeared to ignore this grave situation. Despite the closure of the Turkish border with Iraq and other publicly available information that large numbers of refugees were heading toward Iraq’s border with Jordan, Jordan continued business as usual. No extraordinary preparations were made to face the returnees’ crisis. Was it done purposefully? Since Jordan had few resources to commit to dealing with this emergency situation, perhaps they deliberately allowed the situation to reach crisis proportions.

It appears that the government of Jordan decided that by doing nothing, the international community would offer aid to help those in need. If Jordan solved the problem on its own, Jordan would gain few resources from abroad and probably little sympathy or good will for its sacrifice. Jordanian policy makers played the issue of the refugees skillfully for the benefit of the country in terms of gaining both international resources and sympathy. At one point, when the international community showed little sensitivity toward Jordan’s concerns, Jordan closed its border, thereby shutting down the evacuees’ only exit from Iraq. Jordan would not be taken for granted. Implicitly, Jordan demanded that the
international community understand Jordan's position, and give Jordan resources to deal with the refugees.

Once the international community made a financial commitment to assist Jordan in dealing with the refugee problem, the Jordanian system sprang into action. The Jordanian government abolished normal entry requirements at all its borders to allow easy entrance of refugees and to meet the pressure of the massive exodus of people crossing into Jordan from Iraq. Visas, paperwork, security checks, and other requirements were abolished. Jordan opted for a strategy that primarily focused on registering name, country of residence, and home country, concentrating only on information needed to identify and transport refugees. For those whose final destination was not Jordan, transit camps were set up along a route from the Iraqi border to the airport south of Amman and to the port of Aqaba. People were moved quickly and effectively through this pipeline by the government of Jordan in cooperation with non-governmental organization (NGO) employees. The average time spent by an individual in the pipeline was 2 weeks. By mid-December 1990, the refugee transit crisis was over.

Approximately 350,000 of these 1.1 million travelers stayed permanently in Jordan. The cost of caring for these people was estimated at $48 million, which covered their food, shelter, transport, and adequate medical and human assistance (Central Bank of Jordan 1990:67).

VIII. MANAGING THE CRISIS

According to Littlejohn, crisis management is "a technique both for avoiding emergencies and planning for the unavoidable ones, as well as a method for dealing with them when they occur, in order to mitigate their disastrous consequences....Crisis management provides an organization with a systematic, orderly response to crisis situations" (Littlejohn 1983:10-11).

Jordan's handling of the crisis can be conceptualized as operating at three arenas or levels: external strategic, internal strategic, and internal operational. A team focused primarily on a specific arena but was sensitive to events occurring in each other arena. Failure in any arena could spill over into another area, potentially destabilizing the nation and the entire region.

The Palace (King and Crown Prince) dealt primarily at the external strategic level. They had to decide how to position the country in inter-Arab and international affairs. Pressured by the alliance of Saudi Arabia, Egypt, Syria, the United States, and western Europe on the one hand to join against Iraq, and on the other side by heavy trade and transit with Iraq and a vocal and increasingly restive population which strongly supported Iraq, the Palace sought an Arab solution to the conflict but was sharply rebuffed by members of the alliance. Throughout the August-December period, the Palace initiated and responded to challenges in attempting to expand its decision-making latitude and furthering the national interest. The response in this arena fits the political/strategic requirement for crisis management: limitation of objectives pursued in the crisis, and limitation of means employed on behalf of those objectives; see George (1991:24).

The internal strategic (middle-level) team was headed by the prime minister and composed of the following ministries: Finance, Social Development, Foreign Affairs, Planning, Health, Information, and Interior. These ministries linked the operational refugee crisis to the international arena. Internally, they set policies on health, customs, and trans-
portation—significant matters touching perhaps on inter-Arab politics but often driven by operational issues bubbling up from below and affecting the refugee stream. They also dealt with international agencies in renegotiating Jordan’s debt, with donor countries supplying aid to the refugees, with general budget support, and with NGOs involved in the refugee relief effort. Domestically, they worked closely with parliamentary and party leaders on local issues and legislation to ensure the legality of administrative actions. Although cabinet members are the chief decision makers for issues within their jurisdiction, in this case they play the middle manager role because, although they offer information and suggestions, the primary policy determination comes from the Palace.

The third arena involves the refugees streaming out of Iraq. A subministerial team, headed by the undersecretary of the interior, with similar-level representation from the departments of finance, transportation, information, social development, health, army, and public security, addressed this situation. A representative from each department provided the link for meeting quickly specific operational needs. For example, if five doctors were needed at a specific location, the representative from the Ministry of Health would respond to this need.

This multilevel matrix structure worked to reduce the impact of surprises, to provide information quickly to those who needed it, and to rush the information or services to the appropriate spot. The chair of the operations arena team, the undersecretary of the Interior Ministry, is fluent in several languages and had experience dealing with the international media. Each member of the team was picked for the assigned role based upon both competence and suitability for working effectively with others. The importance of using a matrix-type organization for handling crises, an organizational structure characteristic reflected in the linkage among the three Jordanian refugee crisis management teams, is the main theme of Littlejohn (1993).

Many international NGOs were allowed to operate in the country and provide services to the evacuees and to use the media in requesting further donations from their home base. UN Resolution 664, which called on Iraq to allow all foreign citizens to leave its territory, gave Jordan the leverage to press for certain conditions to be met before Amman could allow these foreign citizens onto its soil. These preconditions included participation by the expatriates’ home countries in repatriating their own citizens. Jordan did not want to get stuck with the responsibility for transporting Sri Lankans, Filipinos, or Thais to their home countries.

This structure—interconnected teams operating at executive, middle, and operational levels—is more complex than that envisioned by Littlejohn (1993) and resembles the structure of highly effective organizations. The clearly defined, mutually agreed mission has highest priority. Resources are readily available. The siege environment generated domestic anxiety and allowed decision latitude to the leaders—which they quickly devolved, when appropriate, to the operational level. Even the Islamists, whom some might suspect of having their own agenda of undermining the King, were heavily involved and completely cooperative in providing goods and services to evacuees. Three important ministries—Education, Social Welfare, and Labor—were held by members of Islamic movements, and these ministries were fully committed to the goals and means devised to meet this crisis.

Skillfully addressing the international political, international technical, local political, and local technical arenas, the country was able to deal effectively with the refugee crisis, strengthen its international stance, and attract new resources to Jordan—a country under siege.
IX. THE AFTERMATH OF THE CRISIS

Jordan entered the crisis in the spring and summer of 1990 facing economic and political difficulties. The financial picture was deteriorating, severely threatening the stability of the currency, and traditional regional and western allies abruptly withdrew their support. Internal conflicts between West Bankers and East Jordanians, and between Islamists and moderates, lay just below the surface.

The spring of 1991 smiled on Jordan. Financial support flowed in from Japan, Germany, and the European Union. These sources provided $140 million in aid and $212 million in loans. The United States had written off $324 million of Jordanian debts, and rescheduled $645 million of other American loans (Central Bank of Jordan 1990:67-68). The inflow of private capital from returnees was estimated at $1.2 billion (Van Hear 1995).

With political skill and good fortune, the Jordanian leadership strengthened the Islamic parties' bonding to the political system, gained credibility as an independent voice in the Arab world, obtained low-cost oil from Iraq, developed an Iraqi market for Jordanian-manufactured pharmaceuticals and other items urgently needed by a distressed nation, relieved Jordan of substantial debt obligation to the United States, and obtained new loans and grants from Japan and the European Union. A dangerous situation had turned into a political and economic windfall.

X. CONCLUSIONS AND IMPLICATIONS FOR CRISIS MANAGEMENT THEORY

In August 1990, Jordan appeared to approach the impending refugee crisis with a reactive stance, for the country was seemingly oblivious to the mass of humanity heading its way. Any casual observer could anticipate that Jordan would be an escape route from the conflict for the large numbers of expatriates working in Iraq and Kuwait. Iran and Iraq had just ended a war and that border was closed: Saudi Arabia and Turkey were closed because they had joined the alliance against Iraq. Only Jordan had an open border. However, Jordan seemingly took no action to prepare for the impending refugee avalanche.

The scholarly literature—as well as common sense—would dictate that a nation should plan and prepare for the imminent crisis. However, to have taken anticipatory action prior to an actual crisis would have absorbed significant Jordanian resources, resources that were needed by Jordanian citizens. Jordan waited to act until the crisis exploded—when the refugees overwhelmed the facilities at the Iraq-Jordan border, an event attended by the international media. In full view of the world Jordan used a combination of threats to stall the movement of refugees (which could embarrass the western alliance) to support its requests for resources and concessions. At the same time, Jordanian ministries coordinated among themselves and with NGOs for expert management of the refugee flow.

Perhaps the lesson for small nations managing crises is to adopt the paradoxical posture of preparedness to act, yet holding back and attempting to leverage the resources of larger nations to assist in the effort. Be the manager of the crisis rather than the provider of the relief goods. Preemptive action in crisis situations may be appropriate for economically self-sufficient nations. Poor nations may be better served by emphasizing planning and preparation, but withholding action, a strategy which appears more reactive than proactive. Poor nations can exploit their weakness by calling for financial help from the more
advantaged countries and international organizations, then allocating their own resources flexibly in pursuing own agendas.

Political controls can be relaxed without serious risk of antiregime activity by citizens. At times of natural disaster or externally generated crisis, dissidents are less likely to seek political advantage, more willing to postpone their agenda to serve the greater national good, and are more easily coopted into the well-defined, consensually agreed mission of the regime. Devolving administrative authority carries minimal risk because behaviors are publicly visible and constrained by the narrowly defined, humanitarian goals. The wise leader of a small or poor nation which publicizes its plight and acts efficiently to solve the problem can turn crises into significant advances toward nation building.

ENDNOTES

1. For stories describing such situations, see Cunningham and Sarayrah (1993:85–86.156–157).
2. For example, Kanter (1989) is typical of the current thinking on desirable management structure.

REFERENCES