INTERVIEWS 14.06.2018

# Middle class rage

## Tim Petschulat in Amman reports on the social protests in Jordan

*Read this article in German.*

**In Jordan, social protests have brought about the resignation of Prime Minister Hani al-Mulki. What's the background to this?**

What triggered the demonstrations and strikes was a tax reform package put forward by the government and submitted for a vote in parliament. The bill proposed income tax rises, an extension of the tax liability to include previously exempt middle-earners, the introduction of a sales tax on agricultural goods and raising taxes on sales and profits for banks and industry, as well as measures to combat tax evasion. Trade unions, professional associations, NGOs and commercial organisations reacted unusually quickly and fiercely: On 06 June 2018, there was the first general strike in Jordanian history, paralysing large parts of public services. The former Prime Minister was clearly caught unprepared by the intensity of the resistance. He reacted in an undiplomatic manner. Criticism of the draft bill was categorically rejected. It was claimed that the unrest was inappropriate as these reforms would only impact wealthy Jordanians. This was swiftly refuted by civil society activists via Facebook with infographics and explanatory videos. They maintained that the sales tax on fruit, vegetables and meat would hit the poorest the hardest; bank tax hikes would hamper investment and stunt economic growth. The former Prime Minister's arrogant demeanour brought young people from the middle classes in particular onto the streets, with some 50,000 Jordanians protesting each day. What's interesting about this is that the representatives of political Islam are not playing any role in these protests, for which they are facing resentment.

**Are the protests just about the tax hikes or is there general frustration being vented too?**

Since 2011 Jordanian governments have been promising regularly that the economic situation will improve "by next summer". In reality,

however, incomes are stagnating while costs are rising. Inequality in society is increasing, as is unemployment – particularly among well-educated young adults. According to a recent report by the Economist, Amman is the most expensive capital city in the Arab world, with a cost of living higher than in Dubai or Doha. This was read widely and really hit home. The average monthly income in this country is only 500 euro. A litre of milk costs 1.50 euro, a child's toothbrush costs 3 euro and the monthly rent for a single family home is no less than 400 euro. There's a reason that the most popular hashtag for the protests at the moment is *#manaash* ('We have nothing (to give)'). In such a situation tax hikes are hard enough already, even when the government has good reasons for them. The former Prime Minister has to at least see that he was at fault for not having sufficiently explained the reasons for the tax reform. The straw that broke the camel's back was the government's announcement earlier this month that the price of electricity and petrol would be increased as well. The king has since scrapped this plan and expressed his solidarity with the public's woes. On 04 June 2018, the government backed down entirely.

**Jordan's national debt is not that much worse than that of many EU countries. Why did the government decide to go for such unpopular measures? Did it misjudge the situation in the country?**

The government is acting under pressure from the International Monetary Fund (IMF). The IMF made a drastic increase in Jordan's tax revenue a condition for continuing its programme in Jordan. This is actually quite justifiable in itself. At present effectively only around 3 per cent of the population pay income taxes. So action is clearly needed, especially as Jordan hardly has any natural resources and needs tax receipts to broaden its horizons away from dependence on international handouts. An end of the IMF programme would have drastic consequences at the present moment. The currency would fall immediately and public services would be threatened by outstanding salary payments. The national debt is approximately on a par with France's, but you have to remember that the country does not have a strong economy and is surrounded by conflict. The traditionally important markets in Iraq and Syria have faltered as trading partners. These are geopolitical problems that France and Italy don't have. It is therefore important to have a better tax base and stable revenues. It is just that the government unfortunately did far too little to explain why it is necessary to raise taxes. It also put forward a law that is not at all, as it claims it is, just about getting the rich to take some responsibility.

**Jordan's economy is also suffering from the difficult situations in neighbouring countries Syria and Iraq. What alternatives does the country have to tax rises?**

In principle tax rises would be good for Jordan, provided they are balanced on the social level and combined with programmes tackling corruption and tax evasion. The IMF does demand an improvement in tax revenue but it does not specify how to meet this objective. The peaceful protests were held by an educated middle class who understand that the country has a problem and who are ready to take responsibility. Aside from the subordinate goal of getting the government to back down, which they have achieved, the trade unions and professional organisations have in essence three demands: a restructuring of national economic policy, a joint effort to work out upcoming tax reform in a national dialogue and effective means of combatting corruption and cronyism. King Abdullah has tasked a man known for being a reformer, Dr. Omar Razzaz, previously the education minister, with forming a government. He brings with him three key qualifications which give reason to hope: he is a good communicator, an economic expert and has managed to implement sensible reforms that hardly anyone would have thought possible in the ministry for education, which the Muslim Brotherhood has dominated for years. Let us hope that he receives international support for the difficult tasks that lie ahead of him, including support from Germany and Europe. Jordan is one of the few stable countries in the region and has an active and vibrant civil society. That must be of some value to us.

*The questions were asked by Hannes Alpen.*

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