

Motives Behind U.S. Foreign Aid Projects: the Case of Jordan

By

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ABSTRACT

The United States of America is the largest global donor of foreign aid. Since 1946, the Middle East and North Africa have been the largest recipients of this assistance, often pivoting around Israel, Egypt, and Jordan as the top beneficiaries. This thesis will attempt to fill gaps in the literature regarding U.S. foreign aid distribution to Jordan. By employing process tracing through a single case study, this paper will analyze major changes in U.S. foreign assistance to Jordan. The U.S. increased or decreased its assistance in a timeline aligning with the following events: the War of 1967, the Gulf War, the Jordan-Israel Peace Treaty, the Iraq War, the rise of ISIS, and the U.S. decision to move the embassy in Israel to Jerusalem. By undertaking a thorough investigation into the political objectives behind these decisions, this thesis confirms its hypothesis that U.S. foreign aid in Jordan is primarily used as a method of enforcing two main political objectives: gaining a strong position in the region and maintaining the existence and security of Israel. Alternate hypotheses, which propose that foreign aid is devoted to improving democratic and economic development levels are also examined, but do not provide satisfactory results. In the long run, despite a lack of satisfactory development achievements, Jordan remains economically dependent on U.S. aid. The conclusion of this paper calls not for the end of this funding, but rather a restructuring that would ultimately steer the country away from its current autocracy and extend aid benefits to the average Jordanian.

SIGNED DECLARATION

I, the undersigned **Mikala McBride** hereby declare that I am the sole author of this thesis. To the best of my knowledge, this thesis contains no material previously published by any other person except where due acknowledgement has been made. This thesis contains no material which has been accepted as part of the requirement of any other academic degree or non-degree program in English or in any other language.

This is a true copy of the thesis, including the final revisions.

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LIST OF ABBREVIATIONS

EBRD	European Bank for Reconstruction and Development
EU	European Union
GDP	Gross Domestic Product
IMF	International Monetary Fund
ISIS	Islamic State of Iraq and Syria
MENA	Middle East and North Africa
U.S.	United States of America
UK	United Kingdom
UN	United Nations
USAID	United States Agency for International Development
USD	United States Dollars (\$)

CHAPTER 1: INTRODUCTION

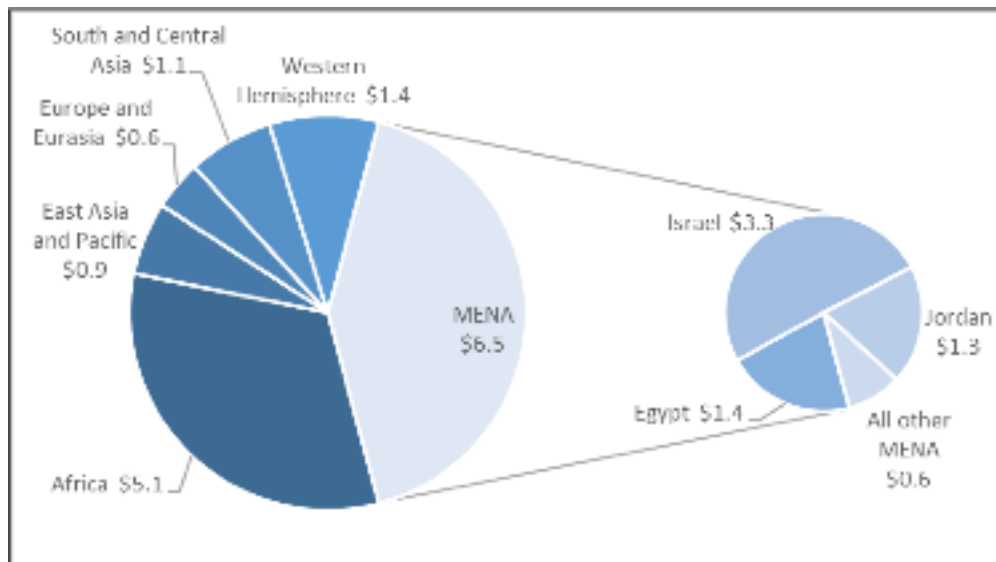
The United States of America contributes the most foreign aid globally. Topping Germany, the EU, and Japan in strict amount, the United States “U.S.” has long been the global leader of both economic and military assistance efforts (OCHA 2022). Economic assistance includes programs designed for development and humanitarian measures that are aimed at improving stability, economic progress, and recovery from emergencies (USAID 2019). On the other hand, military assistance is primarily directed toward enhancing military power and available arms of recipient countries. In both cases, the United States is leading globally, contributing around \$39.2 billion USD in 2019, which is the largest actual contribution, but only amounts to less than 1% of the nation’s Gross National Product (Ingram 2020).

The impacts of this aid, however, have long been debated. Many scholars have argued that foreign aid either has a negative or no effect on the long-run economic and developmental growth of a nation (Alvi and Senbeta 2012; Niyonkuru 2016). While others have attested to its importance (Bhattarai 2009; Chenery and Strout 1966), the tide of the conversation has shifted and this section will focus on briefly contextualizing this debate. Boone (1996) contributes an influential empirical finding that aid increases the size of government, but not the number of investments or any other human development indicators. Similarly, Djankov et. al (2008) find that foreign aid encourages significant drops in democracy levels, outweighing the negative impact of oil, while Burnside and Dollar’s (2000) controversial piece has identified an overall null impact of aid on per capita GDP, unless coupled with high quality policies. With many scholars outlining the harmfulness of foreign aid and advising alternate ways to promote economic growth, the question arises: Why do wealthy countries continue to use foreign aid as a means of promoting development? As Boone (1996, 306) highlights: “Despite popular belief that aid is primarily motivated to

assist the poor, substantial evidence points to political, strategic, and welfare interests of donor countries as the driving force behind aid programs.” This finding motivates much of the following research.

The Middle East and North Africa (MENA) has long been an area of strategic interest in global politics. With strong oil reserves in many of the Gulf countries and significant sites of religious and political importance, many countries have sought to invest in and secure relations with countries in the MENA region. In addition, MENA has captured much global attention due to the many conflicts and security concerns that have appeared in the past few decades. The U.S. in particular has committed much of its foreign aid budget and diplomatic influence to the MENA region. The following figure pulls information from the Department of State – one of the key bilateral foreign assistance organizations – and shows the budget justifications for foreign aid figures broken down into regions and then further divided amongst the Middle Eastern recipients:

Figure 1: U.S. Aid Distribution by Region and Countries in the MENA Region



Source: Sharp et. al 2020, Figure 1, pg. 1

As displayed in Figure 1 above, MENA has received large percentages of American foreign aid compared to the rest of the world. In particular, Israel, Egypt, and Jordan have been the

leading recipients of aid, with Israel receiving significantly more than others in the region. General trends of U.S aid in MENA have fluctuated though, with sharp increases in the mid-late 1970s, and another jump in the early 2000s (Root et. al 2016, 2). Scholars have considered these relations to be a reflection of U.S. interests in the region, and hence the fluctuations have matched the ongoing events and American preferences. As President Ronald Reagan described on September 1, 1982:

Our involvement in the search for Mideast peace is not a matter of preference; it's a moral imperative. The strategic importance of the region to the United States is well known, but our policy is motivated by more than strategic interests. We also have an irreversible commitment to the survival and territorial integrity of friendly states. Nor can we ignore the fact that the well-being of much of the world's economy is tied to stability in the strife-torn Middle East. Finally, our traditional humanitarian concerns dictated a continuing effort to peacefully resolve conflicts (Reagan 1982).

While humanitarian efforts may dictate some aid allocations to the MENA region, the above statement also acknowledges other motivations, including survival of the ‘friendly states,’ such as the greatest U.S. ally in the region, Israel, and maintaining stability in the region. The rest of this paper will compare the main motivations behind these aid distributions through a case study of Jordan.

1.1 Research Question and Motivation

In 2019, prior to the mass spread of COVID-19 and Russian invasion of Ukraine, Jordan was the third highest recipient of U.S. foreign aid, falling only behind Afghanistan and Israel, although this position often alternates with Egypt (ForeignAssistance.gov 2023a). Some scholars have hypothesized that these allocation decisions boil down to a few motivating factors: the continual existence of Israel, building strategic relations with advantageous nations, and promoting stability in the MENA region (Hayajneh 2009; Little 2010; Al Madfai). These motivations are apparent in aid decisions to Afghanistan, Israel, and Egypt: The U.S. has been involved in operations in Afghanistan since 2001, with the initiation of the “War on Terror” aimed at stopping the spread of terrorism and promoting general stability in

the country. Afghanistan presents a possible threat to security, which can be potentially curbed with foreign aid. Similarly, Israel has been a focus of U.S. foreign policy since its creation in 1948, with diplomatic, financial, and military support aimed at maintaining defense capability and endorsing the existence of the 'Jewish State.' Egypt is an oil-rich and large country, which presents an economic and political advantage for the U.S. that is enhanced by foreign aid and strong relations.

At first glance, the decision to allocate aid to Jordan is a puzzle. It is a relatively small country which has not presented a security concern to the United States. Jordan does not have natural oil reserves which may be of international interest and also does not export products critical to the American economy. Most citizens of the U.S. do not have a particular draw or loyalty to Jordan, such as Jewish-Americans may feel toward Israel, and Jordanian-Israeli relations were not solidified until decades after U.S. foreign aid to Jordan began. Although Jordan's economy is not the strongest in the region, it is also not amongst the lowest income countries, which is often a critical humanitarian factor in distributing foreign aid. These conditions introduce the following question: Why has the U.S. invested such high levels of foreign aid into Jordan?

This study will seek to understand the high amounts of U.S. foreign aid being channeled into Jordan by conducting process tracing on several instances in which foreign aid has either been significantly reduced or increased. There is a scarcity of current literature on the topic, with Jordan particularly neglected, and this thesis seeks to expand on the existing studies. Other studies have focused on narrower time periods starting in 1990 (Al Sarhan 2019; Almashaqbeh and Sheikh 2020a), or strictly examined U.S. foreign policy toward Jordan (Alkhaldeh and Hayajneh 2022; Schuetze 2017). This study will expand its timeline to 1967, when the first identifiable change in foreign aid occurred since the two countries commenced assistance efforts in the early 1950s. By looking at how the U.S.-

Jordan relationship has progressed through a combination of foreign aid policy and distribution, this paper hypothesizes that the main motivation behind the United States' interest in Jordan stems from political interest in the region. Often times, the political interests at the heart of distributions are in conflict with the developmental intentions of the aid, including economic and democratic progress. The primary theory behind this paper is that the U.S. offers foreign aid to an economically dependent Jordan in order to maintain the security of and promote relations with Israel and to establish a strong U.S. presence in the region. This study will be significant by lengthening the time period of investigation of prior studies, introducing a process-tracing methodology, and expanding the definition of aid to include all forms of U.S. foreign assistance.

CHAPTER 2: LITERATURE REVIEW

The following chapter examines the present literature surrounding foreign aid. This includes evaluating the impacts and implementation of aid programs and how U.S. foreign aid has changed over time. This review will then perform an in-depth examination of U.S. programs in the MENA region and how U.S.-Jordanian relations have influenced U.S. foreign policy and consequentially, foreign aid.

2.1 Studies on the Impacts of Aid

Scholars have debated the effects of foreign aid for decades. Studies varying in sample size, time period, governmental policy, and dependent variable have produced varying results. While early experts focused on creating aid programs based on the Western model or anticipating the needs of recipient countries, the recent narrative has shifted: more economists and development experts seem to agree that foreign aid, even with good intentions and thorough implementation efforts, does not create growth and rather, can have the opposite effect.

Foreign aid enthusiasts defend the implementation of assistance in low-income countries. Hadjimichael et al. (1995) use a panel of Sub-Saharan African countries in their analysis of economic development. While recognizing some of the potential harmful effects of foreign aid in cases where it discourages labor-induced growth, the authors propose that cases where aid is directed toward promoting infrastructure is more likely to enhance employment opportunities and productivity and by default, grow the economy (37). Levy (1988) analyzes time series data of Sub-Saharan Africa in his finding that foreign assistance has a positive relationship with both economic growth and investment rates. In a similar fashion, Dowling and Hiemenz (1983) use countries in the Asian region in the 1970s to inspect how foreign aid has influenced GDP growth, finding that there is an overall positive relationship, but policies still provide the groundwork of determining effectiveness. Lensink

and White (2001) investigate theories that foreign aid can be a positive force, but has potentially negative returns to economic growth when foreign aid levels reach a certain high threshold of total income for the country. Durbarray et al. (1998) measure long-run growth rates and find an overall positive impact, dependent on the presence of good policies in the recipient countries, and further validate Lensink and White's (2001) conclusion that high ratios of aid/GDP can slow economic growth.

Replicating some of these findings, Burnside and Dollar (2000) conduct a study assessing the relationship between the amount of foreign aid a country receives and its consequential GDP per capita. Despite initial findings that foreign aid alone has no correlation with growth in GDP per capita, the authors further dissect how 'good' policies in budget surplus, inflation rate, and degree of openness interact with foreign aid. Their finding that pre-existing high-quality policies produce higher development is influential: U.S. policy makers have referenced this article in the decades since publication to justify foreign aid programs and shifting policy focus to countries with good economic models, or adjusting aid conditionality so that recipient countries must meet new demands. Easterly (2003) then enters the conversation, combatting Burnside and Dollar's findings. He widens the definitions of "aid," "growth," and "good policy" present in the prior article during his empirical investigations and finds no significance in the claim that good policies create an environment conducive to GDP per capita growth.

Several other authors echo this sentiment that despite good intentions and thorough investigations, foreign aid does not encourage development. Peter Bauer's (1972) famous book *Dissent on Development* offers a series of critical perspectives in the field of economic development, discussing the many nuances and individual strategies that are not necessarily present in current development discourse. He criticizes the way governments take a homogeneous approach to development, without understanding the cultural and institutional

differences in many developing countries. Mosley et al. (1987) also offers an empirical study finding no statistical significance in the relationship between aid and GNP growth, but presents possible behavioral and policy explanations for effectiveness variations. Similarly, Peter Boone (1996) chooses to focus on the theory that an increase in available funds will encourage investment and therefore, encourage growth, as measured by human development indicators. He discovers that aid does not benefit the lowest-income individuals, but instead simply increases the spending and size of the government. He asserts that the way current aid programs aimed at long-term development function is an inhibitor of growth and that other small projects have proven more effective. Djankov et. al (2008) expands on this concept in his article which measures development through the recipient country's level of democracy after short-term and long-term bouts of foreign aid. The more foreign aid a country receives as a percentage of its GDP, the more likely a country is to become autocratic. He contrasts these findings with measurements of natural resources to conclude that foreign aid is a bigger curse on democratic development than oil. Many of these studies quantify Svensson's (2000) theory that foreign aid often negatively impacts development because it encourages governmental corruption and rent-seeking. This occurs when a government misappropriates common resources, such as foreign aid, by directing them toward private use rather than public consumption. This process benefits the government and those in power, but does not increase the wellbeing of the public.

2.2 Trends in U.S. Aid

The prior section presents the turn in scholarly literature from defending and advocating for foreign aid as a means of promoting growth, to instead revealing the harm that can arise. This following section will seek to understand how the U.S. motivates and changes its foreign assistance goals and distribution, reflecting some of the findings that foreign aid is not the best means of instigating growth abroad.

On June 5th, 1947, following the end of World War II, Secretary of State George Marshall said the following:

It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace. Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos. Its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist (Marshall 1947).

Marshall's speech marked the start of the Marshall Plan – the first successful aid program designed to assist in post-war rebuilding in Europe. Its success set the trend of foreign aid and economic growth in the following decades, as the U.S. hoped to pinpoint the successful components of this initiative and apply them in future foreign assistance programs (Eichengreen 2011, 1). The Marshall Plan offered the U.S. economic success in rebuilding European economies, as well as political success in securing strong foreign relations. Since then, the U.S. has created and joined several organizations and methods of delivering foreign aid. These include U.S.-based bilateral organizations, such as the U.S. Agency for International Development, Department of the Treasury, Department of Health and Human Services, Department of Defense, and the Department of Agriculture. The U.S. is also a major shareholder in international organizations, such as the International Monetary Fund, World Bank, EBRD, New Development Bank, and Inter-American Development Bank.

Several scholars have focused in on how U.S. agencies focus their policies and adjust their distribution approaches, often dismissing the notion that aid can be purely development-focused. Ahmed (2016) assesses U.S. bilateral foreign aid distribution to 150 countries from 1972 to 2008, which is claimed to support democratic institutions and liberal markets, but have contrarily in this dataset reduced political rights, participation, and civil rights, while encouraging authoritarian policies. The author also assesses legislative decisions and the impact on aid, furthering the notion that political interests play a large role in determining aid allocations. McKinlay and Little (1977) contrast the humanitarian theory of bilateral aid,

which predicts that aid is distributed based on the needs of the recipient, with the accepted foreign policy view, which acknowledges the use of aid for political reasons, typically in the interest of the donor country. The authors investigate 1960-1970 aid allocations in a cross-national study to confirm that within the foreign policy view, the models of security and power-political interest hold the strongest weight in influencing assistance, finding weak or no support for development, economic, and political stability motivations. The conversation has also shifted toward exploring links between foreign aid and immigration levels. Scholars such as Bermeo and Leblang (2015) find support through empirical testing of 150 recipient countries that donors use aid for their immigration goals in order to improve development levels and consequentially, reduce migration levels into the donor country. They also note that existing migrants lobby for higher aid levels to their respective countries. Gamso and Yuldashev (2018) further this idea by using panel data of 101 developing countries to establish that aid targeting political institutions reduces rates of emigration, while those focused on economic and social development programs have no effect. The authors use this to explore the idea that policymakers use aid as a means of reducing migration to the donor countries.

Other scholars have highlighted how U.S. shareholding capability in global or regional organizations has changed some trends in lending. For instance, Karini (2019) analyzes Albania as a case study of implemented programs by the World Bank, EU, EBRD, and IMF following the fall of communism. This article upholds, through a study of policy changes and its impacts, the idea that donors are directing their support toward political goals, such as aligning Albania with EU standards, rather than on the development priorities of the recipient. Randall Stone, Axel Dreher et. al, and Vreeland outline how IMF lending is not always dependent on need: Stone (2008) offers examples of crisis situations when the U.S. has used its organization power to contradict some of the normal policy decisions. When U.S.

interests are at stake, many lending trends reflect U.S. policies and alliances, rather than those typical of the IMF members. Stone (2008, 594) clarifies that this trend exists because the IMF has more resources and fewer legislative obstacles to overcome in its lending. Similarly, Dreher et. al (2015) and Vreeland (2003) both conclude that the politics of the IMF are not as simple as lending to countries most in need, but rather often reflect political alliances or influence through changing conditionality and willingness to lend. On another note, Andersen, et. al (2006) study the influence of U.S. politics on the World Bank's IDA lending from 1993 to 2000, finding a statistically significant relationship between U.S. policies and lending through a measure of 'key votes' in their econometric study. Dreher et. al (2015) continue investigating World Bank decision-making by conducting a study on projects for 157 countries over the 1970-2004 period. The authors are able to identify a significant connection between membership in the UN Security Council and the number of projects a country acquires; however, the amount of the loans is not dependent on membership.

2.3 Theories of U.S. Foreign Aid in MENA

Scholars have further debated not only how U.S. foreign aid has reflected overall foreign policy, but also specifically how that has been displayed in policy toward the Middle East and North Africa. This region has drawn a lot of attention by development scholars because of the overwhelming amounts of foreign aid channeled into the region. MENA aid stands out amongst others because it often goes to military and security concerns, unlike other humanitarian and economic programs, and development conditions are frequently unmet. In recent decades, the U.S. has been involved in many conflicts in the region and the rise of groups such as Al Qaeda and ISIS have also drawn worldwide interest. MENA has dominated many foreign policy debates and the nuances of relations with authoritarian governments have been hot topics, demanding of academic attention. The following section will explore scholarly conversations surrounding MENA-U.S. foreign policy and aid trends.

Khan et. al (2022) argue in their research pulling from 1991 to 2019 data that remittances and foreign aid in general have improved economic growth and lowered the region's poverty levels, measured in terms of income per capita, maintaining that is important for continual development. Paragi (2016) contrasts this by suggesting that foreign aid can be effective to long-term stability in MENA countries as long as conflicting values do not exist between the donor and receiving countries, at the risk of impacting foreign interests. Arguing against the governmental claim that U.S. assistance is intended to foster democracy around the world, Root et al. (2016, 12) chart levels of aid against democracy to reveal that when aid levels are the highest, democracy levels are lowest. They propose alternate theories, arguing that interests in resolving relations between Israel and its Arab neighbors, as well as a vested interest in the natural resources, have influenced American involvement in the region and consequentially, offered fungible income to a series of autocratic regimes (2016, 1).

Understanding U.S. investments in MENA is not complete without also noting the relationship between the U.S. and Israel. Mearsheimer and Walt (2007) propose a compelling theory that the American government has taken an intense and loyal position on Israel's existence and defense because of the influence of pro-Israel lobby groups. The authors further attest that it would actually be in the best interest of politicians to align with some of Israel's opponents, but instead lobbyists are dissuading foreign policy away from aligning strongly with those nations, which has only heightened since the September 11th terrorist attacks. In contrast to this, Wang (2021) investigates this theory of pro-Israel lobbyists against the self-interest theory, which hypothesizes that the U.S. provides assistance to Israel in order to advance its overall position and political power in the region. By showcasing instances of presidential transitions, the author demonstrates how new presidents align with changes in foreign aid, a tool used to push agendas rather than simply follow a strict pro-Israel position. Ali (2021) seconds this thinking by arguing that Israel's high levels of economic aid from the

U.S. do not correlate with high levels of need or low development indicators, but rather reflect U.S. interest. Ali instead highlights how during events of significance to American interests, such as the Arab-Israeli Wars and the Jordan Crisis, the U.S. was swift to shift its alliance to the declared winner, Israel, despite prior intentions to remain neutral and create positive ties with other MENA countries.

2.4 Theories of U.S. Foreign Aid in Jordan

Jordan, in particular, has stirred little debate amongst academics. According to USAID's website, the U.S. and Jordan's aid relationship is based on "bolster[ing] economic stability and support[ing] a healthy, well-educated, and productive population that can forge a stable and prosperous future" (USAID 2022). However, many scholars disagree with this publication. Husain (2019) conducts a long-term study on the economic effects of the Structural Adjustment Programs of the World Bank and IMF. He concludes that although general aid and remittances are significant in promoting growth, the programs implemented by these multilateral development organizations are not requirements for economic growth. Similarly, in a study of 1975-2004 aid as a percentage of GDP's impact on expenditures, Omet and Saif (2005) connect high levels of aid with no significant impact on the revenue of taxes, or ongoing or capital spending, which is rationalized as an outcome of the fact that most aid that Jordan receives does not come with conditions. Despite finding no fiscal impact in this study, there still remains overall ambiguity as to the economic impact of foreign aid on Jordan's economy.

There are several scholars who have further analyzed the U.S.-Jordan relationship over time and how it has influenced assistance to the country. Alkhaldeh and Havaineh (2022) map out U.S. foreign policy toward Jordan from 1990 to 2017, tracing through major events that have occurred and tracking how relations have fluctuated. Through this study, the authors propose a dual-strategy approach: The U.S. involvement in Jordan is geared toward

promoting strong Israel-Jordan relations and securing a position of power in the region. By further exploring this relationship through the context of military alliance and assistance, Almashaqbeh and Sheikh (2020b) demonstrate that American aid has adjusted in response to global events and American interest during these times. Al Sarhan (2019) evaluates military assistance from 1990 to 2018, finding that military support not only solidifies U.S.-Jordanian relations, but also allows Jordan to maintain strong military defense operations and stability, ward off ISIS threats, and assist in supporting U.S. goals in Iraq. However, academics have also researched some of the potential harmful effects of relations such as these. Such high levels of foreign aid often create conditions of dependency, which not only enable more power and influence from the donor, but also can create situations when foreign aid is restricted and the receiving country's economy must suffer the consequences. Glasser (2001) contrasts Jordanian and Egyptian responses to shifts in foreign aid in the late 1980's and early 1990's to demonstrate how assistance alters political structures. Jordan, in this context, experienced a sudden windfall in foreign aid, which forced the government to adjust from their foreign aid-supported oppressive regime to supporting political liberalization reforms in the face of economic crisis. Glasser uses this article to push donors to restructure current aid distribution in order to require different conditionalities in support of democracy and against authoritarian systems.

The above sources are important to understanding how aid is controversial in promoting economic growth or specific political systems. Rather, bilateral and multilateral aid from the United States has a long history of serving a mainly strategic purpose. Many scholars have established the ways in which foreign policy and public alliance have shifted to match American interests, and assistance to the MENA region is a reflection of these. Aid in the present day to this region comes from a range of motivations: maintaining Israel's strong position in the region and promoting their peace with other countries, nurturing relations with

oil-producing countries, and holding strategic military capability. Similar to this paper, a few academics have evaluated Jordan as a recipient of this U.S. assistance and outlined its impacts on U.S.-Jordan relations and Jordan's development. The above literature is important to establishing these theories and expanding the timeline and method of evaluation. From the above sources, this thesis will focus on confirming its main hypothesis that the primary motivation behind U.S. foreign aid distribution to Jordan is political interests. As identified in the literature, these interests revolve around the U.S. commitment to establishing a strong role in MENA affairs and building Israel's security and position in the region. This research will then investigate alternate claims by USAID that foreign aid is focused on improving democratic representation and enhancing economic conditions.

CHAPTER 3: RESEARCH METHODOLOGY

This chapter will lay out the process for conducting the main bulk of research for this project. First, the methodology explanation will briefly describe process tracing, as well as the approach to case selection and provide justification for focusing on Jordan as a recipient of U.S. foreign aid. The final section will describe the process of data collection and highlight the sources used.

3.1 Process Tracing

Process tracing is a qualitative method of research involving “pieces of evidence within a case that contribute to supporting or overturning alternative explanatory hypothesis” (Bennett 2010, 2). It was originally developed by Alexander George in order to trace the relationship between two observable events. By applying a hypothesized theory, along with the alternatives, process tracing allows researchers to either increase or decrease the probability that the hypothesized theory is correct, depending on the outcome of the study. By effectively proving that the posterior probability of the hypothesis being true, which arises after process tracing occurs, is greater than the prior probability before this study was completed, then this method can provide more certainty to the resulting hypothesis. This particular methodology is also useful because it can overcome problems of equifinality, or the issues that arise when an outcome is affected by multiple variables (Bennett and Checkel 2014, 4). In this case, process tracing will assess the main hypothesis that U.S. foreign assistance allocation to Jordan is rooted in strategic interests against alternate hypotheses that predict foreign aid as a measure of improving development through democratic and economic means.

3.2 Case Selection

Foreign aid was initially established as a method of attempting to raise global development levels in less-developed parts of the world (Marshall 1947). However, it quickly

became a tool for donor countries to not only increase economic conditions, but also set conditions. Some of these were aimed at promoting democracy, gender equality, and economic freedoms, while others focused on political motivations such as signing agreements, entering trade deals, or securing military assistance. These conditions are not just for the benefit of the recipient – donors are better able to establish relations and secure trade deals when the economy is open and relations are strong. The U.S., through bilateral and multilateral means, is the largest donor globally of foreign aid. This thesis focuses on U.S. foreign aid allocations because the nation not only contributes the most, but is a leading member of many international aid organizations and has the ability to veto and sway decisions.

In investigating U.S. foreign aid distributions, Jordan is of particular interest. Distribution to the MENA region has typically given the highest amount of aid to Israel, Jordan, and Egypt consistently, as well as Iraq, Syria, and Afghanistan during times of crisis or high security need. The case of Jordan is particularly puzzling in the exploration of MENA-U.S. foreign aid relations. Israel has been a strong partner of the U.S. since its creation and many Jewish Americans have strongly advocated for support and loyalty during times of crisis for Israel. Israel also has high security needs in the region, so this aid agreement is rational. Similarly, Egypt has the sixth-largest oil reserves in Africa, and is one of the few Arab countries to have established relations with Israel, meaning that financing the country's military will not present a direct threat to Israel's existence, which explains the strong numbers of aid. Both of these cases have been explored in academia. Jordan, on the other hand, is resource-poor. The nation does have decent relations with Israel, but this alliance has been challenged and the path toward peace was a long and rocky one. While Egypt and Israel signed their official peace treaty in 1979, Jordan and Israel did not formalize their relationship until 1994. Jordan is also smaller, population-wise and economically, than

other nations in the region, who could potentially be more advantageous to the U.S. However, Jordan is also heavily dependent on foreign aid, meaning that the U.S. has the special opportunity to weaponize foreign aid in a manner not necessarily available in other cases. In order to investigate U.S. foreign aid to MENA and analyze how political interests during critical juncture points impact foreign aid, Jordan is a reliable case study.

3.3 Data Collection

This project relies on the use of both primary and secondary data sources. Primary materials will come from government websites and published archival materials, including reports, press releases, speeches and advisory meetings, news articles, telegrams, and published data sets. Secondary materials will include journal articles and academic reports. These sources will be overall used in the qualitative approach to process tracing. By first studying data sources from government websites, some large changes in foreign aid are distinguishable. By identifying significant global events near these decisions and then investigating the series of published primary materials at the time, it is possible to gather a fuller image for further study.

The collection of available data, in both its primary and secondary forms, is both limited and skewed. The access to Jordanian government materials is limited by location, language comprehension, and administrative transparency. Most of the primary materials rely on data from the U.S. government, accounting for the amounts of foreign aid and the explicit conditionality included. However, materials which deviate from official numbers, including supplemental materials by academic scholars, news articles, and unofficial reports, draw on a range of sources, including U.S., MENA, and Jordanian outlets.

CHAPTER 4: CASE STUDY

This section will offer a brief explanation of Jordan's history, politics, culture, and economy. Then, the development of Jordan's relationship with the U.S. will be outlined, including how levels of foreign aid have changed since the two countries began relations. Finally, the two remaining sections will outline the main findings of the study by closely examining cases of significant decrease and increase in levels of foreign aid from 1948-2019.

4.1 Jordan Overview

Jordan is a small but complex country. In terms of size, the Hashemite Kingdom of Jordan occupies 89,213 square kilometers of land (UNFOA Jordan 2016) with a population of around 11 million in 2021 (World Bank n.d.). Despite its small size, Jordan holds a strategic position in the Middle East. Surrounded by Israel, Lebanon, Syria, Iraq, Saudi Arabia, and Egypt, this nation holds a great advantage in connecting the Middle East and North Africa. This geographical location not only places Jordan in the center of many conflicts happening in the region, but also makes the nation of interest to the international community. Because of this relationship with global powers and Jordan's strategic location, the Kingdom has had to absorb significant influxes in refugee population. Following the Arab-Israeli Wars of 1948 and 1967, many Palestinian refugees moved to Jordan. Amongst this population, many did not attempt to fully integrate into their new societies because of their belief that the situation was temporary (Khamis 2018, 13). This alienation of a large group of the new population kept tensions high between native Jordanians and the refugees. Additionally, beginning in 2011, many Syrians were forced to flee to Jordan following the start of the conflict. This influx strained Jordanian resources, including education systems, healthcare, camps, and employment availability (Francis 2015).

Jordan's absorption of refugees, lack of available natural resources, and high unemployment rates have combined to force Jordan into heavily relying on capital from external sources. Foreign assistance has been a significant component of the Jordan economy for decades; while this has enabled global powers to strategize in the region, it has also fostered high dependency in the economy. This reliance on remittances, aid, and tourism make Jordan susceptible to external shocks in the global economy or in reductions and influxes of foreign income (Khamis 2018, 5). Foreign assistance to Jordan dates back to its founding in 1946. While early funding came from British resources, in the 1950s, other Arab states supported a shift away from British involvement by offering to supplement payments in exchange for the termination of British-Jordan relations following the major refugee influx of 1948 (Khamis 2018, 25). This arrangement did not last long, however, and the United States then became the largest foreign assistance donor in the country. Today, the EU, UK, Japan, and many other Arab states are among foreign aid providers in Jordan; however, the U.S. is still the largest international donor (OCHA 2022).

4.2. American-Jordanian Relations

From 1951 to 2018, the U.S. government contributed more than \$20 billion in foreign aid to Jordan (U.S. Embassy in Jordan n.d.) These high levels of assistance reflect a close relationship between Jordan and the U.S. that has spanned decades. As established during the literature review, this partnership is aimed toward building up Jordan's economy and citizens, according to USIAD (2022). Although this alliance is now essential to the maintenance of the Jordanian economy, it also reflects some shared interests between the two nations. For instance, the U.S. and Jordan have both proclaimed their desire for lasting peace in the region and an end of terrorism (Alkhalwaldeh and Hayajneh 2022, 79). While the U.S. has been able to secure a strategic partner in the region, Jordan has received large sums of aid and additionally maintained a strong alliance with a global power. While many of the published

reports have focused on implementing economic, social, and political improvements in Jordan for the well-being of the people, Alkhawaldeh and Hayajneh (2022, 83-84) emphasize that Jordan is also an essential part of U.S. strategy in the Middle East due to its close proximity to U.S.-ally, Israel, and its border sharing with other Arab nations that reflect possible security concerns. Almashaqbeh and Sheikh (2020b, 3916) identify the conditions in Jordan that allow such strong U.S. influence through capital: namely, a lack of alternative income options, security threats, or exportable resources, and a uniqueness that is strategic for external powers. The U.S. has capitalized on these demonstratable needs in order to secure a U.S.-Jordan relationship that has spanned decades and continues to thrive.

Nevertheless, this long-standing alliance has not increased American popularity amongst Jordanians. Root et. al (2016, 16-17) report on a PEW Global Attitude Survey, in which most Muslim countries do not have a favorable view of the US and more than 75% of Jordanians, along with Palestinians and Egyptians, have negative opinions toward the U.S.. The strength of the partnership draws mainly from the preferences and gains of leadership, rather than those of the average Jordanian. While relations on a political level are strong, this difficult dynamic encourages protests and a split interest for the government, who often must attempt to meet the demands of foreign partners in order to secure relations and receive foreign aid, while also satisfying the interests of the people. Often, these views do not align.

4.3 Significant Changes in Levels of Foreign Aid

The following section will explore how the U.S. distribution of foreign aid to Jordan reflects political intentions through significant *decreases* and *increases*. The approach will be in chronological order in order to give proper context to the events and subsequent decisions. By finding instances when foreign aid has either been completely stopped or significantly reduced, the following section will investigate the events and justifications for these decreases and the potential political motivations behind the decisions. In addition, this section

will study cases when foreign aid to Jordan significantly increases and analyze the political gains that align with these changes. The goal of the following part is to lend some authority to the main hypothesis that the primary motivations behind U.S. foreign aid are political and often identifiable by blind loyalty to Israel and securing a powerful position in the region. In addition, potential economic and democratic development motivations will be addressed.

4.3.1 Decrease: *The War of 1967*

The War of 1967 goes by many names: the Six-Day War, the third Arab-Israeli War, the Setback, the June War. On May 22, 1967, an Israeli shipping route from Eilat was blocked by Egypt in the Straits of Tiran; this act was closely followed by an Israeli strike on Egyptian airfields on June 5th. This event was not an isolated event, but rather reflected building tensions over the decades after World War II. From June 5-10, 1967, Israel and many of its Arab neighbors, primarily led by Egypt, Syria, and Jordan, engaged in fighting over six days, which ended in Israeli occupation of the Golan Heights, West Bank, East Jerusalem, the Sinai Peninsula and Gaza Strip. The countries agreed on a cease-fire on June 10th, marking the end of the quick and successful attack from Israel. However, tensions were heightened. This dwelling has created some of the modern Palestinian struggles for those still living in the Israeli-occupied areas secured during this war. This war also shifted public perception in the U.S. in support of Israel, with many Jewish-Americans vocalizing and monetizing their support for the nation.

The war caused severe damage to Jordan's military equipment and personnel as well as military and civilian casualties. Reports detailed that the Jordan River's east bank was littered with destroyed tanks and automobiles that had been caught in attacks by the Israeli air force (*New York Times* 1967). Yet Kanovsky (1968, 290) reports that the largest impact came from its loss of the West Bank; Jordan lost its primary tourist attraction, biggest source of remittances, and a large portion of exportable commodities. Although economic conditions

prior to the war were not ideal, with Jordan's large absorption of refugees after 1948, they further suffered following this war. Additional exacerbation to Jordan's economic concerns came when the U.S. opted to stop their budgetary support for and pause arms shipments to Jordan following the war.

Despite claims that the U.S. had decided to end budgetary support because of Jordan's improved economic standing and increased financial support from other Arab nations (*New York Times* 1968), archival records from U.S. advisors and between Jordan and the U.S. indicate otherwise. A few months after the war, Jordan asked the U.S. to resume their arm sales to help counter some of the affects effects on the Jordanian military. A memorandum dated November 29, 1967 from the Country Director for Lebanon, Jordan, Syrian Arab Republic, and Iraq to the Assistant Secretary of States for Near Eastern and Southern Asian Affairs encourages meeting demands from Jordan for military support from the U.S. amidst "increasing frustration and bitterness by the Jordanians against the U.S." and a possible initiative from Jordan to establish some peace settlements with Israel (U.S. Department of State 1967a). Both establishing a positive presence in the Middle East and furthering Arab-Israeli peace are in the political interests of the U.S. However, even as 1967 came to a close, the U.S. had still not resumed its arm sales nor budgetary support. According to U.S. officials in the Embassy in Jordan, several Jordan officials took these actions as indications of disapproval of Jordan's role in the war and a method of compelling Jordan to consent to peace according to Israel's demands (U.S. Department of State 1967b).

A shift in this conversation came when another interested party, with the funds to begin funneling aid to Jordan, posed a potential threat to the U.S. A telegram from President Johnson's Special Assistant in late December indicates that the Soviet Union had initiated discussions with Jordan following months of indecision by the U.S. President (U.S. Department of State 1967c). Despite these credible reasonings for resuming support for

Jordan, it wasn't until a few weeks later in early January 1968, that the U.S. actively considered and resumed their budgetary support. A second telegram from the Special Assistant clarifies that they secured Israeli consent to resume arms sales and that the Soviet's interest in visiting and supporting Jordan was enough of a threat to commence support (U.S. Department of State 1968). Hence, in this instance, the combination of Israeli approval to continue providing arms following the War of 1968 and the threat to American power in the region were enough to prompt the resuming of arms sales. The decision to stop providing budgetary support and selling arms to Jordan following the war reflects that U.S. political interests outweigh Jordanian need. In a time of economic misfortune and loss of military capability, the U.S. did not step up to provide support, but rather stuck with its Israeli loyalties against the other parties and opted to punish nations who stood against the alliance.

4.3.2 Decrease: The Gulf War

On August 2, 1990, Iraq, under the leadership of Saddam Hussein, invaded and occupied Kuwait, under claims of economic and territorial disputes (U.S. Department of State n.d.). At this time, Kuwait was a small country with high oil-producing capability, so this attack drew widespread international attention. Specifically, the U.S. along with its NATO allies and several other MENA countries openly condemned this show of force. Jordan, contrarily, stood by Iraq. A long-standing loyalty to Hussein and economic dependency between the two countries, as well as strained relations between Jordan and the other Kuwait-backing Arab countries, led King Hussein to making this decision (Al-Khlaifat and Albashayreh 2021, 301). The international response to Iraq was immediate: economic sanctions, arms embargos, diplomatic resolutions, and eventual military offensive (U.S. Department of State n.d.). This response trickled into policies toward Jordan in response to its support of Iraq.

When King Hussein first announced Jordan's position of neutrality, critiquing other Arab nations for their pro-Western stances despite decades of a similar position, U.S. leaders were taken by surprise (Cowell 1991). However, King Hussein publicly stood by his decision as a way of maintaining Western alliances but also gaining ground with Arab neighbors and frustrated internal populations as a show of pride. However, this risk of hoping for both Western and Arab support was quick to backfire. On February 8th, 1991, U.S. President Bush announced his administration would be reviewing the 1992 fiscal year economic and military assistance being distributed to Jordan, indicating that it could be "reduced, eliminated altogether, or maintained at its present level" (Friedman 1991). The war officially concluded on February 28th, 1991, with UN and U.S.-led economic and military operations declaring a ceasefire as Iraqi forces withdrew (U.S. Department of State n.d.). However, the end of the conflict did not end the threat to terminate foreign aid.

Many American politicians pushed for punishment against nations who supported the Iraqi invasion. Although Jordanian leadership viewed this decision as a display of neutrality, weighing the demands of its people with the loyalties to Kuwait and Western allies, the U.S. saw Jordan's position as fully supportive of Iraq and anti-Western in spirit. Despite President Bush's protests to the Senate voting to end aid allocation in March, arguing that this could hamper efforts to secure peace in the region, (Ross and Gerstenzang 1991), he eventually signed the bill and the resolution to cut \$55 million in economic and military aid, but with a clause giving him the authority to restore the funds (*New York Times* 1991). At this point, the U.S. military involvement and consequential casualties of Jordanians, as well as the decision to suspend aid, did not reflect well with the Jordanian public. This placed the King in a difficult position post-war as he depended upon the support from many Western nations but also sought to appeal to his citizens and fellow Arabs (Jreisat and Freij 1991, 102). As the

war concluded, King Hussein sent congratulations to Kuwait on its success and attempted to restore relations with the U.S (102).

At this point, the U.S. was in a leveraged position to offer a reinstatement of the diplomatic and economic ties with conditions based on U.S. interests. As with other engagements, the U.S. once again pushed Jordan toward discussions with Israel. Previous sentiments had pushed Jordan further from accepting these conditions, as the leadership felt that any peace agreement would be imbalanced in favor of Israeli desires, rather than true neutrality from the U.S. in helping to moderate the negotiations (103). However, at this point, Jordan's economy was suffering and leaders were being pushed into conceding to Middle East peace conferences in order to remove some of the financial burden. Jordan's economy was closely tied with Iraqi and Gulf companies, oil production, and imports through Jordan's trade route, which suffered when sanctions were placed on Iraq and Gulf countries stopped engaging in trade (Swaidan and Nica 2002, 71). Additional burdens comprised of even higher influxes of Palestinian refugees from Kuwait and a loss of remittances as expatriate workers returned to Jordan which left Jordan with an estimated \$4 billion loss during the Gulf War (72). With high unemployment rates, large debt, and increasing refugee populations, along with economic pressure from both the West and Arab nations, Jordan was in a difficult position.

U.S. officials withheld approving the support requested by Jordan leadership in order to introduce the long-awaited peace procedures with Israel. By using pressure on an already weak Jordan, the U.S. was able to push the King into peace talks later in the year. Jordanian apologies and reconciliation over their decision to support Iraq against U.S. wishes was not enough to fully resume foreign aid. Rather, the turning point in this case was an agreement for formalized reconciliation with Israel. Foreign assistance resumed relatively quickly; however, full support and relations were not reinstated until the Israeli-Jordanian and Oslo

Peace Accords were passed, which not only secured Jordan's position with Israel, but also influenced many of the further peace settlements between Israel and Arab states (Al-Khlaifat and Albashayreh 2021, 309). This withholding of foreign aid once again displayed a willingness to withhold funds for the sake of public perception against betrayal. In addition, the U.S. was able to achieve their long-term goal of pushing Jordan toward peace with Israel through the withholding of foreign funds.

4.3.3 Increase: Jordan-Israeli Peace Deal

On October 26, 1994, in the Israeli Arava valley, near the Jordanian border, Israel and Jordan signed their official peace treaty (United Nations 1994). Marking the conclusion of negotiations beginning in October 1991, soon after the Gulf War's early 1991 conclusion, this event marked a historic treaty between two often-at-odds neighbors. Affording the two nations respect of each other's sovereignty and territory, as well as secure and dignified future engagements (United Nations 1994), this peace treaty marked a significant shift as Jordan became one of the few Arab states to formalize relations with Israel. Informal relations between the two countries had existed since the conclusion of the War of 1967. Some of the push for official peace came in the form of secret meetings between Israel and the Palestine Liberation Organization (PLO), in which Jordan was mentioned, but their leadership not consulted or informed (Bookmiller 1994, 109). These later became known as the start of the Oslo Accords. These were not the only source of pressure though, as the U.S. increasingly pushed Jordan into declaring official peace.

Much of this influence amounted because of strained U.S.-Jordanian relations following the Gulf War, where King Hussein opted for a neutral position and openly protested heavy Western involvement, preferring to solve the issue amongst Arab states. In order to normalize relations again, the U.S. outlined a few goals for Jordan, including helping to end the boycott by Arab countries of Israeli products, signing an agreement similar to the

Oslo Accord, and hosting a U.S.-Jordanian-Israeli economic committee meeting (120). However, many Jordanians were not happy with the agreement, as they felt that it not only provided imbalanced benefits to Israel over Jordan (Lucas 2004, 96) , but also gave Jordanian elite the true advantages in this (109). In many ways, much of the Palestinian population as well as pro-Palestinian Jordanians considered this to be a betrayal, especially during more turbulent times. Some felt that the conditions were not strong enough to guarantee Jordan any economic benefits. However, others were happy with the territorial security this treaty offered them as the Hashemite Kingdom of Jordan, rather than the possible future homeland for Palestinians (Eisenberg and Caplan 2003, 96). Overall though, the Jordan leadership and population wanted to strategize an agreement that belonged to the interests of the two countries, and not the intervention of moderators from the outside, namely, the United States. This treaty offered Rabin and Hussein the opportunities to gain strategic alliances and create a new atmosphere for peace in the region.

Unfortunately for King Hussein, his leverage options were limited. Facing economic instability following retaliations of many Gulf states, the forced return of many international Jordan nationals living abroad, and strained relations with important foreign aid donors, Jordan opted to pursue negotiations and eventual peace declarations with Israel. This represented a huge win for American foreign policy. When eventually signed in 1994, this agreement presented a strategic opportunity to not only block off Iraq's route to Israeli for an potential future invasions, but also stabilized the area for the possibility of a future Palestinian state to take form (87). The U.S.-Jordan and U.S.-Israel relations were often in direct contrast to one another and this willingness for the two countries to peacefully exist was advantageous. The signing of this peace treaty had been a U.S. goal for decades, which meant that not only was the U.S. now more willing to reinstate former strong relations, but also resumed and increased foreign assistance. Between 1991 and 2000, U.S. assistance

increased exponentially to \$810 million, the majority of which cumulated after 1997 (Alissa 2007, 7). In this regard, the previous actions of Jordan had been used to rationalize the continual withholding of financial and military support until certain conditions were met. By increasing foreign aid after a period of withdrawal, the U.S. was able to not only punish Jordan, but also incline the nation to meet specifications that were favorable to the U.S.

In the long run though, the benefits to Jordan appear to be skewed. Jordanians anticipated widespread economic gain, increased trade benefits, and foreign aid levels commensurable with those given to Egypt after the Camp David Accords (Lucas 2004, 106). However, investment levels remained low, tourism was limited, debt levels grew, and political liberties shrunk. Despite increases in levels of foreign aid, many were still disappointed by the amount provided and had anticipated more. Jordanian public perception toward Israel and the U.S. shrunk and many citizens still considered Israel as an enemy (108). However, stability between the two has continued to exist since the 1994 peace treaty and overall, peace has been beneficial to both Jordan and Israel, although whether the gains for Jordan would have been higher without U.S. pressure to accept is uncertain.

4.3.4 Increase: The 2003 Iraq War

On March 19, 2003, the U.S. military invasion of Iraq began an eight-year long campaign that would only end on December 15, 2011. Led primarily by U.S. and UK forces, this mission first aimed to remove dictator Saddam Hussein. This decision was motivated by Iraq's refusal to allow international authorities to confirm that any weapons of mass destruction (WMD) programs had been destroyed (Lebovic 2019, 64). Despite emerging evidence that Iraq did not have WMD and a lack of public support for the invasion, the U.S. piggybacked on emotions following the 9/11 terrorist attacks on several U.S. important sites, rationalizing that the threats against the U.S. were real and demanded immediate and strong action (65). U.S. officials relied heavily on the "War on Terror" initiative and the global

impact of the 9/11 attacks to justify this intervention, despite mixed results, as well as advocating for their interests in bringing democracy to Iraq and liberating the Iraqi people. Within a few weeks, the regime of Saddam Hussein had fallen and the U.S. and allies confirmed that WMD were not a present threat. However, U.S. presence lasted for many more years due to instability in the region, which was not liberated by the invasion of foreigners. Rather, opposition to U.S.-forces and violence began to spread and take hold amongst the Iraqi people. The U.S. was not properly prepared for the post-war planned 'liberation' of the Iraqi government (77), which gives some reasoning as to why the war continued for eight years.

During this time, Jordan was a key player. Fisher and Feuer (2003) clarify, despite a prior record of good relations between Jordan and Iraq, the recently-crowned King Abdullah II, who had taken over the throne following the death of his father in 1999, showed support for the U.S.. King Abdullah passed an unpopular decision authorizing American troops to station near the Jordan border with Iraq. Many Jordanians were upset with this decision to support the U.S. invasion and despite the leadership hoping that the war would be short enough that the Jordanian people would not protest, the next-door conflict raged on. This disconnect aligned with the public doubts that already existed regarding the King's ability to rule. However, Jordan's agreement to host the troops prompted President Bush to request more than \$1 billion in additional aid for Jordan (Fisher and Feuer 2003). The use of economic aid was not only useful in prompting Jordanian support despite general discontent over the war, but also offsetting the economic repercussions. The conflict in Iraq created an array of problems: the close trade and oil ties with Iraq, as well as struggles with tourism numbers, negatively impacted Jordan's economy (Shadid 2003). A large influx of refugees fleeing Iraq created additional problems for Jordan at the time, especially for a country with existing low population levels.

The need to maintain Jordan as a strong and stable partner during this conflict and amidst these unintended economic and social effects is reflected in U.S. assistance. According to official U.S. government data, there was a jump from 2002 to 2003 in bilateral aid alone from \$351 million in 2002 to \$1.7 billion in 2003 (ForeignAssistance.gov 2023b). The State Department archives (2003) detail that a \$700 million supplement for emergency assistance was approved in addition to the normal bilateral assistance provided. The outlined reasons for these increases include neutralizing some of the negative economic consequences of the conflict in Iraq and allowing the government to “continue to deliver basic services to the citizens of Jordan – such as education and healthcare – without interruption.” However, the conditions also stipulate that this increase is for countries that ally with the United States and help in the promotion of democracy and peace (U.S. Department of State 2003). In this case, Jordan shows enough economic hardship to warrant an increase in foreign assistance from the U.S. However, this does not explain the entire story. Despite official records citing an offset of expenses from the Iraq war as the motivation behind substantial foreign aid levels, Jordan’s decisions to allow troops to station in Jordan in preparation for the invasion of Iraq is significant. In fact, Jordan was considered one of the ‘coalition of the willing’ as one of the countries that supported the events in Iraq in this year, closely followed by promises of increasing assistance. As Al Sarhan (2019) summarizes: “Increased aid is a direct reflection of the Bush administration’s gratitude for Jordan’s role in fighting terrorism and renovation of Iraq” (23). In this case, the military advantage provided by Jordan justified increasing the amount of aid to secure a stable position in the region and offset some negative consequences of U.S. intervention, which could stir resistance and destabilize the country.

4.3.5 Increase: Emergence of ISIS

During 2013 and 2014, the Islamic State, also known as the Islamic State of Iraq and Syria (ISIS) and the Islamic State of Iraq and the Levant, began and expanded its territorial

mission of creating a caliphate state. The militant Islamist group emerged from the remains of al Qaeda, taking large hold during the instability of post-invasion Iraq and the start of the Syrian Civil War in 2011, until it grew to envelope large portions of both nations. Many scholars cite the previously-discussed invasion of Iraq led by U.S. forces in 2003 and the lack of planning for rebuild, leaving a weak and unstable government upon departure, as the primary root cause for the ability of ISIS to gain ground in such a quick time period, which was only exacerbated by the Syrian Civil War (Byman 2016, 77; Brands and Feaver 2017, 9). The terrorist organization exploited the poor conditions present in the country to begin its use of extreme propaganda, violence, and human rights abuses, including mass killings and public beheadings, to influence and recruit vulnerable and radical future members. After a series of widely-covered attacks in places such as Turkey, France, and the U.S. in 2014, the international community swiftly responded. By 2017, US.-led security missions supported by a number of global forces, including Kurdish forces, had defeated the organization and reclaimed the lost territory (Specia 2019). Even with the successful mission, global security was changed. Countries far from the ISIS-controlled territory tightened security measures and xenophobia arose, but countries closer to the violence were even more deeply impacted. As the rest of the world has relaxed, countries in the region remain on-alert.

Bordering Syria and Iraq, Jordan and its population were greatly affected by the spread of ISIS. Specifically, high numbers of refugees began flowing into Jordan, creating an economic strain on an already struggling economy and offering the potential for infiltrating jihadists and spreading anti-Western sentiment. However, initial public support for involvement in the conflict was not strong. Not until ISIS spread videos of public executions of Jordanians, specifically the killing of air force pilot, Muaath al-Kasasbeh, did the public feel outraged enough to support airstrikes (Al Sarhan 2019, 24). Jordan was also victim to a series of violent attacks within its borders, including the killing and wounding of security

contractors near Amman and a terrorist attack that killed 10 people in the city of Karak. However, ISIS attacks in Jordan were relatively rare, unlike the terrorist attacks rampant in some neighboring countries (Sweis 2016). Jordan's proximity to violence, weak economy, and willingness to host many refugees could have made the nation especially susceptible to terrorist attacks, yet Jordan remained strong. Nesser and Gråtrud (2019, 502) propose the concept that the state's intelligence capability and high levels of calculated repression have enabled the government to crack down on cases of transnational jihadism and prevent the spread.

In order to combat the rising costs of hosting refugees and continuing to maintain security measures against any infiltration of ISIS, the U.S. increased foreign aid to Jordan. At just around 6.5 million people at the time, Jordan's absorption of more than half a million Syrian refugees did limit resources and create public discontent. With weak economic conditions and institutions, Jordan was at high risk of falling to neighboring violence and descending into economic chaos. Additional foreign assistance aided in avoiding this spiral. The U.S. sent roughly \$1 billion each year, with the intention of maintaining stability in Jordan and helping the nation to properly absorb additional numbers of refugees. However, the U.S. did not give this assistance without conditions (Garamone 2017). In February 2015, the *New York Times* reported that Jordan had increased its raids by carrying out 56 airstrikes in a matter of days and worked to encourage public support for Jordan's participation in these missions (Cooper and Barnard 2015). In addition to the active military support, Jordan also aided U.S. troops in their own missions. This included allowing U.S. military troops to offer local training, as well as offering Jordanian training to Iraqi soldiers. These critical acts and the continual support from Jordan of U.S.-led missions against ISIS helped guarantee continual U.S. economic and military support. By ensuring foreign assistance to account for the consequences of these military actions, the U.S. hoped to not only join forces with Arab

states, but to present a united Western and Middle Eastern front against ISIS (Cooper and Barnard 2015). This example lends some authority to the theory that foreign aid targets Jordanian need, as this aid did offset some economic downturn. However, there are additional security concerns to consider. This extremist group presented a threat to the U.S. position in MENA and ability to secure stability in the region. Foreign aid, in this context, also allowed the U.S. to carry out its military goals in the region.

4.3.6 Increase: Movement of U.S. Embassy in Israel

In 2018, Jordan and the U.S. signed a Memorandum of Understanding (MOU) to increase assistance to around \$1.28 billion per year in the form of bilateral aid over a five-year period. (U.S. Embassy in Jordan 2018). However, prior to this agreement, the Trump Administration proposed a cut to aid following disagreements over the decision to move the U.S. embassy to Jerusalem in late 2017, including formal recognition of Jerusalem as the capital of Israel (Al Jazeera 2017). This decision was globally controversial as prior American policy had focused heavily on creating peace between Israel and the Palestinians. Despite promises from prior Presidents, all had opted to disappoint some voters in order to not disrupt potential future peace agreements. This decision to move the embassy deflated the Palestinian hope to eventually claim East Jerusalem as the future Palestinian state capital, generating anger and humiliation. Many Palestinian and Arab leaders protested this move as a potential upset to future peace and an offense to Arabs who still consider Jerusalem to be occupied. Despite not taking a position on the division of Jerusalem, the U.S. decision reflected Trump's campaign promise to "evangelicals and ardently pro-Israel American Jews" by moving the embassy (Landler and Halbfinger 2017). Arab leaders, even those with friendly relations with the U.S., responded negatively, cautioning President Trump that this decision would anger Arab populations and incite violent responses.

Particularly, Jordanian officials warned the U.S. that Palestinians would be upset and that violence could impact Jordan, as the country has absorbed many Palestinian refugees (Al-Khalidi 2017). As Alkhawaldeh and Hayajneh (2022) mention, this political choice also infers that Jordan will serve as a homeland for the Palestinians eventually and the authors comment that this is a “solution to the Palestinian issue at Jordan’s expense” (99). In addition, Jordan is responsible for the Muslim holy sites in Jerusalem, making the nation additionally vulnerable to any changes. In response to this announcement, Jordan’s Foreign Minister organized emergency meetings between the Arab League and Organization of Islamic Cooperation to handle the consequences of the decision (Al-Khalidi 2017). Until this decision, the international community had presumed that Jerusalem’s fate would be decided in final peace negotiations between Palestine and Israel and amongst Arab nations. King Abdullah II and his brother openly criticized this choice, which was a rare occurrence considering the relationship between Jordan and the U.S. and their interdependence in the forms of economic and military support. This criticism was considered to be a betrayal in the eyes of U.S. leadership, as the U.S. opted to favor its interests in Israel over its loyalties to Jordan.

In return for this open hostility toward the U.S. decision, President Trump publicly condemned those nations not supporting the American position and threatened to punish opponents, including Jordan. However, officials warned Trump against an impulsive decision, considering how important Jordan-U.S. relations and neutrality were and continue to be to U.S. interests in MENA (Harris 2018). In the end, the U.S. and Jordan strengthened their relations and aid increased in an attempt to maintain good relations, especially as frustrations in the region rose. Despite threats from U.S. leadership condemning Jordan’s response to this event, U.S. military interests in the region were enough of a draw to not only maintain relations, but increase foreign aid.

CHAPTER 5: ALTERNATE THEORIES

The previous section analyzed instances of changing U.S. aid distribution to Jordan in order to confirm the primary hypothesis that foreign assistance is primarily intended to achieve political interests, while also bringing attention to the failure of alternate theories. In order to apply the Bayesian logic, the following section will focus solely on the alternate theories proposing that foreign aid is used to spread democracy and improve development. USAID's (2019) summary of programs in Jordan identifies the following goal regarding its assistance to Jordan: "While aid initially focused on military and infrastructure development assistance, today, USAID's development strategy includes programs in education, water, economic development, energy, democracy, rights and governance, health, and gender equality and female empowerment." (8). The following section will look specifically into two of the above claimed motivations and most popular alternate theories for how aid is distributed: democracy and economic development.

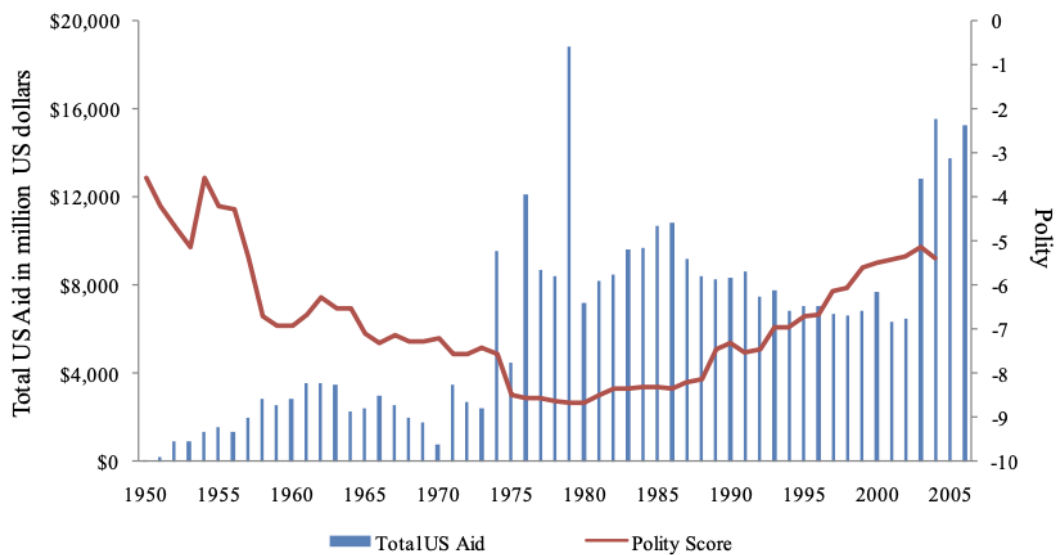
5.1. Democracy

The Economist Intelligent Unit's Democracy Index (2022, 5-6) notes that in a regional comparison, the MENA region's democracy levels have significantly deteriorated from 3.41 in 2021 to 3.34 in 2022. This report also identifies Jordan as one of the worst performers of 2022, dropping 0.33 in the respective democracy index and labeled as an authoritarian country (6). Following the 2011 Arab Spring, democracy levels increased due to demands for change and promises by Jordanian leadership to reform the governmental system. However, this was ignited by regional protests that began in Tunisia and spread throughout the MENA region. Jordan was one of the least-affected countries by the protests, yet sparks of resistance forced Jordanian leaders to display some democratic initiatives. In essence, democracy levels increased when it was demanded by the people, not by U.S.

foreign aid. Since then, autocratic levels have once again risen and many of these democratic promises have been left unfulfilled.

Root et. al (2016, 13) identify a trend linking U.S. assistance with high levels of autocracy in the MENA region overall, which is especially present in Egypt and Jordan. They use the US Overseas Loans and Grants, Greenbook 2006 and Polity IV variable to develop the following graph:

Figure 2: U.S. Aid vs. Polity Score From 1950 to 2005



Source: Root et. al 2016, Figure 15, pg. 13

The authors of Figure 2 contend that U.S. foreign aid has allowed corrupt leaders to stay in power, because they are not dependent on public support and are able to use the funds for their own personal gain or to win the favor of the elite (14). Almashaqbeh and Sheik echo this sentiment by acknowledging that development levels in education, wellness services, and the initiation of reforms have improved because of U.S.-Jordan economic relations; however, political participation, press institutions, and political parties have not improved (2020a, 123). The donor country’s strategic interests are often used as conditionality for assistance, whereas some of the other required liberal reforms are not tracked or enforced; there may be an

initiation of reform, but not a follow-through. As an example of this, Lucas (2003) points out that Jordan had agreed to increase its levels of political liberalization in 1989, but during the 90s, when the Gulf War had ended and Jordan was pushed into peace agreements with Israel to secure U.S. funding, political liberties were restricted. The author notes that leadership removed cabinet members reflecting opposition to the peace process from office, banned protesting in the streets, and pushed for restricted freedoms of press and publication (102-103). However, the U.S. did not use this opportunity to restrict foreign aid and promote democratic values, because the purpose of these repressive actions was to curb a strong opposition to the peace treaty. As stated above, holding recipient countries to their promise to liberalize is often neglected when these conditions could compromise the strategic interests of the donor country. In this case, liberalization could have negatively affected the Israel-Jordan peace treaty.

In some ways, Jordan's autocracy can be better for U.S. goals in MENA, as they allow fewer leaders to make blanket decisions in favor of U.S. policy, without the need for the approval of a truly democratic government. In the same manor, U.S. voters are more likely to notice when Jordan involves itself in a global situation that goes against U.S. interests than to protest simply because a country receiving foreign aid has high corruption levels (Root et. al 15). This section, along with the event tracing in Section 4, remove credibility from the theory that global democracy is at the forefront of U.S. aid efforts and shows a trend that assistance programs may actually be hurting democracy levels.

5.2. Economic Development

In 2021, Jordan's GDP was \$45.74 billion and GDP per capita was \$4,103 (World Bank n.d.). Its economic freedom score, which is measured by conditions such as rule of law, government size, regulatory efficiency, and open markets, was 64.6 in 2021, making it the 69th freest economy, and 58.8 in 2023, falling down the ranks to the 93rd freest in the 2023

index. This also dropped Jordan's status from 'moderately free' to 'mostly unfree' (The Heritage Foundation 2021, 242; The Heritage Foundation 2023, 194). As the 2023 report details, Jordan's level of economic freedom is below the world average and stems primarily from a poorly enforced rule of law and weak institutions (194). The nation's economy is also small and has a lower GDP per capita due to the reliance on foreign aid and loans, and remittances from abroad. These conditions leave the country susceptible to global changes and conflict, as well as reliant on nations who may enforce their own practices and conditions, whether or not they are in the best interest of Jordan. Jordan's central government debt amounted to 75.1% of the nation's GDP in 2020 and has not reached lower than 55% since 1990 (World Bank n.d.).

The current structure of U.S. foreign aid is not specifically directed at promoting economic development. The bulk of assistance is geared toward security concerns and maintaining a strong military presence and keeping Jordan as a stable ally in the region. However, Economic Support Funds (ESF) are the primary non-security method of delivering aid. They are formally intended to address population surges from refugee influxes, promote economic stability, and offset the lack of viable natural resources (Montgomery 2018). However, Jordan has historically directed its budget toward fixing the high debt levels and improving military capability, rather than using the money to assist the Jordanian people. Root et. al (2016, 3) disprove the government definition of ESFs by disclosing that they were formerly known as "Security Supporting Assistance" and are primarily used for strategic interests, rather than true reform. To this day, unemployment levels remain low, workforce participation rates have not improved, and economic opportunities for citizens are not growing, despite how U.S. foreign aid websites frame this relationship as a method of increasing economic development in Jordan.

In addition to not increasing economic conditions, Jordan has become dangerously dependent on foreign aid. Jordan's net development assistance and aid received peaked in 2021 at \$3.44 billion, which has steadily increased since the early 1970s and represents about 7.6% of the nation's Gross National Income and 14.1% of the total imported goods and services (World Bank n.d.) U.S. government websites acknowledge this dependency on all forms of aid from both Western and Arab donors (Sharp 2022), yet there has been little done to push Jordan away from this relationship. Jordanian leadership is not in favor of decreases in foreign aid because this would require officials to increasingly respond to the demands of taxpayers and citizens (Root et. al 2016, 14). The lack of accountability from U.S. officials means that aid never truly trickles down into the hands of the Jordanian people. (Khamis 2018, 5) recognizes that the problem in this current situation also arises when external shocks and events trigger changes in foreign assistance and the ability to properly stimulate domestic investment. In this case, U.S. assistance programs have not fostered economic development or independency, keeping Jordan as a relatively low-level economic competitor in the global sphere and highly dependent on the U.S. for normal economic functioning.

Promoting democracy and increasing economic development conditions are often cited as the primary motivations behind U.S. foreign assistance efforts in Jordan (The World Bank; IMF; USAID; EBRD), yet Jordan remains behind in both democratic and economic measurements. In fact, higher levels of foreign aid are often linked with lower conditions in both categories. While these may have been the original intentions of these aid allocations, distribution and conditions often fluctuate based on the political situation and U.S. interests. In essence, the theories that foreign aid distribution is allocated in order to promote economic and political liberalization do not hold up. Despite some consensus that foreign aid does not improve the conditions in the receiving country that are outlined in the published reports,

Jordan's economy is dependent on that income. A windfall in aid could have disastrous impacts on Jordan, as many structures and jobs are formatted around that annual revenue.

CHAPTER 6: CONCLUSION AND POLICY IMPLICATIONS

As U.S. involvement in the Middle East and North Africa continues to grow and the region becomes an even greater point of strategic interest, it is important to explore how foreign aid is also changing. Specifically, this thesis explores why the greatest contributor of global assistance, the United States of America, has chosen to devote large sums of its aid budget toward Jordan, a small and stable country without strong internal supporters advocating for U.S.-Jordan relations and support. Through process tracing, the research explores events in which foreign assistance from the U.S. is significantly changed. By doing so, this thesis expands upon prior studies which limit their studies to time periods beginning in the 1990s, when large changes in foreign aid occurred and U.S.-Jordan relations were strengthened. However, this study draws on sources dating back to the War of 1967, by pulling from archived U.S. documents and news sources, when foreign aid was less popular as a political tool, but was still available. By collecting data from the fund allocation changes during the War of 1967, the Gulf War, the Arab-Israeli Peace Agreement, the 2003 Iraq War, the emergence of ISIS, and the moving of the U.S. Embassy to Jerusalem, this paper establishes trends in U.S. aid distribution decisions. These events confirm the theory that the U.S. uses foreign aid as a political tool for enforcing its own strategic interests, which include maintaining a loyalty to Israel and establishing a strong military and political position in the MENA region. By further discussing democratic and economic conditions in Jordan, this research disproves alternate theories proposed by aid organizations that foreign aid is intended to foster development and democracy in receiving countries. Further research could explore this topic by separating the types of aid and assessing which ones the U.S. prefers to weaponize in times of need. There also needs to be further research on the long-term implications of these foreign aid programs on individual development levels.

In policy-making decisions, the U.S. should consider restructuring its aid programs to Jordan. Although some scholars may propose eliminating aid altogether as a method of promoting development, Jordan's economy in its current state is deeply intertwined with the continual income of foreign aid. At the same time, Jordan also benefits from U.S. relations, as the nation is able to offer strong resources and loyalty in situations that may threaten Jordan's security or stability. However, there are additional methods of securing U.S. interests while still focusing on improving development levels. Montgomery (2018) proposes that some considerable changes could be made in allocating aid away from solely public sector needs and toward programs that benefit citizens, including investing in small businesses and entrepreneurs, funding women-inclusive programs, and expanding job training resources. The Jordanian people should be prioritized in the structuring of aid programs. Conditional Cash Transfer programs and trials, such as those conducted by Banerjee et. al (2015), show that when distributed on a small-scale and focused on incentivizing investment, aid can be more directly impactful to the populations with the highest levels of need. Kamguia et. al (2022) also suggest that improving democracy levels can have a direct impact on improving the economic complexity that makes foreign aid more impactful. This also applies to other aid programs, particularly in the MENA region, where security interests are high and economic relations with oil producing nations are particularly valuable. Development levels are essential to the long-term stability of the region, and not prioritizing this component of aid may not only impact MENA, but also the U.S..

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